

Recovering a normative stance in accounting research by applying a legal doctrinal research methodology

D Coetsee

 orcid.org/0000-0003-0140-0316

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Promoter: Prof PW Buys

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Student number: 26969009

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ABBREVIATIONS

ASB	Accounting Standards Board of the United Kingdom
CHE	Council of Higher Education of South Africa
DHET	Department of Higher Education and Training
DP	Discussion Paper
EACG	Effects Analysis Consulting Group
EFRAC	European Financial Reporting Advisory Council
FASB	Financial Accounting Standards Board
et al.	et alia
IAS	International Accounting Standard
IASB	International Accounting Standards Board
IBSS	International Bibliography of the Social Sciences
IFRS	International Financial Reporting Standard
para.	paragraph
PhD	Philosophia Doctor

ABSTRACT

The thesis identifies the research problem that accounting researchers are not sufficiently contributing to the intellectual foundation of the concepts, principles and rules of accounting developed in practice. The task is mainly left to practice to develop these core concepts, principles and rules, collectively referred to as the doctrines of accounting. In an attempt to resolve this research problem, the main research objective of the thesis is to determine whether doctrinal research can be used as a research approach in contemporary accounting research to recover a normative stance in accounting research and therefore bring accounting research closer to accounting practice. Doctrinal research is mainly applied in legal research to assess the doctrines developed in practice through practical structures.

The thesis is based on the premise that the core doctrines of accounting are socially constructed and is fulfilled in an interpretative framework. This thesis is presented in an article format and the four research articles contribute together to assess the objective and answer the question whether doctrinal research could bring normative aspects back to accounting. The four research articles follow a process of “what” doctrinal research is (the theoretical foundation), to what the “perception” is regarding doctrinal research, to “how” different research approaches are applied in doctrinal research, to finally “applying” a doctrinal research approach to a specific practical issue.

To create a theoretical foundation, the first research article debates whether doctrinal research could be applied in contemporary accounting research to bring back the prescriptive nature of normative research and whether, by applying doctrinal research, a new focus could be created in accounting research. The article finds that the main difference between doctrinal research and traditional scientific and social research is that the focus of doctrinal research is not on the development of theories, but on the underlying doctrines on which practice and the practical system are based. A shift in accounting research from traditional research that creates theory to research that focuses on the underlying doctrines of the accounting discipline would create an insider perspective in accounting research, which should bring accounting research closer to accounting practice. The insider perspective will, however, bring back

normative and prescriptive aspects to accounting research, which will not necessarily be similar to traditional normative research.

The second research article reflects on the incorporation of doctrinal research in the curriculum of a master's degree programme in accounting at a South African university. In the master's degree programme doctrinal research is introduced as an alternative research approach to conventional research approaches to develop the students' skills to question the doctrines of accounting. The perspectives of the master's degree students are obtained through structured interviews from which different themes are identified by thematic analysis. The participant students agree that doctrinal research has an important role to play in accounting research. The students also agree that their critical engagement with the underlying doctrines of accounting has improved significantly and that deeper understanding of the concepts and principles of accounting has been created. They therefore believe that accounting scholars should also become more involved in doctrinal research to enhance their own critical engagement with doctrines, which should in turn improve their own teaching of the doctrines.

The third research article goes more deeply into doctrinal research and considers whether different research approaches followed in doctrinal research could be applied in accounting policy-debate research. The article finds that the logical argumentation in doctrinal research uses hermeneutics as the foundation for the authoritative interpretation of practical documents. In applying aspects of hermeneutics, doctrinal research applies descriptive, interpretative, normative, critical and comparative research approaches, depending on the outcome of the research. Hermeneutics and the different research approaches applied in doctrinal research create a research framework to conduct accounting policy-debate research on accounting doctrines developed in practice and therefore more methodological rigor could be created for accounting policy-debate research and help bring accounting practice and research closer to each other.

The last research article assesses whether the underlying concepts for the definition of a liability are sufficiently developed in the 2018 *Conceptual Framework for Financial Reporting* of the International Accounting Standards Board (IASB) to create a conceptual foundation to identify, recognise, measure and derecognise liabilities on a

standard-setting level. Theoretical doctrinal research is applied to evaluate the proposed concepts by using authoritative interpretation of hermeneutics. The article finds that the 2018 *Conceptual Framework* significantly improves the conceptual foundation of the identification, recognition, measurement and derecognition of liabilities. Clarifying the obligation and past event criteria of the definition of a liability paved the way for removing the reference to future outflow or sacrifices in the definition of a liability and the recognition criteria of probability and measurability. Existence uncertainty is, however, still problematic and could create uncertainty on a standards-setting level and in practice. In principle, meeting the definition of a liability appropriately triggers recognition. Measurement decisions regarding liabilities on a standard-setting level are also improved by explaining the nature and benefits of different measurement bases, including the new fulfilment value, and identifying the factors to make measurement decisions based on the qualitative characteristics of useful information.

The reality is that doctrines are developed in accounting practice separately from accounting theory. The thesis therefore holds that accounting researchers should also become involved in evaluating these underlying doctrines. Doctrinal research must be seen as a separate research approach with a different objective, which could play an important role alongside traditional scientific and social research. Hopefully, this thesis would foster further debate regarding the incorporation of doctrinal research into the ambit of accounting research.

Integrating all the discussion and conclusions reached in this thesis, the thesis finds that doctrinal research is definitely a viable research approach to bring normative aspects back to accounting research to question the doctrines (norms) developed in practice. Doctrinal research is based on intellectual reasoning and hermeneutics and the different research approaches create sufficient rigor for accounting policy-debate research.

Key words

Accounting research, Critical research, Descriptive research, Doctrinal research, Doctrinal thinking, Expository research, Hermeneutics, Interpretative research; Normative research, Reform-orientated research, Theoretical research.

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REMARKS

The reader is reminded of the following:

- This PhD thesis is presented in the article format in accordance with the policies of the North-West University's Faculty of Economic and Management Sciences and comprises four (4) research articles, two (2) of which have already been published/accepted in DHET accredited (including approved international list) peer-reviewed journals as indicated, and the remaining two (2) are in the process of been submitted to DHET accredited peer-reviewed articles.
- In the instance of an article format PhD thesis, the Faculty of Economic and Management Sciences' Regulation E.9.3 requires that the thesis consist of at least three (3) publishable articles, at least one (1) of which must already have been submitted to a DHET accredited peer-reviewed journal for evaluation purposes.

CHAPTER 1

INTRODUCTION

1.1 Background

Many accounting scholars agree that contemporary accounting research has become detached from practice (Hopwood, 2007; Parker, Guthrie & Linacre, 2011; Singleton-Green, 2009; Tucker & Lowe, 2014; Wilkinson & Durden, 2015). Inanga and Schneider (2005:227) describe the issue as follows:

There is anecdotal evidence to support the assertion that accounting research, or what is alleged to be research, is of little value to the practice of accounting, nor to the development of accounting as an academic discipline.

One reason for the gap or detachment of accounting research from accounting practice is that normative researchers stopped creating underlying theories of accounting (Deegan, 2014; Fülbier & Weller, 2009; Hopwood, 2007; Jeanjean & Ramirez, 2009). The aim of normative research is to question existing theory or application in practice to describe what the theory or practice should be (Hendriksen, 1982; Riahi-Belkaoui, 2004). Therefore, normative accounting research specifically asks questions regarding what the accounting guidelines should be and is prescriptive in describing what the accounting guidelines should be (Deegan, 2014). Normative research should therefore be relevant for the setting of financial reporting standards (Mozes, 1992), which are specifically “essential in an applied science such as accounting” (Fülbier & Weller, 2009:351).

The work of the normative accounting-related theorists stopped in the 1960s and 1970s due to: a focus shift to the *scientific method* that became the essence of mainstream accounting research (Baker & Bettner, 1997; Williams, 2009); the uncertainty whether any particular theory would be accepted by the standard-setters (Godfrey, Hodgson, Holmes & Tarca, 2006); and the fact that normative theories are regarded as being *nonscientific* by mainstream accounting researchers (Fülbier & Weller, 2009; Mattessich, 2002). An outflow of the lack of normative research in the accounting discipline, which is an applied science, is that accounting researchers are

not questioning sufficiently the concepts and principles of accounting developed in practice.

The question arises as to whether this detachment of research from practice in accounting is also evident in other applied science or professional disciplines. This is, however, not the case in the legal discipline. The literature supports the notion that both legal research and legal practice are focusing on the core of their discipline (Burns & Hutchinson, 2009; Singhal & Malik, 2012). A reason why both legal academia and practice are focusing on the core of the legal discipline is that both are using the same research method or methodology (Hutchinson, 2008), which they call doctrinal research. Hutchinson and Duncan (2012:84) clarify doctrinal research as follows:

The word 'doctrine' is derived from the Latin 'doctrina' which means instruction, knowledge or learning. The doctrine in question includes legal concepts and principles of all types – cases, statutes, rules. 'Doctrine' has been defined as '[a] synthesis of various rules, principles, norms, interpretative guidance and values. It explains, makes coherent or justifies a segment of law as part of a larger system of law. Doctrines can be more or less abstract, binding or non-binding.'

Doctrinal research is defined by McKerchar (2008:18) as:

The systematic process of identifying, analyzing, organising and synthesizing statutes, judicial decisions and commentary.

Both legal academia and practitioners are researching and discussing concepts, principles and rules (the doctrines) developed in practice. Doctrinal research is, therefore, seen in the legal discipline as the systematic process of establishing the doctrines behind legislation and case law. This process in law is used by both academics and practice (Hutchinson, 2008). Chynoweth (2008:29) clarifies that “doctrinal research is concerned with the formulation of legal ‘doctrines’ through the analysis of legal rules” and that “doctrinal research is concerned with the discovery and development of legal doctrines for publication in textbooks or journal articles and its research questions take the form of asking ‘what is the law?’” Chynoweth therefore specifically identifies that doctrinal research is normative in character.

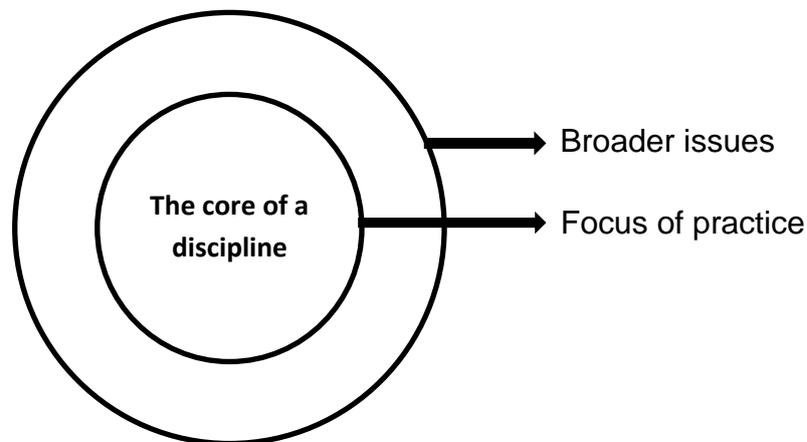
Since accounting is also considered to be an applied science in which concepts, principles and rules are developed in practice, the issue is whether doctrinal research could be used in accounting research to foster policy-debate research. Policy-debate research assesses the concepts, principles and rules developed in practice on which accounting practice is based. Doctrinal research, if applied in accounting, might bring normative research back into the accounting discipline, which could help accounting researchers to refocus on the underlying concepts, principles and rules of their discipline. Doctrinal research in accounting would assess the appropriateness of the concepts, principles and rules on which the standard-setters base their conceptual framework and financial reporting standards. The investigation in this thesis is based on the assumption that doctrinal research can be used in accounting to bring normative aspects back to accounting research.

1.2 Research problem

A strong academic view exists that academic theory based on proper academic research informs practice (Brew, 1999; Demski & Zimmerman, 2000; Gaffikin, 2008). However, in the accounting discipline main developments are driven by practice itself (Coetsee, 2010) and calls have been made for researchers and practice to work more closely together (Evans, Burritt & Guthrie, 2011; Guthrie & Parker, 2016). The issue is that accounting practice is not informed or improved by accounting research (Inanga & Schneider, 2005).

The ideal link between research and practice can be illustrated by **Figure 1** below. Both research and practice should focus on the core of the discipline. The academic view expressed above is that research must provide a foundation for practice. The question is whether mainstream accounting research focusing on the scientific method is providing such a foundation. Reiter and Williams (2002) are of the opinion that it is not and state that mainstream accounting research focuses more on research methods than on resolving accounting issues. Chua (1986), although acknowledging that mainstream accounting research has strengths, contends that it restricts the range of problems to be studied and the research methods to be used. Boland and Gordon (1992) question the appropriateness of the economics-based analysis of mainstream accounting research.

Figure 1.1: The link between research and practice



Source: (Own construction)

Gaffikin (2008:239), however, describes the accounting-related issue differently:

It is not a new insight to claim that there could not be one theory of accounting. Other disciplines do not have a single theory - there is no theory of medicine, no theory of law, and no theory of engineering. However, the practice of each of these disciplines depends on theoretical understanding.

Gaffikin therefore believes that accounting research does not create a theoretical understanding for practice. He specifically declares that normative researchers such as that conducted by Chambers and Mattessich that “calls for greater intellectual rigour in accounting” (Gaffikin, 2008:44) have died out, with the result that accounting researchers are not creating an intellectual foundation for accounting on which practice could be based. Inanga and Schneider (2005:227) link the problem back to theory by explaining:

The central problem of accounting research is that there is no known theory to use as a reference for creating hypotheses or models to be empirically tested. The absence of theory could be seen in education, practice and research literature.

The main identified research problem is that accounting researchers are not sufficiently contributing to the intellectual foundation of the concepts, principles and

rules developed in practice. The task is largely left to practice to develop these core concepts, principles and rules (doctrines).

Research should also, as identified in Figure 1.1 above, focus on broader issues in accounting. The interpretative and critical research movements in accounting specifically call for a focus on the broader social effects of accounting (Armstrong, 2008; Baker & Bettner, 1997; Broadbent, 2002; Macintosh, 2004; Roslender & Dillard, 2003). Although being very important research to establish the interdisciplinary nature of accounting research, such a broader focus of interpretative and critical research in accounting also fails to develop the core doctrines for accounting practice.

In South Africa this issue is further complicated in that one of the main focus areas of accounting departments at South African universities is to train accounting students to become chartered accountants (Van der Schyf, 2008) and therefore for practice. West (2006) states that accounting research in South Africa is far behind accounting practice. In South Africa most accounting academics only become involved in research when they enroll for master's degrees and even then they do not become masters of research.

1.3 Research question and sub-questions

Based on the above research problem that accounting research is not developing practice, the main research question is whether doctrinal research can be used as a research methodology in accounting to bring normative research back to the academic accounting discipline. This main research question is further divided into the following four sub-questions:

1. How could doctrinal research initiate the use of normative research in accounting?
2. Could the skills of accounting students be developed through doctrinal thinking?
3. How could doctrinal research be used as a research methodology in accounting?
4. How could doctrinal research be applied in accounting to identify the doctrines behind specific accounting concepts?

1.4 Research objective and sub-objectives

The main objective of this thesis is to determine whether doctrinal research can be used as a research approach or methodology in accounting research to recover a normative stance in accounting research and therefore bring accounting research closer to accounting practice. In the legal discipline doctrinal research is embedded in the education and thus both academics and practitioners are schooled therein. The main objective is achieved by resolving the following sub-objectives in four separate chapters (research articles):

1. Assessing the nature of doctrinal research and how doctrinal research could be incorporated into accounting to recover normative thinking.
2. Interpreting the perceptions of master's degree students in accounting regarding doctrinal research.
3. Assessing the application of different research approaches applied in doctrinal research to policy-debate research in accounting.
4. Applying doctrinal research to an identified accounting issue, namely the conceptual foundation of liabilities, to determine if the underlying doctrines are appropriately developed.

1.5 Research design

This thesis is based on four research articles that collectively contribute to the main research objective. Each article deals with one of the sub-objectives identified above. The research design is a combination of theoretical studies (three research articles) and an empirical study (one research article). The nature and integration of the research methodology of each article is discussed in Chapter 2. The nature and purposes of each research article are as follows:

Research article 1: Doctrinal research as a means to recover normative thinking in accounting

This article sets the theoretical foundation regarding the nature of doctrinal research and how doctrinal research could be applied in accounting. This article specifically debates whether doctrinal research used in legal research could be applied in

contemporary accounting research to reintroduce the prescriptive nature of normative research in accounting research. The core question under discussion in this article is whether doctrinal research could potentially be applied in contemporary accounting research to focus on the core doctrines of accounting developed in practice. The consideration is whether doctrinal research could bring accounting research closer to accounting practice.

Research article 2: A doctrinal research perspective of master's degree students in accounting

At the South African university where the PhD researcher works, master's degree students in accounting are introduced to doctrinal research as an alternative approach to conventional research approaches with the aim of developing the skills of students to question the doctrines of accounting developed in practice. This article reflects on the effects of incorporation of doctrinal research into the curriculum of the master's degree. The question under consideration is whether doctrinal research and doctrinal thinking should be included in research training of accounting students with the aim of instilling the underlying doctrines of accounting as a substitute for the reliance on theory.

Research article 3: Research approaches for policy-debate research in accounting: A doctrinal research approach

This article contributes to the policy-debate research in accounting by discussing different research approaches applied in doctrinal research to assess whether these research approaches could be applied in doctrinal research to create methodological rigor for such practical-orientated research. The aim is to create legitimacy for policy-debate research by identifying and interpreting different research approaches from the doctrinal research literature.

Research article 4: The underlying concepts of the definition of a liability in financial reporting: A theoretical doctrinal research perspective

This article applies doctrinal research to the updated concepts of a liability captured in the 2018 *Conceptual Framework for Financial Reporting* (the 2018 *Conceptual*

Framework) of the IASB. The article assesses the appropriateness of the updated concepts of identification, recognition, measurement and derecognition of liabilities to serve as a sound conceptual basis for the development of financial reporting standards.

1.6 Rationale and contribution

Since doctrinal research is not a research methodology that has generally been referred to in the accounting literature, this study is one of the first of its kind and will expose the accounting discipline to a new approach to research. Doctrinal research creates a method to systematically identify and document the concepts, principles and rules (the doctrines) that underlie a discipline (Hutchinson & Duncan, 2012). The identified doctrines could be used by both academics for research and teaching purposes and by practice (preparers, auditors, users and analysts) to review accounting pronouncements such as International Financial Reporting Standards (IFRS). Furthermore, it creates an avenue to foster debate regarding the underlying doctrines, which represent the accounting concepts, principles and rules developed in practice.

Doctrinal research could also be used to elucidate the doctrines behind different financial reporting systems in jurisdictions around the world. There is a perception that the United States' financial reporting standards are more rule-based than the IFRS (Bennett, Bradbury & Prangnell, 2006). However, the Financial Accounting Standards Board of the United States (FASB) have publically reported that they believe in the development of principle-based financial reporting standards (FASB, 2002). Dennis (2008) suggests that there are different interpretations of principles-based standards and that the FASB's interpretation of principle-based standards could differ from others. In this instance doctrinal research could be used to clarify the doctrines behind rule-based and different principle-based approaches to standard-setting.

Many jurisdictions are also writing the accounting standards created by the standard-setters into their local legislation to create *legal backing* for the accounting standards (Zimmermann, Kilian & Schymczyk, 2010) and therefore the accounting standards are becoming legal documents. Certain jurisdictions, such as the European Union, require a regulatory impact assessment before any legislation is written into law (ASB &

EFRAC, 2012). The IFRS Foundation acknowledges this and has included a similar assessment, called an “effects analysis”, into their Due Process Handbook (IFRS Foundation, 2013). The effects analysis explains how major new financial reporting proposals will affect financial statements, how it will improve financial reporting and what the benefits and cost of the proposals will be (EACG, 2014). The outflow is that the IASB is including effects analyses in all steps of the due process from the discussion paper phase up to the final financial reporting standard to demonstrate the reasons, benefits and cost of major changes to financial reporting standards and therefore assisting different jurisdictions with their endorsement processes of financial reporting standards (EACG, 2014).

Doctrinal research could also be used as an educational approach to foster the critical thinking and interpretation skills of students. The article also contributes by assessing the views of master’s degree students in accounting exposed to doctrinal research. Doctrinal research could also play a role in the application of professional accounting master’s degrees in South Africa. The Council of Higher Education (CHE) identifies the purpose of a professional master’s degree as follows:

The primary purposes of a professional Master’s Degree are to educate and train graduates who can contribute to the development of knowledge at an advanced level such that they are prepared for advanced and specialised professional employment (CHE, 2013:38).

The CHE goes further to state that the coursework component requires “a high level of theoretical engagement and intellectual independence” (2013:38). It is through this process that the student must demonstrate “the ability to relate knowledge to the resolution of complex problems in appropriate areas of professional practice” (2013:38). Specifically, the CHE identifies the following skills that must be demonstrated in a professional master’s degree (2013:38):

- Resolving complex issues.
- Developing and critically reviewing analytical writing.
- Making sound judgements.
- Clearly communicating conclusions.

Doctrinal research is a means of developing the above skills and helps the legal student to apply the above skills in practice (Hutchinson, 2008). Doctrinal research could also be applied in accounting to develop the skills of accounting students needed to question the doctrines developed in practice.

1.7 Scope and limitations

The focus of this thesis is on the application of doctrinal research in accounting research to develop and question the doctrines underlying financial accounting. The application of doctrinal research to cost accounting, managerial accounting and finance thus fall outside the scope of this research. Broader corporate reporting aspects, such as integrated reporting, are also not addressed.

1.8 Structure

The thesis is further divided into the following chapters.

Chapter 2: Research design and methodology

This chapter explains all aspects of the research design. The aim of this chapter is to explain the research methodologies that are applied in each research article and how each research article is connected to achieve the main objective of the thesis.

Chapter 3: Research article 1

The research article in this chapter sets the theoretical foundation on which the thesis is based. The question of how doctrinal research could be incorporated in the accounting field to recover normative research in accounting is addressed. In the process the nature of both normative research and doctrinal research is explored to assess how doctrinal research could be used to initiate a normative stance in accounting.

Chapter 4: Research article 2

This research article in this chapter is an empirical study that will use action research or, more specifically, educational action research to assess the development of master's degree students over a period of six months in which they need to research

a specific accounting application and then deliver a presentation to the class. This chapter will specifically assess how doctrinal research skills are developed.

Chapter 5: Research article 3

This chapter builds further on the theoretical foundation of the thesis. The research article discusses and interprets the different research approaches applied in doctrinal research to evaluate how these research approaches could be applied in contemporary accounting research.

Chapter 6: Research article 4

The aim of the research article in this chapter is to demonstrate how a chosen doctrinal research approach could be applied to assess the appropriateness of conceptual doctrines behind specific accounting concepts. Specifically, the focus is on the identification, recognition, measurement and derecognition of liabilities as captured in the 2018 *Conceptual Framework*.

Chapter 7: Conclusion

This chapter integrates the conclusions reached in each research article and then concludes on the main research question. Areas of further research are identified.

1.9 Chapter summary

This chapter identifies the main research objective and the four sub-objectives based on the identified research problem and research questions. Each of the four research articles is based on a specific sub-objective. The nature of each research article is also briefly discussed in this chapter. The next chapter discusses the overall research methodology and explains how the four articles are integrated to achieve the main research objective of recovering a normative stance in accounting research.

CHAPTER 2

INTEGRATION OF RESEARCH DESIGN

2.1 Introduction

This thesis is presented in an article format, in which Chapter 1 identifies that the main research objective is divided into four sub-objectives and that each article deals with one of the sub-objectives. This chapter explains how each of the four articles is integrated to contribute to the main objective of how doctrinal research could be used as a research approach in accounting research to recover a normative stance in accounting research and practice.

This chapter explains different aspects of the research design followed in this thesis. Firstly, the research premise, inclusive of the ontological and epistemological view applied, is discussed to highlight the broad premise on which the thesis is based. This is followed by a discussion of the overall research framework based on the identified premise and a discussion of the validity of the research. Then the conceptual framework and methodology of this thesis are discussed to identify how each research article is related and contributes to the main research objective. The nature and research methodology of each article are also discussed in this section. Thereafter the ethical considerations of the thesis are discussed. The chapter ends with a short summary.

2.2 Research premise

The ontological (world) view applied in this thesis is that accounting is socially constructed (Baker & Bettner, 1997; Chau, 1986; Coetsee, 2010; Gaffikin, 2008), and the epistemological (knowledge creation) view is that accounting knowledge is created through a process of consensus (Gaffikin, 2008). Chua (1986:615) explains the belief of this interpretative perspective of accounting as follows:

Social order is emergent, subjectively created, and objectified through human interaction.

Therefore, no single truth exists regarding accounting doctrines developed in practice. These concepts, principles and rules are created through social actors, mainly involved in accounting practice through the standard-setting process. These doctrines are objectified through the financial reporting standards issued by the standard-setters. Through legislation and regulation these financial reporting standards are prescribed in many jurisdictions.

The social nature of accounting was the main reason why many accounting scholars called for a move away from the scientific approach of mainstream accounting research to interpretative and critical accounting research (Baker & Bettner, 1997; Boland & Gordon, 1992; Broadbent, 2002; Macintosh, 2004). The argument of these researchers is that accounting is not a natural phenomenon and is created through social activities (Ryan, Scapens & Theobald, 2002). However, the interpretative and critical movement in accounting asks for researchers to understand accounting in its broader social and interdisciplinary contexts (Fogarty, 2014; Jeacle & Carter, 2015; Parker, 2008; Roslendar & Dillard, 2003). The problem under consideration in the thesis is that the broader and interdisciplinary perspective, although important, does not specifically contribute to the assessment of the doctrines developed in practice.

This problem is demonstrated by the call of many accounting researchers that the gap between accounting practice and accounting research should be reduced (Hopwood, 2007; Inanga & Schneider, 2005; Parker, Guthrie & Linacre, 2011; Singleton-Green, 2009; Tucker & Lowe, 2014; Wilkinson & Durden, 2015). Accounting is seen as an applied professional-orientated discipline (Biglan, 1973) and therefore the accounting profession and related practice plays a very important role in the development of the underlying doctrines of practice, previously referred to as the core of practice.

Therefore, seen in the light of the above mentioned, the research premise on which this thesis is based is that the core doctrines of accounting are socially constructed, mainly through practical structures. Both mainstream and interpretative and critical research in accounting do not specifically contribute to the development of these core doctrines of accounting due to a different focus. The view expressed in this thesis is that accounting scholars should become more involved in questioning these doctrines.

2.3 Research framework

The main research framework applied in the thesis is the interpretative framework. The interpretative framework focuses on the understanding of human reasoning in developing perceived truths and interpreting these truths (Baker & Bettner, 1997; Henning, Van Rensburg & Smit, 2004; Parker, 2008). The aim of an interpretative framework is to establish the meaning of specific phenomena (Henning et al., 2004; Parker, 2008) and to therefore create deeper understanding of practice (Armstrong, 2008; Coetsee, 2011; Henning, et al., 2004).

Certain truths on which accounting practice is based are captured in practical documents, such as legislation and financial reporting standards. The same could be said from truths captured in literature. Practical documents and other literature could also be interpreted to create deeper understanding of the truths captured in these written documents (Van Hoecke, 2011).

Three levels of interpretation are applied in this thesis. The first is the interpretation of literature to establish the nature of doctrinal research and how such research could be applied in accounting research. Literature interpretation is used in all the research articles, but is the main focus of research articles 1 and 3 to assess the nature and research approaches of doctrinal research. The second level is the interpretation of perceptions of humans regarding a phenomenon and is used in article 2 to assess the views of master's degree students regarding doctrinal research. The third level of interpretation is the interpretation of practical documents. Practical documents, especially the 2018 *Conceptual Framework*, are interpreted in research article 4 to assess the appropriateness of the updated concepts regarding the identification, recognition, measurement and derecognition of liabilities.

The thesis would not be complete without discussing the link to the critical research framework. The aim of the critical framework is to foster change in practice (Deegan & Unerman, 2011; Roslender, 2006). Although the focus in this article is on interpretation of academic literature, practical documents and views of master's degree students, the outcome of this thesis is to assess and apply legal doctrinal research to the accounting discipline to change the research and teaching landscape

of the accounting field in South Africa and abroad. Therefore, an indirectly critical perspective is also included in the thesis.

Another aspect of pure critical research is that it must be done from a specific standpoint (Broadbent, 2002; James, 2008; Roslender, 2006). Although the thesis is not purely critical, but rather more interpretative, the assumption applied in this thesis is that doctrinal research can be used as a research methodology and research approach in accounting to bring normative research aspects back to the accounting discipline. The nature of doctrinal research is therefore the theoretical perspective within which the thesis is based.

2.4 Research methodology

2.4.1 Validity of the research methodology

Validity in interpretive research is created through the appropriateness of explaining and applying the different research methods to interpret the results (Coetsee, 2011; Cooper, 2008). Validity for a thesis by articles is created by identifying how the different research articles are related to contribute to the main research objective. Validity is further created by appropriately explaining and applying the research methodology in each research article.

The validity for this thesis is created by explaining in the conceptual framework below how each research article is related and contributes to the main research objective. The nature, purpose and research methodology are also appropriately explained in each research article.

2.4.2 Conceptual framework

Many interpretative researchers refer to a conceptual framework in order to structure and create coherence in interpretative research (Baker & Bettner, 1997; Trafford & Leshem, 2008). Miles and Huberman (1984:28) describe a conceptual framework of a study as follows:

A conceptual framework explains, either graphically or in a narrative form, the main dimensions to be studied – the key factors, or variables – and the presumed relationship among them.

In traditional scientific research the normal structure of introduction, literature review, research methodology, results and conclusion is followed. Since interpreted research is more subjective and different research approaches could be followed to collate the findings, a conceptual framework is used to explain how all aspects of the research are linked together. This is also important in a thesis by articles to explain how each article is related to achieve the goal of the thesis. The relationship of each article is briefly explained in Chapter 1 and this section elaborates thereon and explains the research methodology followed in each article. The main objective of each article as identified in Chapter 1 is:

1. Assessing the nature of doctrinal research and how doctrinal research could be incorporated in accounting to recover normative thinking.
2. Interpreting the perception of master's degree students in accounting regarding doctrinal research.
3. Assessing the application of different research approaches applied in doctrinal research to policy-debate research in accounting.
4. Applying doctrinal research to an identified accounting issue, namely the conceptual foundation of liabilities, to determine if the underlying doctrines are appropriately developed.

The process followed in the four articles in the thesis is to move from “what” is doctrinal research (the theoretical foundation), to the “perception” regarding doctrinal research (although based on an inexperienced audience as explained below), to “how” doctrinal research is applied by identifying different research approaches, and, finally, to “apply” doctrinal research to a specific practical issue. The purpose of this process is to finally conclude whether doctrinal research could recover normative thinking in accounting and therefore bring accounting research closer to accounting practice. The nature, research methodology and contribution of each research article is explained further below to demonstrate how each research article contributes to the main research objective.

2.4.3 Research article 1: Methodology and contribution

The first research article is a theoretical article that creates the theoretical foundation for the thesis. This article interprets mainly academic literature to establish the nature of doctrinal research and how doctrinal research could be used to bring normative aspects back to accounting research. The first article therefore contributes by providing a deeper understanding of the nature of doctrinal research and the link to accounting doctrines.

The article specifically reviews the nature of doctrinal research and considers whether doctrinal research could be applied in contemporary accounting research to resurrect the descriptive nature of normative research to the accounting discipline. The question is whether doctrinal research could potentially be applied in contemporary accounting research to create a focus on the core doctrines of accounting and therefore bring normative aspects back to accounting research.

The article is mainly a theoretical article where literature of both accounting and legal research is interpreted to answer the research objective of the article. The article follows a structural process where different aspects of doctrinal research are discussed and interpreted to assess how the aspects relate to the accounting discipline, including both accounting research and practice. The article is specifically structured in the following sections: (1) the nature of doctrinal research; (2) an accounting perspective on reviewing the doctrines developed in practice; (3) the difference between a normative and a doctrinal approach; (4) the classification of research in law and how it relates to accounting, and (5) the nature of the intellectual doctrinal research process. The article concludes as to whether these identified aspects of doctrinal research could be applied in contemporary accounting research.

The article contributes to the main objective of whether doctrinal research could be applied in accounting research to bring normative aspects back to accounting research. The article clarifies both the nature of doctrinal research and traditional normative research and how these approaches differ. The application to accounting research is also discussed.

2.4.3 Research article 2: Methodology and contribution

The second research article is the only purely empirical research article. This article assesses the views of master's degree students undergoing research training in doctrinal and other research approaches to capture their thoughts regarding doctrinal research, and any added benefits. The argument could be made that these master's degree students are inexperienced researchers and therefore could only make a limited contribution to the phenomena under discussion. However, doctrinal research is not generally applied in accounting research and therefore these students are a starting point to assess the perception regarding doctrinal research.

This article therefore reflects on the incorporation of doctrinal research into the curriculum of a master's degree programme in accounting at a South African university. The article follows a more traditional research structure of firstly conceptualising doctrinal research and doctrinal thinking and discussing the process followed in the master's degree. Then the research methodology explains the thematic process followed to identify different themes. The themes are identified, explained and interpreted in the results section.

The perceptions of the master's degree students are obtained through structured interviews from which different themes are identified through thematic analyses. Specifically, deductive or theoretical analysis is used in this article driven by the main objective of assessing the development of a doctrinal research perspective or thinking in master's degree students. A main theme is identified under each specific question asked by following a specific coding system as explained in the detail article.

The article contributes by identifying how these students perceive that doctrinal research could be applied in accounting research not only to foster practical-based research, but also to develop the doctrinal or critical research skills of both lecturers and students.

2.4.4 Research article 3: Methodology and contribution

The third research article goes deeper into doctrinal research and evaluates different research approaches that could be followed in doctrinal research. These different research approaches form the foundation to identify how doctrinal research could be applied in policy-debate research in accounting.

To create background within which to interpret the different research approaches, the article first discusses the nature of doctrinal research and provides an overview of policy-debate research in accounting to identify issues with such research. The focus of the article is to discuss the following research approaches identified in the doctrinal research literature and the application thereof to accounting research: (1) hermeneutic; (2) descriptive; (3) interpretative; (4) normative; (5) critical and (6) comparative approaches.

Since limited literature exists re: pure theoretical research on the doctrines of accounting literature (Van Aard van der Spuy, 2015), this article contributes by identifying different research approaches that could be used specifically in policy debate research in accounting and to create methodological rigor in policy-debate research. A further outcome of the identified research approaches in doctrinal research is that the approaches could help to bridge the perceived gap between accounting research and accounting practice.

2.4.5 Research article 4: Methodology and contribution

The fourth research article uses an appropriate research approach identified in research article 3 to evaluate the appropriateness of a specific contentious conceptual issue. The aim of this article is to demonstrate how doctrinal research could be used to assess whether the conceptual issues regarding the identification, recognition, measurement and derecognition of liabilities is resolved in the 2018 *Conceptual Framework* of the IASB.

Theoretical doctrinal research is applied in this article by using an authoritative interpretation of hermeneutics. Theoretical doctrinal research as applied in legal research is described as follows:

Research which fosters a more complete understanding of the conceptual bases of legal principles and of the combination effects of a range of rules and procedures that touch on a particular area of activity (Hutchinson & Duncan, 2012).

An understanding of the conceptual bases of the new developments of liabilities is provided in this article. The article uses authoritative interpretation under a hermeneutic paradigm to interpret the new developments. Existing literature and practical documents are reviewed as authority to identify ten fundamental issues with the concept of a liability in the previous conceptual framework of the IASB. Interpretation is then used to assess whether the identified issues are resolved to create a sound conceptual base for all aspects of the definition of a liability in the 2018 Conceptual Framework.

The main contribution of this article is to demonstrate how doctrinal research could be applied in policy-debate research in accounting. The application of authoritative interpretation is demonstrated.

2.5 Ethical issues

Ethical clearance has been obtained for the thesis at the university of registration. Ethical clearance has also been obtained at the university where the students were interviewed as part of the research of research article 2. Caution and care were also applied to ensure that ethical issues were continuously considered in the research and drafting of the thesis.

2.6 Chapter summary

The thesis is based on the premise that the core doctrines of accounting are socially constructed through mainly practical structures. Therefore, the thesis is undertaken in the interpretative framework to capture human reasoning. The conceptual framework and the related methodologies identify how the research articles are integrated to achieve the main objective of how doctrinal research could be applied to recover a normative stance in accounting research. Through the four research articles the thesis progresses from “what” doctrinal research is (the theoretical foundation), to the

“perception” of master’s degree students regarding doctrinal research, to “how” doctrinal research is applied by identifying different research approaches and, finally, to “apply” doctrinal research to a specific practical issue. The purposes and methodology of each research article are further explained in each research article included in chapter 3 to 6.

CHAPTER 3

RESEARCH ARTICLE 1

Title

Doctrinal research as a means to recover normative thinking in accounting

Important comments

The reader is requested to take note of the following:

- This article was **published** in the following peer-reviewed and DHET (in IBSS list) accredited academic journal:
Coetsee, D. & Buys, P. (2016). Doctrinal research as a means to recover normative thinking in accounting. *STUDIA UBB. PHILOSOPHIA*, 61(3):69-87 (ISSN-L: 1221-8138).
- The article has been written in line with the journal's submission guidelines for articles, but the layout and referencing have been changed to create consistency in the thesis.
- The first page of the article published in the journal appears in **Annexure A**.
- The article was researched and written by the first author (Coetsee, D.) as the PhD candidate and primary author, while the second author (Buys, P.) fulfilled a reviewer function thereto as the PhD project's promoter.

Title

Doctrinal research as a means to recover normative thinking in accounting

Abstract

The article debates whether legal doctrinal research could be applied in contemporary accounting research to bring back the prescriptive nature of normative research and whether, by applying doctrinal research, a new focus could be created in accounting research. The article found that the main difference between doctrinal research and traditional scientific and social research is that the focus of doctrinal research is not on the development of theories, but on the underlying doctrines, concepts, rules and principles on which practice and the practical system are based. A shift in accounting research from traditional research that creates theory to research that focuses on the underlying doctrines of the accounting discipline would create an insider perspective in accounting research, which could bring accounting research closer to accounting practice. Doctrinal research could bring normative and prescriptive aspects back to accounting research, but such normative aspects will not necessarily be similar to traditional normative research.

Keywords

Accounting research, doctrinal research, normative research

3.1 Introduction

The application of the scientific method in accounting research has changed its landscape with accounting researchers moving from *prescribing* accounting practice (normative research) to *describing* accounting practice by using the tenets of the scientific method (Chau, 1986; Deegan & Unerman, 2011; Jeanjean & Ramirez, 2009). Through this movement, contemporary accounting research's focus has changed from asking questions around what accounting practices should be, to describing what the current accounting practices are. The result of this movement is that accounting as a practice-oriented discipline is more developed, wrongly or not, by accounting practitioners than accounting academia (Coetsee, 2010; Inanga & Schneider, 2005; Singleton-Green, 2009). Singleton-Green (2009) specifically states that there is a perception that accounting research fails to significantly influence accounting developments. A further contemporary development in accounting research is towards interpretative and critical research focusing more on broader social issues within the accounting discipline (Deegan & Unerman, 2011), and therefore also not specifically on the concepts, principles and rules on which accounting practice in itself is based.

The above views initiate the question whether accounting research should not focus more on the core developments in accounting practice. As such, research could focus on the appropriateness of the concepts, principles and rules on which accounting practice is based. Although accepting that all research approaches in any discipline are important (including research that focuses on the role of accounting within the social environment), the issue is whether sufficient research is being done on the accounting discipline itself with regard to its core concepts and principles.

In supporting such an approach in accounting research, one could consider the relationship between legal research and legal practice as a point of reference. The literature supports the notion that both legal research and legal practice are focusing on the core of their discipline (Burns & Hutchinson, 2009; Singhal & Malik, 2012). A reason why both legal academia and practice are focusing on the core of the legal discipline is that both are using the same research methodology (Hutchinson, 2008), i.e. the so-called **doctrinal** research approach. De Jong, Van Arensbergen, Daemen, Van der Meulen and Van der Besselaar (2011) specifically state that the objective of

such legal research is the *law* and the *legal system*, as well as its norms and rules, which are created through human actions.

Interestingly, Biglan (1973) classified both the accounting and legal disciplines as part of the applied professional-oriented disciplines that use soft skills to develop their practice, which stands in contrast with the so-called pure research found in the hard natural sciences. Virgo (2011) specifically states that laws are artificially constructed and issues therein cannot therefore be resolved through scientific ways. Similarly, Inanga and Schneider (2005) hold that accounting *per se* is not a science and that the use of scientific methodologies in accounting does not change that fact. Since both the accounting and legal disciplines are classified as *applied and soft scientific* disciplines, it raises the question as to why the research culture therein has developed differently in these disciplines, and why doctrinal research is not an important research approach in accounting research.

3.2 Research objective, question and structure

In light of the above, this article reviews the nature of doctrinal research and considers whether doctrinal research could be applicable in contemporary accounting research to resurrect the prescriptive nature of normative research to the accounting discipline. The article starts a debate as to whether doctrinal research could create a means for a changed focus in contemporary accounting research that questions the appropriateness of the underlying concepts and principles of accounting practice and thereby bringing aspects of contemporary accounting research closer to contemporary accounting practice.

Therefore, the research question under consideration is whether a doctrinal research approach could potentially be applied in contemporary accounting research to create a focus on the core accounting concepts and principles on which the accounting practice is based, and therefore bringing normative aspects back into accounting research.

To achieve this goal, the article follows a structured process of discussing different aspects of doctrinal research and interpreting how these various key aspects could potentially relate to the accounting discipline, including accounting research and

practice. In this structured process, the article firstly identifies the nature of doctrinal research, including its scope and insider approach, with some accounting perspectives thereon, which is then followed by a contextualisation of normative research against doctrinal research. The literature on different classifications of legal research is also assessed to see whether such classifications could also be used in accounting research. The nature of the doctrinal research process and the skills needed in the doctrinal research process are finally discussed to assess the applicability to accounting before the article is concluded with a concluding discussion and final remarks.

3.3 Nature of doctrinal research

3.3.1 Basic doctrinal research as applied in the legal field

Doctrinal research forms the core of legal practice, judicial systems and legal academia (Hutchinson & Duncan, 2012; Vick, 2004). Hutchinson and Duncan (2012) also believe that doctrinal research establishes the nature and parameters of the law, while Westerman (2011) states that through the doctrinal research process order is kept in the legal process. Legal practice and legal academia are therefore regarded as gatekeepers of the legal system (Burns & Hutchinson, 2009; Van Gestel & Micklitz, 2014; Von Bogdandy, 2012). Doctrinal research therefore plays an important role in developing and keeping the overall legal system intact.

In understanding doctrinal research, however, the concept of *doctrine* has to be understood. Hutchinson and Duncan (2012) explain the word doctrine as being derived from the Latin 'doctrina', which means instruction, knowledge or learning. The concept of doctrine has also been defined as "[a] synthesis of various rules, principles, norms, interpretative guidance and values. It explains, makes coherent suggestions or justifies a segment of law as part of a larger system of law. Doctrines can be more or less abstract, binding or non-binding" (Hutchinson & Duncan, 2012:84). McKerchar (2008:18) similarly defines doctrinal research as the systematic process of identifying, analysing, organising and synthesising statutes, judicial decisions and commentary. The legal doctrines assessed in the systematic process of doctrinal research are the rules, principles, norms and values on which the legal practice and legal system are based (De Jong et al., 2011; Hutchinson & Duncan, 2012). In light of the above,

Chynoweth (2008: 30) explains the nature of doctrinal research as a research approach that is concerned with the discovery and development of doctrines for publication in textbooks or journal articles and its research questions take the form of asking 'what is the law?' within particular contexts. It can therefore be stated that *assessing* the legal doctrines is the reason why it is referred to as doctrinal research.

3.3.2 The scope of doctrinal research

This systematic process of doctrinal research can vary in nature and depth (Singhal & Malik, 2012); for example, in its simplistic form, doctrinal research asks questions about what the law is on specific practical issues (Burns & Hutchinson, 2009; McKerchar, 2008), while deeper doctrinal research, in turn, analyses the underlying legal doctrines behind legal rules and principles (Siems & Sithigh, 2012). From these viewpoints, two perspectives, in turn, can be developed:

- On the one hand, the *narrower* perspective is referred to as the 'black-letter' law (Burns & Hutchinson, 2009; McKerchar, 2008; Vick, 2004), and focuses on what the law is for specific issues and how it should be applied in practice (Singhal & Malik, 2012). The narrower perspective is therefore practical and descriptive, and interprets the law applicable to any given fact pattern.
- On the other hand, the *broader* perspective assesses the appropriateness of the legal doctrines to prescribe what changes should be made to the legal doctrines. In this regard, Chynoweth (2008) states that doctrinal research is concerned with the discovery and development of legal doctrines, while Siems and Sithigh (2012) specifically state that doctrinal research criticises, explains, corrects and directs legal doctrine. This perspective is more prescriptive in nature and focuses on what the law should be and is therefore normative in nature.

Both the above perspectives on doctrinal research differ from conventional scientific and social research in that the focus is not on developing theory, but rather on interpreting (or assessing) the appropriateness of the underlying doctrines on which the system (including academic and practice aspects thereof) is based (Chynoweth, 2008; Hutchinson & Duncan, 2012). Westerman (2011) specifically states that the theoretical framework of doctrinal research is the (legal) system itself and that it has a

dual function of both the subject matter and theoretical framework. The need to develop theory on which practice could be based is not evident in doctrinal research *per se*. The doctrines become the theory on which (legal) research is based, although this is not theory that is developed through the normal scientific and social research processes. The focus of doctrinal research is therefore not on developing theory through an independent process from practice, but to critically assess the doctrines behind practice, the underlying rule, principles and concepts and therefore there is a much more direct link to practice and its governing rules in legal research.

3.3.3 An insider perspective of doctrinal research

The literature refers to the *insider* perspective of legal research (Kazmierski, 2014). The scholar who only focuses on doctrinal research is considered an insider who is living in the legal development process and is therefore integrated in the legal development of thought. Currently, legal training and legal academic journals are mainly focusing on the insider approach (Burns & Hutchinson, 2009; McKerchar, 2008). In contrast, an outsider perspective proposes to look outside the conventional structure of the doctrinal research process and focusing on the social implications of legal developments (Hutchinson & Duncan, 2012; Van Gestel & Micklitz, 2014).

It is within these insider/outsider perspectives that the normative research movement in accounting research differs from doctrinal research. The normative researchers in accounting distance themselves from the user of knowledge (i.e. accounting practice) to create an independent knowledge base (Jeanjean & Ramirez, 2009), with the objective to create a more outsider approach in normative research.

3.4 An accounting perspective on reviewing doctrines

Many accounting scholars agree that there are problems with the creation of theory in accounting research through the scientific method. According to Gaffikin (2008), knowledge is created through a consensus of beliefs and not necessarily through the application of the scientific research method, while Inanga and Schneider (2005) conclude that accounting researchers do not create sufficient theory on which accounting research could be based, while also stating that accounting researchers are focusing on correlation analysis rather than testing theories and related hypotheses. Furthermore, Reither and Williams (2002) are of the opinion that

accounting researchers are also more interested in becoming *experts of research methods* rather than *resolvers of accounting problems*. Chau (1986) declares that the scientific method restricts the range of problems that could be studied in accounting and also the research methods that could be used. Within the context hereof, it may be asked whether research that focuses on *accounting doctrines*, and not on the attempts to create *accounting theory* through scientific or social science processes, should be incorporated in contemporary accounting research.

The movement to the scientific method and later to interpretive and critical research in accounting has clearly established an outsider perspective in accounting research, which is important in any discipline. However, these movements in accounting research have resulted in a neglect of the core insider doctrines of accounting in accounting research. The view expressed in this article is that an insider approach is also important in accounting research. To this aim, it is believed that doctrinal research could make a significant contribution and the doctrines assessed could also form a theoretical foundation for broader accounting research.

Therefore, similar to legal academics, the view expressed in this article is that accounting academics should continuously question new developments in the broader accounting practice, such as financial reporting standards, sustainability and integrated reporting, auditing, managerial accounting techniques and even taxation developments. In order to do so, however, accounting academics should understand what doctrinal research is doing for the legal discipline and how it could potentially be extrapolated into the accounting discipline.

The legal research focus is practice oriented and problem based in that real-life problems are being resolved by academics, practitioners and judges (De Jong et al., 2011; Hutchinson & Duncan, 2012). Legal practitioners therefore understand the core of legal research and could easily apply legal research in their practices. The legal discipline is, therefore, in contrast to accounting, a discipline where practice and academia are working together and publishing in the same academic journals (Hutchinson, 2008; Van Gestel & Micklitz, 2014). The gatekeeper role of accounting researchers is not explicitly present in the accounting discipline.

3.5 The normative versus doctrinal research approach

3.5.1 Basic description

In the accounting literature, it is generally understood that normative research either questions the existing theoretical bases of practice by asking questions about what the theoretical bases should be, or investigates the application in practice in order to prescribe what the practice should be by asking questions about what the practice should be (Hendriksen, 1982; Riahi-Belkaoui, 2004). Specifically then, from an accounting perspective, normative research asks questions regarding what the appropriate accounting principles and guidelines should be (Deegan & Unerman, 2011). As such, it may be argued that normative research is therefore prescriptive in nature.

The nature of doctrinal research, however, is more than only this in that it is (1) descriptive in that it describes what the 'current law' is and (2) prescriptive in that it identifies issues with the 'current law' and suggests possible changes. This is, however, an integrated process in which both practitioners and academics are continuously asking 'what is the law'? and what 'should the law' be? (Chynoweth, 2008; Hutckinson, 2008; Singhal & Malik, 2012). The legal literature refers to the normative character of doctrinal research in general (Chynoweth, 2008). Westerman (2011), for instance, states that legal principles are (1) *contestable* because the legal principles are continuously questioned and (2) *normative* in that legal principles create norms by which people live. For purposes of this article, the normative character of doctrinal research is therefore based on two premises, namely a consensus premise and a prescriptive premise.

3.5.2 The consensus premise

Within the context of legal research, the *consensus* premise is that practitioners and academics, even if they are only describing aspects thereof, are asking questions about the appropriateness of the law. Regarding the contestable nature of doctrinal research, Chynoweth (2008:30) specifically states that the normative character of the law means that the validity of doctrinal research must inevitably rest on the development of consensus within the scholastic community, rather than appealing to any external party. The validity of applicable and relevant principles is therefore

created by consensus and not by scientific or social science norms and in this respect doctrinal research is a means by which the consensus is debated in academic journals. The debate is based on doctrinal analysis (Hutchinson & Duncan, 2012) and critical thinking, which should form part of the training of students (McKerchar, 2008). Kazmierski (2014) refers hereto as the critical engagement with all the role players.

This confirms that the consensus premises in legal research differ from traditional normative research in accounting, which focused on developing normative theory (Jeanjean & Ramirez, 2009). Jeanjean and Ramirez (2009:121) specifically state that the normative theorist, who disappeared from accounting research in the 1960s and 1970s, distance themselves from practice to create *“legitimation of research completely detached from practice, in that it considers this practice and its governing rules as a sign of specific interest that are not converge with the researcher’s scientific interest”*. The contestable character of doctrinal research therefore differs from traditional normative (accounting) research in that doctrinal research is not detached from practice and does not focus on theory creation. The disappearance and detachment of traditional normative accounting researchers from accounting practice resulted in a reduction in the critical assessments of the concepts, principles and rules on which accounting practice is based in contemporary accounting research.

As mentioned earlier, there is a movement in contemporary accounting research towards critical research and several accounting journals such as *Critical Perspectives in Accounting* and even *Contemporary Accounting Research* cater for this. This movement in accounting, however, is based on the critical framework as created in the social sciences (Deegan & Unerman, 2011; Roslender, 2006) and not on a doctrinal analysis approach. Deegan and Unerman (2011) specifically state that such critical accounting theory is a wider concept than questioning particular applications in accounting and focuses more on the role of accounting in society. Therefore, despite the movement towards critical research, the debating and assessment of the underlying concepts, principles and rules of accounting are still in essence absent in contemporary accounting research.

3.5.3 Prescriptive premises

Alternatively, within the context of legal research, this premise is that 'law' in itself is prescriptive and that one of the aims of legal systems is to guide the behaviour of people (Kazmierski, 2014). This is where the gatekeeper role of academics is an important aspect in that they uphold and protect the integrity of the system (Hutchinson & Duncan, 2012; Van Gestel & Micklitz, 2014; Von Bogdandy, 2012), or then the particular discipline. Similar to the legal systems, the financial reporting standards and other accounting-related reporting guidelines created through a regulatory process also prescribe the rules and principles that accounting practice should follow.

It is also important to understand how the prescriptive nature of doctrinal research differs from how research is conducted in the social sciences (and perhaps even the natural sciences) where the research approaches are typically empirical in nature and evidence based (Kazmierski, 2014). In contrast to these approaches, doctrinal research is seen more as a critical analysis and differs epistemologically from empirical investigations. Chynoweth (2008) explains that doctrinal research requires an interpretative and qualitative analysis under which no empirical data is collected to create or test theory. Chynoweth further states that the validity of doctrinal research is created differently. Rather, the validity of doctrinal research is created by the appropriateness of the doctrinal (or critical) analysis and the consensus reached in the discussion (Kazmierski, 2014; Van Gestel & Micklitz, 2014) and not on the independent theory building or critical stance of the normative researcher (Jeanjean & Ramirez, 2009).

Considering all the above, the article proposes that a critical analysis of accounting doctrines should also be present in contemporary accounting research. A critical doctrinal analysis could bring the focus of accounting research back to its fundamental concepts, principles and rules, and could potentially create underlying accounting doctrines on which the standard-setting process could be based. The doctrines could then also be a substitute for the lack of accounting-specific theory in contemporary accounting research.

3.6 Research classification in law

3.6.1 The basis of the classification

To foster a changed focus in contemporary accounting research by using a (legal) doctrinal approach, it is important to understand how legal research is classified and how each classification could be applied in accounting research. The Arthurs Report published in 1983 in Canada (as identified in Chynoweth, 2008: 29) divides legal research systematically in the four categories identified in Figure 1:

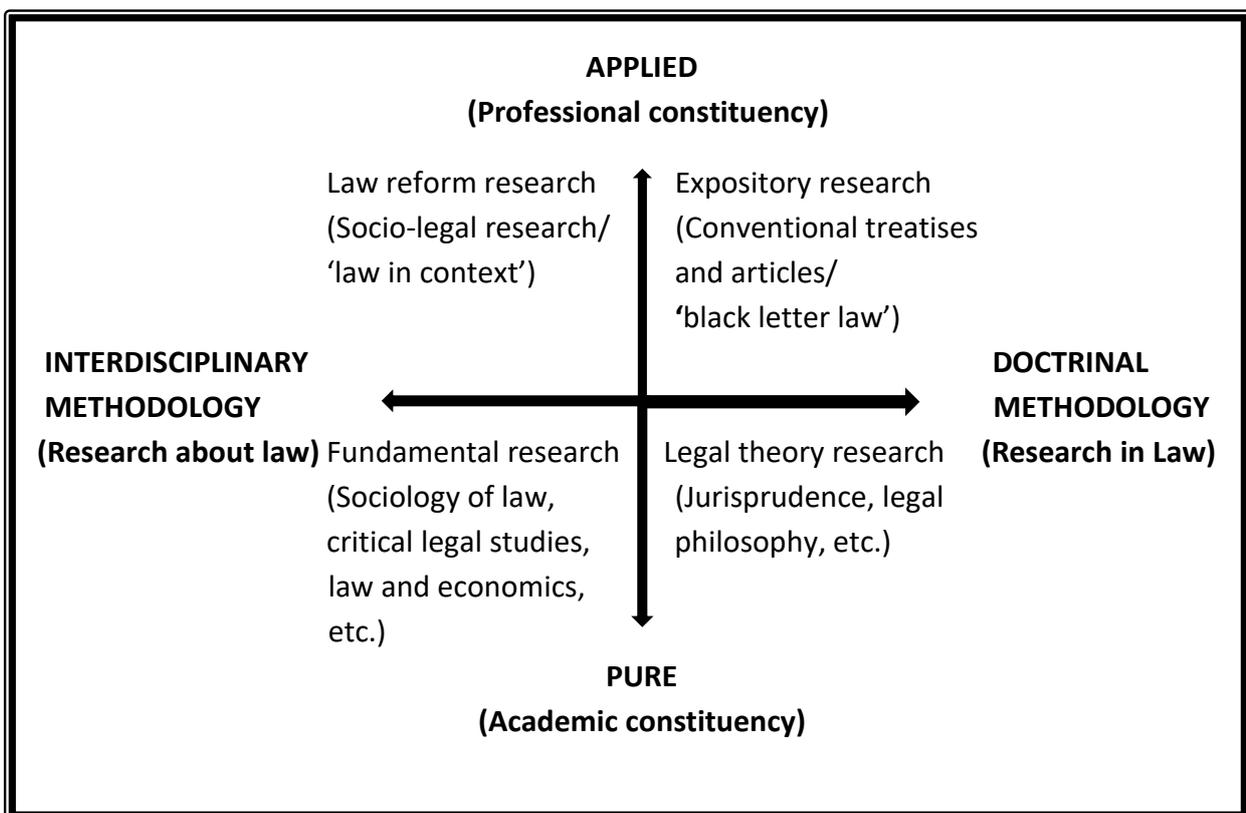


Figure 3.1: Classification of legal research (Adapted from Chynoweth, 2008:29)

The above matrix classifies legal research into four classifications based on the distinction of applied and pure research, as well as doctrinal and interdisciplinary research. The four classifications are considered in more detail below:

3.6.2 Expository research

Within the context of the above classification, the first classification of expository research¹ is defined by Pearse, Campbell and Harding, known as the Pearse Committee from Australia, as research that provides a systematic exposition of the rules governing a particular legal category, analyses the relationships between rules, explains areas of difficulty and, perhaps, predicts future developments (Hutchinson & Duncan 2012). This category includes all research that focuses on the application of legal rules in practice from an insider approach (Kazmierski, 2014; Singhal & Malik, 2012). This category basically describes the current rules and interprets how the rules should be applied in practice. Therefore, expository research can be seen as applied research through a doctrinal methodology (Burns & Hutchinson, 2009; Chynoweth, 2008; McKerchar, 2008).

From a contemporary accounting research perspective, the question is whether research that only focuses on interpreting the application of the rules and principles in practice to assess the application to specific fact patterns is indeed research or only a practical application. In the legal discipline, this research philosophy is regarded as valid and consequently opens the door to include more practice-oriented investigations in academic research in general.

3.6.3 Theoretical research

The second classification of theoretical research is defined by the Pearse Committee as research that fosters a more complete understanding of the conceptual bases of legal principles and of the combination effects of a range of rules and procedures that touch on a particular area of activity (Hutchinson & Duncan, 2012). By classifying theoretical research as part of a doctrinal methodology, an assumption is made that theoretical research in the legal discipline is based on doctrinal thinking. The issue is whether such research should be classified as applied research and not as pure research as it is based on underlying doctrines and not theories. Doctrinal research, as stated before, is conducted in practice and in academia and therefore has a distinct

¹ The Pearse Committee's report published in 1987 defined the first category as doctrinal research based on the narrow perspective of doctrinal research. However, the Arthur Report of 1983 named the first category expository research to cater for a broader perspective of doctrinal research. Doctrinal research is therefore much broader than only expository research.

professional focus constituent. Legal theory research, however, is regarded as a deeper research of legal doctrines than expository research is (Hutchinson & Duncan, 2012; Kazmierski, 2014), and refers to a conceptual approach, which is an extension of practice (Inanga & Schneider, 2005). A conceptual basis would in this case focus more on the underlying concepts on which rules and principles are based, than the theory.

In contemporary accounting research, theory is typically developed through a positivistic or normative research process (Deegan & Unerman, 2011; Inanga & Schneider, 2005), which differs from doctrinal research. Notwithstanding, many debates in contemporary accounting research have questioned the appropriateness of the standard-setters' conceptual frameworks (Dean & Clarke, 2003; Gaffikin, 2008; Loftus, 2003) without specifically referring to doctrinal research. The financial reporting standards applied in accounting practice are based on the conceptual frameworks of the accounting standard-setters, and forms the conceptual basis on which financial reporting standards are based (Bullen & Crook, 2005). The benefit of applying doctrinal research from a conceptual basis in contemporary accounting research is that it provides a basis to assess the appropriateness of the standard-setters' conceptual frameworks, assesses whether the concepts in the conceptual frameworks are developed sufficiently and whether other doctrines exist in the accounting literature that are not incorporated in the conceptual frameworks.

3.6.4 Reform-oriented research

The third classification of reform-oriented research is defined by the Pearce Committee as research that intensively evaluates the adequacy of existing rules and that recommends changes to any rules found wanting (Hutchinson & Duncan, 2012), while the Arthurs Report classifies it as interdisciplinary legal research (an outsider perspective). However, according to Kazmierski (2014), Burns and Hutchinson (2008) and Chynoweth (2008), a great deal of reform-oriented research in the legal discipline is also being conducted from an in-law perspective (the insider approach), and therefore many legal scholars are classifying reform-oriented research as part of doctrinal research. The Arthurs Report also extends their definition by classifying reform-oriented research as applied research, which is true if the reform-oriented research is done through a doctrinal methodology. The question is whether broader

social reform-oriented research could be regarded as applied research. On the one hand, the one argument is that the aim of reform-oriented research is to change practice, and therefore is *applied*; while on the other hand, the argument is that reform-oriented research through a critical social research framework could be regarded as more *pure* research. Nevertheless, it evaluates the adequacy of the existing rules and is more prescriptive and provides a basis to do prescriptive research from both an insider and outsider perspective (Chynoweth, 2008). Reform-oriented research could therefore provide a basis to do normative research in contemporary accounting research from both an insider and outsider perspective and could also form a basis to bring normative aspects back to accounting research, whether from a doctrinal or non-doctrinal perspective.

3.6.5 Fundamental research

The fourth classification is the so-called fundamental research approach and is defined as research designed to secure a deeper understanding of law as a social phenomenon, including research on the historical, philosophical, linguistic, economic, social or political implications of law (Hutchinson & Duncan, 2012). Fundamental research includes social and interdisciplinary research (Kazmierski, 2014) and typically falls outside the scope of doctrinal research, since it is based on scientific and social science norms and an outsider approach (Van Gestel & Micklitz, 2014). Since this research is based on the methodologies of scientific and social sciences, the legal literature agrees that fundamental research is *pure research* and forms part of an interdisciplinary methodology, (Kazmierski, 2014; Van Gestel & Micklitz, 2014).

3.6.6 Accounting perspective on the classifications

The aforementioned classifications are very important from an accounting research perspective. The moves in accounting to the scientific method (Jeanjean & Ramirez, 2009; Parker, 2012) and later to more interpretative and critical social research (Baker & Bettner, 1997; Boland & Gordon, 1992) have cemented accounting research in interdisciplinary methodologies and therefore in the realm of fundamental research (as part of the above classification). Doctrinal expository, theoretical and reform-oriented research, however, creates an opportunity to do research in contemporary accounting research outside the scope of fundamental research. Gaffikin (2008) questions the

theoretical understanding of accounting and states that knowledge also emerges from the application of consensus of beliefs. Expository, reform-oriented and theoretical research based on a doctrinal methodology creates a means to establish theoretical understanding in a discipline without going through the scientific and social sciences processes. Doctrinal research may also create potential vehicles to debate the appropriateness of the theoretical understanding of accounting. One problem with such a proposal is that the methodology and research design for doctrinal research are not clearly and appropriately defined in the legal literature (McKerchar, 2008) and ideally need to be clarified before it could be sufficiently applied in accounting research.

3.7 The intellectual doctrinal research process

Validity in social interpretative and critical research is created through the appropriateness of the identification and the application of the process that is followed to conduct such research (Coetsee, 2011), especially since such research does not always follow the normal structure of the scientific research method. Since doctrinal research is not based on the scientific method, understanding its fundamentals is important.

Basic expository doctrinal research is based on two processes, namely (1) establishing the facts of the case, and (2) establishing the authority on which the interpretation of the case should be based (Chynoweth, 2008; Hutchinson & Duncan, 2012). Even though this is typically what accounting practitioners are doing when they provide technical opinions on reporting standards or tax law interpretations, legal students are comprehensively trained herein as part of the core of legal education and is applied in legal opinions and in the courts (Hutchinson & Duncan, 2012; Siems & Sithigh, 2012; Van Gestel & Michlitz, 2014). This is not necessarily the case in the training and education of prospective accounting professionals. Furthermore, Chynoweth (2008) declares that the doctrinal research process of applying the rules of law to factual situations is based on deductive logic and clarifies the use thereof in doctrinal research by stating that the major premise is the rule of law and the minor premise is the factual situation. It is evident that the authority (or the rule of law) is the basis on which most legal research is being conducted, and that doctrines are the foundation on which the authority is based.

In broader doctrinal research approaches, such as theoretical and reform-oriented research, Chynoweth's major premises of the rule of law and the minor premises of the factual situation are also applicable. Theoretical research will look at the conceptual basis or doctrines behind the rules of law for a given situation, while reform-oriented research will question the appropriateness of the rule of law to foster change to these rules. Clear normative characteristics based on deductive logic are established.

Since accounting is considered as an applied and soft skill discipline (Biglan, 1973), doctrinal research could also be a valid approach in contemporary accounting research. In this regard, the legal student is more privileged than the accounting student in that he/she is thoroughly trained in the process of doctrinal research (Burns & Hutchinson, 2009; Chynoweth, 2008). Doctrinal research is a deductive process based on doctrinal thinking and doctrinal analysis and is a skill that is instilled in a subconscious or intuitive level in legal students (Chynoweth, 2008). Some literature refers to the interpretative and critical thinking skills of not only legal practitioners, but also legal academics, and that it forms part of their daily life (Hutchinson & Duncan, 2012; Kazmierski, 2014; Mckerchar, 2008). Kazmierski (2014) refers hereto as the skill of *critical analysis and moral reasoning*. To be proficient in this type of research and reasoning, Hutchinson and Duncan (2012) refer to a combined requisite set of skills that include precise judgment, detail description, depth of thought and accuracy, which, according to Hutchinson (2008), require scholars to be trained in effective reading, critique, analysis, electronic research and research ethics.

Postner (in Van Gestel & Michlitz, 2014) states that legal (academic) reasoning is intellectually demanding and not only requires vast knowledge, but also the ability to synthesise fragmented material. To synthesise fragmented material, Vick (2004) states that effective reasoning uses practical interpretation tools and critical techniques in order to systemise and evaluate rules and generate recommendations on what the rules should be. Hutchinson & Duncan (2012: 104) referred to "the sophisticated higher level thinking which is the hallmark of doctrinal work and permeates all quality legal research". It is therefore obvious that doctrinal research is intellectually demanding and requires high levels of intellectual thinking, which is also the hallmark of good quality scientific and social research.

Through the process of doctrinal research, new interpretations and perspectives of discovery are created. This is not only created through fundamental research and the message is that there are intellectual processes outside the norm of scientific and social sciences that could academically be equally rewarding and that are very important in professional disciplines, such as accounting. The argument is that the skill development that is part and parcel of the doctrinal research process should also form part of the training of accounting students and academics, with clear crystallisation effects in accounting research. Gaffikin (2008), for instance, states that accounting has lost vital intellectual thinkers who question the intellectual appropriateness of accounting. Doctrinal research could create a career for intellectual thinkers in contemporary accounting research.

3.8 Concluding discussion

The article debates whether legal doctrinal research could be applied in accounting research to bring back the prescriptive nature of normative research and whether the application of doctrinal research in contemporary accounting research could bring accounting research closer to accounting practice. The debate followed a structured process of discussing different facets of doctrinal research and how each facet applies to accounting research.

The article found that doctrinal research does not focus on theory or the development of theory, but rather on the concepts, principles and rules, collectively referred to as the doctrines, on which practice and related systems are based. The purpose of doctrinal research is to assess the appropriateness of the concepts, principles and rules on which practice is based and varies from research that asks what the rule or principle is for a specific case to deeper research that questions the doctrines behind the rules and principles. Doctrinal research therefore has a distinct pragmatic focus and helps to maintain the standards of the (legal) system.

The specific focus of doctrinal research on the underlying doctrines and not on the development of theory creates a means to bridge the gap between practice and traditional research in that doctrinal research is much more practice oriented. In this regard, the literature refers to the insider perspective of doctrinal research. Validity of the research design is not created by the independent process of the researcher, but by the appropriateness of the arguments of the researcher through the use of doctrinal

or critical analyses. Doctrinal analysis is an intellectual process in which especially legal students are educated. Legal academia and practice equally grasp and understand the essence of the doctrinal process. Sufficient consensus exists in legal literature that doctrinal research forms the core of legal research and legal practice. In contemporary accounting research, social and interdisciplinary research is being conducted from a traditional research perspective and is not specifically based on the underlying doctrines of the accounting discipline. In this regard, doctrinal research could create an alternative and valid research approach.

In contemporary accounting research, the movement to the scientific method and later to interpretative and critical research has established an outsider approach in accounting research. Even before the move to the scientific method in accounting, when normative research was the norm, the validity of the normative research was based on the independence of the normative researcher. Therefore, the normative researchers distance themselves from practice to create an outsider independent perspective with the aim of creating knowledge through the establishment of normative theories. In contrast, the main perspective of the legal researchers is that they are insiders and that their main purpose is to function as gatekeepers of the legal system. In the quest to be scientific and socially correct, accounting researchers have lost the focus of the core of their discipline, the underlying concepts, principles and rules, which doctrinal research could retrieve. A focus shift from creating theory through traditional research norms to assessing the underlying doctrines on which accounting practice are based, could bring accounting research closer to accounting practice.

Doctrinal research has normative characteristics in that legal scholars are trained to question the appropriateness of the underlying legal concepts, principles and rules. Critical thinking therefore forms part of legal scholarship and legal practice. Doctrinal research is not a revival of traditional normative research that must adhere to certain research norms in which theory development plays an important role. Doctrinal research is a revival of normative thinking outside the norms of social positivistic, interpretative and critical research. Doctrinal research is in essence a different way of looking at research from an insider perspective in which the focus is on the doctrines developed by practice. The application of doctrinal research is therefore important for a professional and practice-oriented discipline such as accounting. Broader scientific, social and interdisciplinary research is equally important in any discipline. The problem

with accounting research is that these broader research approaches have been done in neglect of the underlying doctrines on which accounting practice is based.

However, an issue is the establishment of validity for doctrinal research in the traditional structures of the academic world. Therefore, it is important that the ontology, epistemology and research methodology of doctrinal research be further investigated in further research to create a place for doctrinal research among more traditional social research outside the legal discipline.

The legal literature differentiates between four research classifications: expository, reform-oriented, theoretical and fundamental research, of which only fundamental research falls in the ambit of traditional scientific and social research. The question to be resolved in future research is how expository, reform-oriented and theoretical research, by using doctrinal thinking, could be incorporated into accounting research.

One of the benefits of doctrinal thinking is that it teaches the learner to understand the legal process of establishing the appropriate authority to resolve legal issues. The legal literature refers to higher-level thinking that is the hallmark of legal reasoning. This requires deductive and critical skills that are demanding on a level that is compatible with traditional scientific and social research and therefore doctrinal research should be explored as an alternative to traditional scholarly activities and norms, especially in the field of accounting as an applied professional discipline.

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CHAPTER 4

RESEARCH ARTICLE 2

Title

A Doctrinal research perspective of master's degree students in accounting

Important comments

The reader is requested to take note of the following:

- This article was **published** in the following peer-reviewed and DHET accredited academic journal:

Coetsee, D. & Buys, P. (2018). A Doctrinal research perspective of master's degree students in accounting. *South African Journal of Higher Education*, 32(1):71–89. (eISSN 1753-5913)

- The article has been written in line with the journal's submission guidelines for articles, but the layout and referencing have been changed to create consistency in the thesis.
- The first page of the article, as published in the journal, appears in **Annexure B**.
- The article was researched and written by the first author (Coetsee, D.) as the PhD candidate and primary author, while the second author (Buys, P.) fulfilled a reviewer function thereto as the PhD project's promoter.

Title:

A Doctrinal research perspective of master's degree students in accounting

Abstract

This article reflects on the incorporation of doctrinal research in the curriculum of a master's degree programme in accounting at a South African university. Since accounting concepts, principles and rules are more developed in practice through a process of consensus, the question is whether there is place for doctrinal research in accounting research. Doctrinal research is a research approach that describes, interprets and criticises the underlying doctrines developed in authoritative practice-based documents of a field of enquiry. In the master's degree programme doctrinal research is introduced as an alternative research approach to conventional research approaches to develop the students' skills to question the doctrines. The perspective of the master's degree students is obtained through structured interviews from which different themes are identified by thematic analysis. The participant students agreed that doctrinal research has an important role to play in accounting research. The students also agree that their critical engagement with the underlying doctrines of accounting has improved significantly and that deeper understanding of the concepts and principles of accounting was created.

Keywords

Accounting research. Doctrinal research. Doctrinal thinking. Expository research. Reform-orientated research. Master's degree students. Theoretical research.

4.1 Introduction

In a course work master's degree programme at a South African university, students were introduced to conventional research approaches and to doctrinal research, a research approach normally applied in legal research. Doctrinal research was introduced as an alternative research approach to conventional research approaches. Doctrinal research was also incorporated in the master's degree programme as a means to develop technical application abilities.

The conventional research approaches incorporated in the master's degree research methodology course work included the entire spectrum of social research approaches, from positivistic (quantitative), interpretative (qualitative) to critical (more theoretical) research. The process of applying the scientific method to falsify hypotheses was also explained and how the scientific method differs from other more qualitative and theoretical methods. Specifically, in the Accounting theory module, the way in which these different research approaches are applied in accounting theory to create theory was considered.

Doctrinal research is a research methodology that interprets, assesses and develops the doctrines (the concepts, rules and principles) on which a field of enquiry is based (Hutchinson & Duncan, 2012). Doctrinal research differs from conventional research approaches in that the focus is on the underlying doctrines (Hutchinson & Duncan, 2012) and not on the development of theory through empirical research processes (Chau, 1986; Chynoweth, 2008).

In the master's degree programme, the suggestion is made that there is a place for doctrinal research in accounting to develop and critically evaluate the underlying concepts, principles and rules of accounting alongside other research approaches. Accounting, in this respect refers, to the narrower perspective of financial accounting, which refers to the concepts, principles and rules on which financial statements are based through the financial reporting process. Broader applications of the accounting discipline, such as management accounting, auditing and other broader reporting aspects, such as sustainability and integrated reporting, fall outside the scope of this article.

4.2 Research problem

Traditionally, accounting training at South African universities mainly focused on the practical training of professional accountants and not specifically on research training (Van der Schyff, 2008; West, 2006). West (2006:131) concluded as follows on the South African accounting research culture:

The inquiry regarding the position of South African accounting research in the global context reveals that the outputs of accounting academics have not matched those of professional South African accountants, that the local contribution to the global accounting literature has been poor, but that there are nevertheless opportunities for conducting and publishing significant research.

However, it may be argued that the research culture of accounting academics is changing in South Africa due to the greater strive by most accounting departments at South African universities to create a research culture supported by several comments by accounting academics that change is needed in South Africa (Hesketh, 2011; Lubbe, 2014; Venter & De Villiers, 2013). This changed research culture is leading to an increased level of published accounting research by South African accounting academics. However, most accounting academics in South Africa are only introduced to research training in their master's degree studies, after they have completed their professional qualifications. An important objective of master's degrees in South Africa, including course work master's degrees, is therefore to introduce students to different research approaches.

The issue in this article is whether such research training should include doctrinal research, a perspective that is not specifically addressed or supported by international accounting literature. It is a stated fact in accounting literature that sufficient theory to develop accounting concepts and principles is not developed in accounting research (Gaffikin, 2008; Inanga & Schneider, 2005). Accounting concepts and principles are also more developed through practice than research (Parker, Guthrie & Linacre, 2011; Reither & Williams, 2002; Singleton-Green, 2009). Doctrinal research is therefore introduced in the master's degree programme as an alternative research approach that does not develop theory, but focuses on the underlying concepts, principles and rules (the doctrines) of accounting. This raises the research question as to whether a

doctrinal research perspective, and therefore doctrinal thinking, could be developed in master's degree students to instil the underlying doctrines of accounting as a substitute for the reliance on theory in accounting research.

4.3 Research objective and structure

The objective of this article is to reflect on the incorporation of doctrinal research in the curriculum of a master's degree programme from the perspective of the master's degree students after they have completed the first year of their master's degree studies. The perspective of the master's degree students is obtained through structured interviews.

The objective of reflecting on the development of doctrinal research in master's degree students is presented in this article through a structured process. The next section begins by conceptualising doctrinal research and doctrinal thinking and explaining how these concepts could be applied in accounting education and research. Thereafter, the nature of the process applied in the master's degree programme to educate the students on both practical and research skills is explained. Then follows the nature of the research methodology applied to identify core themes from the structured interview data. Lastly, the results are presented and interpreted by discussing the reasoning for the core themes identified in the research process.

4.4 Conceptualising doctrinal research and doctrinal thinking

The focus of doctrinal research, as stated before, is on the doctrines that are developed in a field of enquiry (Hutchinson & Duncan, 2012; Singhal & Malik, 2012) and not on the development of theory through conventional research. The doctrines are the concepts, rules and principles on which a field of enquiry is based (De Jong, Van Arensbergen, Daemen, Van der Meulen & Van den Besselaar, 2011; Hutchinson & Duncan, 2012). The doctrines are normally developed in practice by reaching consensus by practitioners and other role players (Van Gestel & Micklitz, 2014; Von Bogdandy, 2012) through a process of analysing and synthesising the underlying concepts, principles and rules (Hutchinson & Duncan, 2012; McKerchar, 2008). Doctrinal research is therefore relevant in any field of enquiry, such as law and accounting, where principles and rules are developed through a process of consensus. The developed doctrines are then regarded as a substitute for theory.

Academics for instance contribute to the process of developing doctrines by being directly involved in the practical process of consensus or indirectly through the academic debate in academic journals (Hutchinson & Duncan, 2012; Kazmierski, 2014; McKerchar, 2008). The process of consensus could be, for instance, new legislation that is developed through a legislative process or a financial reporting standard developed through the due diligence process of the standard-setter, such as the International Accounting Standards Board (IASB). The fact that financial reporting standards are written into the legislation of many jurisdictions to create legal backing² thereof, makes these standards also legal documents in the legal system.

Van Hoecke (2011:1) discusses the history of doctrinal research and declares that through the Middle-Ages the “authoritative interpretation” of doctrinal research was regarded as very important research that was replaced in many disciplines by empirical research from the seventeenth century, but especially from the nineteenth century. He states that doctrinal research is in essence a *hermeneutic* discipline, similar to the study of literature that interpreted texts, such as legislation and case law. Doctrinal research could thus be regarded as interpreted research of documents to identify the underlying doctrines therein.

Chynoweth (2008:30) confirms that doctrinal research is firstly an “interpretative, qualitative analysis” to prescribe what the law is by asking “what is the law?” for any specific situations. Doctrinal research, however, also has a deeper side that questions the appropriateness of the developed doctrines through more critical research (Coetsee & Buys, 2016; Kazmierski, 2014). Doctrinal research is therefore a mixture of interpretive and critical analysis, but can also be descriptive if a specific law application is described.

Doctrinal research is therefore a very important research tool where the functioning of practice is based on underlying principles and rules developed in practice. These principles and rules are not legitimated through research, but through the sovereignty of the source (Hutchinson & Duncan 2012). For instance, the source of legal doctrine

² In South Africa, legal backing is created for International Financial Reporting Standards through the Companies Act.

is legislation and case law and the source of accounting doctrine is the work of the standard-setters. It is important that academics must question these doctrines. Doctrinal research provides a means of interpreting and criticising these doctrines.

Doctrinal research could take different forms. Hutchinson and Duncan (2012) state that the researcher chooses the breadth and depth of the research. As a starting point, the **expository aspect** is considered first. As indicated above, it asked 'what is the law?' Such research explains what the law for specific fact patterns is and is therefore described as expository research (Chynoweth, 2008), which is regarded as applied research in a professional constituency. The term expository research is derived from the narrow description of doctrinal research by the Pearce Committee³: "Research which provides a systematic exposition of the rules governing a particular legal category, analyses the relationship between rules, explains areas of difficulty and, perhaps, predicts future developments" (Hutchinson & Duncan, 2012:101).

Doctrinal research is thus firstly a description of the current law, but turns to interpretation when the current law is applied in practice when opinions about the current law is provided by professionals and academics. In accounting it would be the description and interpretation of the applicable financial reporting standard, the law of accounting.

Law students are taught to describe and interpret the legislation and case law. Through the training of law students, 'doctrinal thinking' is installed (Hutchinson & Duncan, 2012; Kazmierski, 2014), and this thinking is based on two premises. To resolve any practical issue in law there are (1) *facts* of the circumstances and (2) the appropriate *authority* (the legislation and case law) to resolve the issue. Law students are specifically trained in both the skills of identifying facts and applying the underlying authority. This could be seen in the fact that several legal research books such as those by Knowles and Thomas (2006) and Tjaden (2010) do not focus on any conventional research approaches, but on the process to identify facts and to establish

³ The Pearce Committee's report published in 1987 defined the first category as doctrinal research based on the narrow perspective of doctrinal research. However, the Arthur Report of 1983 named the first category expository research to cater for a broader perspective of doctrinal research. Doctrinal research is therefore much broader than only expository research.

the related authority. Although professional accounting students are, in principle, also trained to resolve practical issues by applying the authority, the depths of developing these skills are not the same.

It is important that doctrinal thinking must be distinguished from doctrinaire thinking, which is described (Merriam-Webster, 2017; Oxford Dictionaries, 2010) as a strictly or stubborn following of a theory (or by implication a doctrine) without regard to practical issues or disagreements. Doctrinal thinking is in contrast a process of identifying and questioning the underlying doctrines to resolve a practical issue, focussing on what the underlying authority is or should be. Identifying and debating the correct authority to resolve a practical issue is the essence of doctrinal research.

Doctrinal research also has a deeper, **reformed-orientated** perspective, which questions the appropriateness of the underlying doctrines. Doctrinal research and doctrinal thinking therefore also embrace the ability to critically assess the appropriateness of the doctrines developed in a field of enquiry (Hutchinson & Cuffe, 2004; Kazmierski, 2014). In this regard, the doctrinal research literature refers to law reform-orientated research, which is defined by the Pearce Committee as “Research which intensively evaluates the adequacy of existing rules and which recommends changes to any rules found wanting” (Hutchinson & Duncan, 2012:101). Reform-orientated-research is a form of critical research that questions “what the law should be” (Chynoweth, 2008).

Reform-orientated doctrinal research can be regarded as a substitute for normative research that lost its appetite in accounting research when mainstream positivistic research became the norm (Jeanjean & Ramirez, 1992; Parker, 2012). Reform-orientated research is therefore a means to bring normative research back to accounting research. However, the nature differs from conventional normative research in that the researcher is much more an insider in the research process (Burns & Hutchinson, 2009; Kazmierski, 2014). The researcher is therefore part and parcel of the practical problem that is researched. In contrast, Jeanjean and Ramirez (2009) specifically state that conventional normative theorists in accounting distance themselves from practice to create legitimacy for their research. However, in doctrinal reform-orientated research, legitimacy is created through the appropriateness of the

process and discourse that are applied (Chynoweth, 2008; Razak, 2009). Such reform-orientated research could be a means in accounting research to bring researchers closer to practice and is a reason why master's students are introduced to it. The experience of the researcher is, however, that Accounting students battle with the nature of such reform-orientated research, as it requires good writing and interpretation skills, which are more instilled in Law students through the doctrinal thinking process (Hutchinson & Cuffe, 2004).

A third, deeper aspect of doctrinal research is so-called **theoretical research**, which is defined by the Pearce Committee as "research which fosters a more complete understanding of the conceptual bases of legal principles and of the combination effects of a range of rules and procedures that touch on a particular area of activity" (Hutchinson & Duncan, 2012:101). The key concepts underpinning accounting fundamentals are captured in the conceptual framework. Theoretical doctrinal research could be applied in accounting research to create a deeper understanding of the nature of the concepts that underpin the conceptual framework and the financial reporting standards.

Doctrinal research is introduced to the course work master's degree to develop the ability of students to apply their accounting knowledge to advanced issues in accounting (expository research), but also to develop the ability of students to question the underlying concepts, rules and principles of accounting (reform-orientated research) and to provide a deeper understanding of the conceptual basis of the concepts, rules and principles (theoretical research). Similar to Law students, it would be ideal if these skills could become part of the daily practice of accounting students. Doctrinal research could also be used by other disciplines to question the authoritative guidance on which the disciplines are based.

4.5 The master's degree process

The students were interviewed upon the completion of the first year of the master's degree programme after they were educated in both conventional and doctrinal research through their normal participation in the academic process. During the first year of the master's degree programme, the students participate in three different course work modules. In the first semester, the students completed an Accounting

theory module and in the second semester, a module on new developments in accounting. Additionally, the students completed a Research methodology module presented by a research expert that was spread over the first eight months of the year. The outcome of the research methodology module was a concept research proposal on a topic that they plan to utilise in their research dissertation component.

In the **Accounting theory** module, the students are introduced to different aspects of accounting theory that they did not do in their previous, more professional-orientated, studies in South Africa. The aim of the Accounting theory module is to broaden the students' knowledge of different theories that are applied in accounting and how theory is developed in accounting by using different research approaches. The content of the module is based on both accounting theory textbooks and related published article research. The concepts of the doctrinal research approach were introduced in the module as an alternative to conventional theory development to develop different perspectives in the students.

The **New developments** module introduced the students to projects in accounting that the IASB is currently engaged in. The aim of this module is to develop the ability of students to critically interpret these new developments in accounting. In this specific year, a focus was placed on the concepts and principles developed in the new proposed conceptual framework to evaluate the appropriateness of the doctrines that underlie the concepts included in the conceptual framework.

The **Research methodology** module focused on all aspects of research that should be known to complete a research proposal at a master's level. The doctrinal research approach was not included in the research methodology module, since the focus was on conventional research approaches. The students completed four assignments that build on each other and cumulated in a proposed research proposal.

4.6 Research methodology

The reflection of the development of doctrinal research in master's degree students in this article is captured in an interpretative research framework. The interpretive framework is based on the premises that social practices are socially constructed (Ryan, Scapens & Theobald, 2002) and that social actors construct their own truth (Coetsee, 2011). Research in the interpretative framework captures the perception

and feeling of people; in this instance, the students, and is therefore qualitative in nature (Henning, Van Rensburg & Smit, 2004). Qualitative research captures the perception and feeling of participants to create deeper understanding regarding a phenomenon (Henning et al., 2004), which is in this instance the development of doctrinal research in Accounting master's degree students. The data to reflect on the development of doctrinal research in master's degree students was collected through structured interviews with each of the students. Structured interviews were chosen to get structured responses from each student to evaluate their understanding of the phenomena. The structured questions focused both on their perspective regarding doctrinal research and on their personal and professional development in this regard. The following questions were specifically included in the interviews:

- Do you think doctrinal research could be applied in accounting research?
- Do you think that accounting students should be trained in doctrinal research?
- Are accountants questioning the doctrines of accounting sufficiently?
- What is your perspective regarding doctrinal thinking?
- What is the role of academics in the process?
- Do you think that the underlying concepts (doctrines) of the conceptual framework of financial reporting are sufficiently developed?
- Has your perspective of critical engagement with the conceptual framework (or doctrines of accounting) changed?
- Was a deeper or complete understanding (doctrinal thinking) of the concepts underlying the conceptual framework created?

Thematic analysis was used to analyse the data in themes. Braun and Clarke (2006:79) describe thematic analysis “as a method for identifying, analyzing and reporting patterns (themes) within data”. Beattie, McInnes and Fearnley (2004) agree that thematic analyses could be used to code themes through both quantitative and qualitative (interpretative) analyses, depending on the size of the population. The theoretical position taken in the article is of deeper interpretative and qualitative research due to the small population.

Themes in thematic analyses could be identified through inductive or deductive ways (Braun & Clarke, 2006; Fereday & Muir-Cochrane, 2006). In this article, the deductive (also referred to as theoretical analyses) was chosen. Braun and Clarke (2006:84)

state that “Theoretical analysis would tend to be driven by the researcher’s theoretical or analytic interest in the area, and is thus more analyst-driven”. The specific data analyses in this article were driven by the main objective to assess the development of a doctrinal research perspective or thinking in accounting master’s degree students, by asking the specific questions identified under the research objective. Each question was thematically analysed to identify the main themes. A direct link is purposely created between the questions asked and the themes identified. Validity was created through the coding process described below.

All interviews were conducted and coded by the researcher. Firstly, each interview was purposely transcribed to identify the main answer(s) of each participant and the reasoning for the answer(s). The answers of each student for each question were then coded in a table identifying (1) the main answer(s) of each participant and (2) the supporting reasoning for the answer. From the coding table for each question, the (1) main theme for each question was derived, (2) the main reasoning supporting the theme was identified, and (3) other aspects addressed were identified. If a participant provided information related to another question under a specific question, the data was transferred for coding to the correct question.

4.7 Results

At the outset of their studies, the students were informed of the research project and that they had a choice not to partake therein. Twenty (90.9%) of the 22 registered students partook in the research project, with one student being overseas when the interviews were conducted and the other student not completing all the modules of the first year of the master’s degree. The demographic information of the 20 students who participated (hereafter participants) is presented in Table 4.1.

Table 4.1: Demographic information

Race	Black	Indian	White	
	15	3	2	
Gender	Male	Female		
	13	7		
Occupation	Academic	Technical expert	Corporate position	Auditor
	9	7	3	1

The analysis of the results identified eight themes that relate specifically to each question identified in the research objective above.

Theme one: *Doctrinal research should be applied in accounting.*

The view of most of the participants was that doctrinal research should be applied in accounting research. Several different reasons for this view were expressed. One of the main reasons presented is that the concepts, principles and rules of accounting are mainly developed in practice through the standard-setting process and not significantly through typical academic scholarly processes. Doctrinal research is, in their view, more related to these concepts, principles and rules. The participants expressed that doctrinal research could contribute to debating, and therefore, developing these concepts, rules and principles. For this reason, one participant even argued that doctrinal research should be the main research approach applied in accounting research.

The participants are also of the opinion that accounting is, similar to the legal discipline, practice based and that its practitioners, more so than its academics, are involved in the process of developing the doctrines of accounting. The participants therefore argued that Accounting students should know about the doctrines of accounting and how these doctrines are developed. In their view, doctrinal research could be used to confirm the application in practice and could also contribute to understanding the basis of accounting.

Furthermore, the participants referred to a lack of a so-called theoretical base for accounting. This is an aspect also mentioned in the accounting theory literature by Gaffikin (2008) and Inanga and Schneider (2005), who are of the opinion that sufficient theory is not developed in accounting research. Nevertheless, most participants considered that (1) doctrines are more relevant to the practice of accounting than any theory development, (2) that conventional accounting research is not understood by practice and (3) that practice would better understand doctrinal research. One participant is even of the opinion that doctrines are the theoretical base on which practice is based.

Building hereon, one participant mentioned that the accounting concepts, principles and rules are more prescriptive than descriptive in nature and therefore implied that mainstream accounting research with its descriptive nature is less relevant to the development of accounting concepts, principles and rules. Doctrinal research, which is more normative in nature (Chynoweth, 2008), could therefore, in the participants' view, contribute more to the development of the underlying doctrines of accounting. Participants also expressed the view that doctrinal research could fill gaps created by conventional research. In the academic literature, this gap is referred to as "the failure of accounting research to improve accounting practice" (Inanga & Schneider, 2005:228) and "research has become too far removed from the interest of the profession and practitioners" (Parker et al., 2011:5).

On the somewhat negative side, three participants were sceptical regarding the application of doctrinal research in accounting, with one stating that the doctrines of accounting are not always developed sufficiently and that such a research approach has a limited application in accounting. A further participant was of the opinion that the legal practice is more based on rules and that such a legalistic application could possibly have a negative impact on accounting practice and development. Furthermore, the same participant also mentioned that lawyers have case law to test their doctrines, while accountants do not have a similar independent process to develop and test accounting doctrines. The third participant stated that a balance between different research methods should be created in accounting research, with a focus on more critical research. However, the participant believed that the critical thinking and link to practice aspect of doctrinal research are positive.

Theme two: *Accounting students should be trained in doctrinal research, especially on a master's degree level.*

Although the participants agreed that accounting students should be trained in doctrinal research, they disagreed on which level it should be introduced. The general consensus was that doctrinal research should be part of master's degree programmes, since it provides a research approach alternative to conventional research approaches. Most participants agreed that understanding doctrinal research enhanced their critical thinking skills and through the education process of the master's degree they are questioning the concepts, principles and rules of accounting. It may therefore be argued that the perception that universities produce graduates that cannot think critically in accounting education (Parker et al., 2011) can be overcome through the introduction of doctrinal research. Some of the participants therefore expressed the need to introduce doctrinal research even earlier in the accounting education process to enhance students' ability to think critically and question accounting concepts, principles and standards.

Although the participants have been introduced to the conceptual framework in their earlier studies, they still believed, as discussed below in theme three, that they did not question the concepts and principles of accounting sufficiently. The introduction of doctrinal research approaches had changed their view and some believed that this change of view should be introduced earlier in the education process. One participant specifically declared that doctrinal thinking should be instilled in students earlier so that they understand how accounting is developed and to create a critical and interpretative skills perspective. The participants therefore agreed that there is a specific place for doctrinal research to create a link to practice and the underlying concepts and principles of accounting. Nevertheless, a strong view was expressed that all research approaches in accounting are important and that a balance should be created between the different research approaches. Students should understand the different research approaches and how they could be applied in accounting to resolve different issues.

Theme three: *Participants agreed that they did not question the doctrines of accounting sufficiently before this master's degree programme.*

Most participants declared that before embarking on the master's degree road they were not trained in questioning the appropriateness of the doctrines of accounting and therefore in critical thinking. The overall view expressed is that they have previously taken the concepts and principles in the conceptual framework and financial reporting standards for granted, and were therefore more focused on the correct application of concepts and principles in practice and not on questioning the concepts and principles. In their view, their lecturers did not question the doctrines of accounting sufficiently themselves and therefore the students did not develop such critical skills. Some participants were of the opinion that their lecturers should have questioned the doctrines of accounting more and should have asked more questions about what and why certain concepts and principles were developed.

Some participants agreed that certain people in practice, such as regulators, standard-setters and technical accounting experts, are questioning the underlying doctrines of accounting, but do not think that accounting professionals as such are questioning the doctrines sufficiently. One participant, who is working in an accounting technical department of an auditing firm, for instance, declared that they typically only apply a specific financial reporting standard to the facts pertaining to a specific instance. It is only now, after the master's degree programme, that they are beginning to question the underlying concepts and principles of accounting case more. The overall view expressed is that the ability of accounting students to question the underlying concepts and principles of accounting should be developed more in accounting education.

Theme four: *The participants perceived that they are not sufficiently trained in doctrinal thinking, but agree that their critical interpretation skills have increased.*

Most of the participants agreed that they do not have a legal background and are therefore not sufficiently trained in doctrinal thinking. Nevertheless, they agree that their critical thinking skills have improved and they have a better ability to question the doctrines of accounting, since they have a better understanding of doctrinal research and were exposed to actual issues in accounting that are currently unresolved. For some participants, the master's degree has triggered their interest to read the Basis

of Conclusion pertaining to the specific financial reporting standard in order to better understand the reasoning behind the standard. One participant, for instance, explained that the programme changed her way of thinking about accounting, how it should be applied and resulted in her starting to question the doctrines of accounting. It provided a better understanding of the process of developing accounting concepts and principles, and how and why the standard-setters arrived at certain conclusions. Another participant said that he is more sceptical and understands that some solutions might not be the best way forward.

As alluded to earlier, doctrinal thinking also includes (1) the process of identifying the facts of a practical accounting issue and (2) applying the appropriate authority to resolve the practical issue. Participants expressed the view that this process of doctrinal thinking has increased their technical ability. One participant explained that, in practice, they rely on the technical experts and that this process must be instilled more broadly in accounting students to obtain the ability to resolve technical issues themselves.

Theme five: *The participants expressed that academics should be more involved in the development of accounting doctrines and not rely mainly on the development through practice.*

The overall theme expressed was that academics must question the doctrines of accounting more, and not to leave it for practice to develop. The participants were also of the opinion many lecturers are just accepting the doctrines without questioning it. Academics must become more involved in the development of accounting doctrines, and doctrinal research could create an avenue for such development. Therefore, in the view of some participants, academics must be more involved in doctrinal research that questions the appropriateness of the underlying doctrines developed through practice.

The view was also expressed that academics must create opportunities to debate the underlying doctrines and therefore create an academic discussion that critically evaluates the underlying doctrines. One participant specifically stated that academics were more involved in the development of doctrines in accounting when normative research was acceptable, but that this changed under the positivistic mainstream

accounting research movement. Some participants expressed the view that a thorough critical thought process, where academics are involved in the development of accounting concepts, principles and rules, is not sufficiently developed in the accounting literature. Introducing doctrinal thinking in accounting education could contribute to such development processes.

Theme six: *Participants agreed that the doctrines of accounting as incorporated in the conceptual framework on financial reporting are not always developed sufficiently.*

Most participants agreed that the conceptual framework of financial reporting established the underlying doctrines on which the accounting practice of financial reporting is based. They agreed that, through the process of reviewing the new proposed conceptual framework of financial reporting and comparing it with the existing conceptual framework, in the master's degree programme, they developed the ability to see the gaps and areas of uncertainty in the respective conceptual frameworks. They agreed that certain aspects of the new proposed conceptual framework, such as the objective, qualitative characteristics and features of the definition of assets, including the concept of control, are developed sufficiently, but that other aspects such as what creates a liability, the distinction between equity and liability, recognition, measurement and the transfer of items to other comprehensive income are not appropriately clarified to develop future standards. They also expressed a concern that if these identified concepts are not developed sufficiently, it could result in a different application on a standard-setting level that is not consistent with the conceptual framework. The concern is further that underdeveloped concepts could result in concepts and principles being developed on a standard-setting level rendering the conceptual framework as outdated in certain aspects.

Theme seven: *The critical engagement of the participants with the conceptual framework and underlying doctrines has changed.*

The participants were directly asked whether their perspective of critical engagement with the conceptual framework of financial reporting and the underlying doctrines changed. Most participants answered positively and stated that through the master's degree process they have started questioning the conceptual framework and

underlying doctrines, whereas before they had less understanding or insufficient knowledge.

Although most viewed the conceptual framework still as appropriate, they have developed knowledge and understanding of unresolved issues and uncertainties. They developed a much more critical engagement. The participants made comments such as that they consider the why question now, think more widely, question more and actually have now opinions about issues. Most participants' perceptions changed from *accepting* the conceptual framework to one that *questions* the conceptual framework. They also expressed the opinion that they understood the underlying doctrines of accounting better.

Only two participants said that their critical engagement of the conceptual framework of financial reporting has not changed. They still see the conceptual framework as the basis or foundation of financial reporting standards, but acknowledged that their understanding of the conceptual framework as well as the underdeveloped aspects improved.

Theme eight: *Most participants agreed that a deeper understanding of the concepts of accounting was created.*

This theme is directly linked to some of the previous themes. With the exception of two participants, all agreed that a deeper understanding of the concepts of accounting was created by reviewing the new proposed conceptual framework. Most participants declared that they question the concepts in the conceptual framework more than before and have a better understanding of the concepts, which, in turn, provides them with the ability to question the financial reporting standards more. One participant specifically stated that she thinks differently and falls back to the conceptual framework to clarify uncertainties in practice. This specific participant works in an accounting technical department of an audit firm and she also stated that a better understanding of the concepts of accounting and the link to the financial reporting standards helped her to improve her skills to write technical opinions. She is therefore more confident in her work. One participant also specifically stated that for the first time he understands the conceptual framework fully.

The two participants who responded more negatively did it for different reasons. The first participant stated that although he understands the unresolved issues with the conceptual framework better and therefore is more knowledgeable of uncertainties that exist, he is more confused due to the unresolved uncertainties. Another stated that he realised that financial reporting is more complicated and complex than he realised before.

4.8 Conclusion

This article reflects on students' perception of the introduction of doctrinal research as an alternative to conventional research approaches in an accounting master's degree programme. The question is whether a doctrinal research perspective, and therefore doctrinal thinking, could be developed in master's degree students to instil the underlying doctrines of accounting as a substitute for the reliance on theory in accounting research.

The literature indicates that doctrinal research is a very important research approach when the practice of a discipline is based on principles and rules "the doctrines" developed in practice through a process of consensus and not through any theory building process. Legitimacy for these doctrines is created through authoritative documents such as legislation, case law and discipline standards. Doctrinal research is used to describe, interpret and criticise the doctrines of practice established in these documents and provides a means to academics to question the appropriateness of the doctrines. The implication for higher degree research in general is that an alternative research approach exists to question the bases of authoritative documents developed in any discipline through a process of consensus.

The article found that the participants are very positive regarding the introduction of doctrinal research in the master's degree programme. The main reasons identified are that accounting concepts and principles are more developed through practice than research, that doctrinal research creates a theoretical base to evaluate the concepts and principles of accounting, and that doctrinal research brings normative aspects back to accounting research.

The participants also identified that their critical thinking skills have improved. Their general view of accounting has changed from accepting the concepts and principles

to questioning them. Through the master's degree process, a deeper understanding of the concepts and principles of accounting was created and their ability to question these concepts improved. Doctrinal research also developed the technical ability of students to apply specific authority to practical fact patterns. Specifically, the participants understand the development process of accounting better and are able to identify uncertainties and aspects not developed sufficiently.

The participants also felt that the educational process of accounting students could be changed. Overall, they believed that in their previous accounting education, they were not challenged sufficiently to question the concepts and principles of accounting. They therefore expressed the view that Accounting lecturers should become more involved in doctrinal research, not only to be more involved in the development of concepts and principles in accounting, but also to develop the skills to question the concepts and principles of accounting more.

A strong proviso was, however, expressed by some of the participants that a balance should be created between different research approaches. Although doctrinal research could contribute to different kinds of research that is more practice based and normative in nature, the benefit of other research approaches should not be disregarded. They feel that master's degree students should be trained in all the different research approaches, although one participant specifically stated that doctrinal research should be the main research approach in accounting.

Several opportunities for further research exist. Research could be done to assess whether and how doctrinal thinking could be incorporated on all levels of accounting education to develop the critical and application skills of students. Further research could be conducted from a more educational perspective to identify the nature of transformative learning (Mezirow 2003) that happens in students and specifically through understanding and applying doctrinal research. The positive feedback of the participants regarding the improvement of their critical application abilities suggests that possible transformative learning happened.

The biggest shortcoming of doctrinal research is that it does not address the interdisciplinary nature of a discipline (Singhal and Malik, 2012; Vick, 2004) and the effect of broader social issues on the discipline (Razak, 2009). Sustainability

accounting and integrated reporting are designed to incorporate and address some of the broader social issues in accounting. Further research could investigate how doctrinal research could be applied to such broader perspectives. Another issue of doctrinal research is that methodology aspects and the theoretical base of doctrinal research are not developed specifically (Hutchinson and Duncan, 2012; Westerman, 2011). The nature of the methodology and theoretical base of doctrinal research could be further investigated and clarified. The incorporation of doctrinal research in the critical accounting research movement could also be investigated, questioning whether the nature of doctrinal research is not already incorporated in the movement without explicitly mentioning it.

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CHAPTER 5

RESEARCH ARTICLE 3

Title

Research approaches for policy-debate research in accounting: a doctrinal research perspective

Important comments

The reader is requested to take note of the following:

- This article has been **submitted** to the following peer-reviewed and DHET accredited academic journal:

Coetsee, D. (2018) Research approaches for policy-debate research in accounting: a doctrinal research perspective. *Journal of Economic and Financial Sciences*. (submitted). (ISSN: 1995-7076).

- For purposes of submission, the article has been changed to the journal's submission guidelines for articles.
- The article was researched and written by the author (Coetsee, D.) as the PhD candidate and primary author, while the PhD project's promotor (Buys, P.) fulfilled a reviewer function for purposes of the PhD.

Title

Research approaches for policy-debate research in accounting: A doctrinal research perspective

Abstract

This paper acknowledges that a gap exists between accounting research and accounting practice (i.e. academia and practice), and supports the argument that accounting research in itself does not contribute to accounting practice. In the past, there have been calls made for accounting research, policy and practice to work together to address such shortcomings. This paper contributes to this policy-debate research in accounting by discussing research approaches founded in a doctrinal research paradigm, with the research objective considering whether the doctrinal research approaches followed in law could be applied in accounting policy-debate research.

The logical argumentation in doctrinal research uses hermeneutics as foundation for the authoritative interpretation of practical documents. In applying aspects of hermeneutics, doctrinal research applies descriptive, interpretative, normative, critical and comparative researches approaches depending on the outcome of the research. Hermeneutics and the different research approaches applied in doctrinal research create a research framework to conduct accounting policy-debate research on accounting doctrines developed in practice. More methodological rigor is therefore created for accounting policy-debate research and helps to bring practice and research closer to each other.

Keywords

Descriptive research approach. Doctrinal research. Hermeneutics, Interpretative research approach. Normative research approach. Critical research approach. Comparative research approach.

5.1 Background

Accounting researchers agree that a gap exists between accounting research and accounting practice, and that accounting research does not sufficiently contribute to accounting practice (Inanga & Schneider, 2005; Parker, Guthrie & Linacre, 2011; Singleton-Green, 2009; Tucker & Lowe, 2014; Wilkinson & Durden, 2015). Calls have been made for accounting research, policy and practice to work together to bridge this gap (Evans, Burritt & Guthrie, 2011; Guthrie & Parker, 2016). The need to place a focus on the policy debate in accounting research is confirmed by the following quote from Guthrie and Parker (2016:4):

Academic researchers pay lip service to the need for their engagement with policy and practice, but for many, action in this regard simply does not happen.

It therefore becomes important to consider the principles, rules and concepts of accounting developed in practice. This may be better achieved by considering research approaches followed in other disciplines.

Doctrinal research, for example, is mainly applied in the disciplines of law, religion and ethics, as an approach to research the concepts, principles and rules (collectively referred to as doctrines in legal research) developed in practice (Hutchinson & Duncan, 2012; Mackor, 2011). One specific discipline that extensively applies doctrinal research is law, which is also considered a professional discipline that creates norms that are applied in practice. Van Hoecke (2011) clarifies, referring to the legal discipline, that the empirical data used in doctrinal research is the legal text, i.e. legislation and court decisions, while Siems (2011) states that doctrinal research criticises, explains, corrects, and directs the doctrines developed in practice, and Husa (2011) refers to the interpretation and systematic validating of the doctrines. Doctrinal research is therefore, in essence, an academic debate regarding the nature and appropriateness of the doctrines developed in practice through current professional structures.

Both accounting and law are traditionally classified as applied disciplines (Biglan, 1973), and both are structured in university research education and professional-oriented training (Murphy & O'Connell, 2017). In light of the above, the primary

research problem under consideration asks whether the doctrinal research approaches followed in law could be applied in accounting policy-debate research.

The key purpose of this paper is therefore to evaluate the appropriateness of applying the research approaches identified in doctrinal research in the accounting policy debate. To that effect, the focus is specifically on the concepts, principles and rules of accounting development in practice – collectively also referred to as the doctrines of accounting. The remainder of the paper firstly reflects on the nature of doctrinal research and provides an overview of policy-debate research in accounting to identify issues with such policy-debate research. This is followed by a discussion of the different research approaches identified in the doctrinal research framework and the application thereof to accounting policy-debate research. These research approaches consist of the hermeneutic, descriptive, interpretative, normative, critical and comparative approaches. Finally, some concluding comments are provided.

5.2 Doctrinal research perspectives

5.2.1 Introduction

Doctrinal research has a long historical perspective that was developed before the more contemporary *scientific* method became a research norm. Van Hoecke (2011) states that Roman legal doctrine was developed before Christ and that doctrinal approaches were even used in the Middle Ages by various authoritative structures to guide the practices of people. From an accounting perspective, the work of Luca Pacioli, in which he identified and explained the double-entry approach as the basis of accounting (Sangster, 2010), is a prime example of such historical doctrinal writings.

The focus of modern doctrinal research, however, has changed from *guiding* practice to the *interpreting and evaluation* of the principles, rules and concepts developed in practice (De Jong, Van Arensbergen, Daemen, Van der Meulen & Van den Besselaar, 2011; Hutchinson & Duncan, 2012; Singhal & Malik, 2012). A possible reason for this change in doctrinal research is that professional practices have developed in different practical disciplines, such as accounting and law, tasked with the role of developing the doctrines applied in practice. It may therefore be argued that a key function of doctrinal research is to assess the appropriateness of the doctrines developed in practice.

5.2.2 Contextualising doctrinal accounting research

Doctrinal research is often regarded to be the most acceptable methodology in legal research (Hutchison & Duncan, 2012). In support hereof, Virgo (2011:222) declares that law is *artificially constructed* and therefore cannot be developed through the scientific method. The underlying doctrines are developed through both practice and academic debate (Chynoweth, 2008; Hutchinson & Duncan, 2012). Watt (2011) agrees that the epistemological function of doctrinal research is to interpret and order the *source* of law, which are the underlying doctrines captured in practice documents. Seen within this context, certain comparisons exist between accounting and law that make doctrinal research an option in accounting policy-debate research. Two views regarding the comparison are:

- Firstly, Bell (2011), who states that the evaluation of legal facts does not exist independently of legal categories and authority. Legal scholars, such as Hutchinson and Duncan (2012), and Chynoweth (2008) refer to a two-step approach for legal enquiries, in which the first step is to *identify the facts* and the second step is to *identify the authority* that should resolve the legal issue. Accounting practitioners clarifying accounting issues follow a very similar process. Furthermore, in resolving any accounting issues, financial reporting standard setters also determine the nature of any accounting issue under discussion, which they call economic phenomena (IASB, 2018) and then by implication use the conceptual framework for financial reporting as authority to develop financial reporting standards. The issued financial reporting standards then become the authority that practitioners should apply in practice for financial reporting purposes. Doctrinal research then plays a role in this regard by assessing the appropriateness of the developed authority.
- Secondly, in the legal discipline, the applied framework to resolve practical issues is based on a bundle of rights and obligations (Bell, 2011). Interestingly, the new conceptual framework for financial reporting of the IASB (IASB, 2018) refers also to *rights* in the definition of an asset and to *obligations* in the definition of a liability. Furthermore, IFRS 15 *Revenue from Contracts with Customers* (IASB, 2014) also uses the rights and obligations created in revenue contracts to assess the correct accounting or financial reporting treatment. Rights and obligations created in

contracts between parties are therefore regarded as a cornerstone in establishing the appropriate accounting treatment, although substance over form plays an important role in this assessment (IASB, 2018).

It is important to note that doctrinal research differs from other academic research approaches in that it follows an *insider* approach (Kazmierski, 2014). Bell (2011) explains that the objective of doctrinal research in law research is embedded in the institution, routines and procedures of the law as a discipline and therefore cannot be studied from an *outside* perspective. This means that the people researching the doctrines could also be involved in developing and teaching the underlying doctrines.

5.2.3 The nature of doctrinal research

The incorporation of theory also differs in doctrinal research. Typically, research in any given discipline is based on theories developed therein, or on related theories imported from other disciplines (Fogarty, 2014; Inanga & Schneider, 2005). Doctrinal research, however, comes from another perspective. The concepts, principles and rules developed in practice are not regarded to be theory *per se*. As theory is the combining name for ultimate positions developed through the verification of the academic research processes (Deegan, 2014; Gaffikin, 2008), doctrines are the combining name for concepts, rules and principles developed in practices (Hutchinson & Duncan, 2012; Mckerchar, 2008). Doctrinal research is therefore considered an alternative research approach to developed doctrines and not theory.

The question could be asked whether the doctrines developed could be regarded as theory. Van Hoecke (2011:17), in his discussion of doctrinal research, declares that “...*the level of systematisation and concept building is the level of theory building...*”, and therefore implies that doctrinal research is also creating theory. Brownsword (2011), however, disagrees when stating that the purpose of theory is to create a critical vantage point to assess the appropriateness of standards and values. He further explains that law is, for instance, a moral enterprise that is deeply controversial and that there is a big difference between high theory and doctrinal detail. He also declares that doctrinal research is the first base of legal reasoning that clearly identifies and clarifies where practice is, and could consequently be regarded as a first step in evaluating the doctrines in practice before developed theory is incorporated.

According to Vranken (2011) and Westerman (2011), consistency and coherence of the practical system are maintained through doctrinal research. Westerman (2011) clarifies that the underlying legal principle is created through the (legal) system and that the purpose of doctrinal research is to maintain the appropriate application and authority of such a system. To achieve the maintenance of the system, she believes that doctrinal research orders and reconstructs legal matters, and creates a historical perspective with the purpose of creating both systematic integration and historical continuity. This perspective of doctrinal research is, however, not as broad as interdisciplinary research, since it still focuses on the internal system of developing authority for practice in a discipline.

In conclusion, therefore, doctrinal research is an approach that is directly linked to practice and evaluates the doctrines developed in practice. It differs from other research approaches in that it is conducted from an insider perspective and does not rely on theory developed through the academic process. Doctrinal research is a logical argumentation of the nature, consistency and gaps of doctrines developed in practice. The doctrines developed are used as authority to resolve practical issues and doctrinal research assesses the appropriateness of the authority.

5.3 Overview of policy-debate research in accounting

Frequently published accounting research comments, discusses, interprets or evaluates the doctrines of accounting developed in practice, such as Barth (2014), Schmidt (2013), Penman (2007), and Walton (2006). A common feature of these policy-debate articles is that the methodological approach followed is normally not discussed. A lack of methodological rigor could therefore be an issue in policy-debate research on the doctrines of accounting, which could, in turn, create research validity questions. Exceptions, however, exist in accounting policy-debate research where the methodology of the researcher has been clarified, such as explained below.

Van Aard van der Spuy (2015:811), in an article on the non-recognition of internal generated brands, declared that limited “...*guidance for the composition of purely theoretical or conceptual accounting research papers...*” are available. He uses a doctrinal research approach followed in legal research and clarifies that similar to legal academics, accounting academics discuss issues or problems with the development

of accounting standards and accounting frameworks. Van Aard van der Spuy (2015:812) identifies his methodology as following “...a *qualitative, doctrinal approach through a purely theoretical and documentary analysis which is augmented and complemented with application of discussion and logical argumentation.*” He also clarifies the doctrinal research approach followed by referring to the theoretical research methodology of Hutchinson and Duncan (2012), which refers to a systematic exposition of the rules developed in practice and the evaluation of the relationships between these rules. Therefore, some logical argumentation is being made about the authoritative guidance of doctrines developed in practice.

Barker and McGeachin (2013) discuss inconsistencies in International Financial Reporting Standards (IFRS) regarding the accounting of liabilities by following a theory-building process, and they identify (2013:581) their research method as follows:

...we have followed the approach to theory-building of Van de Ven (2007) who defines theory as ‘a pattern of conceptual organisation that explains phenomena by rendering them intelligible’. The phenomena that we seek to explain are the conceptual inconsistencies in IFRS with respect to the recognition and measurement of liabilities.

Both of the above articles focus on explaining the effect of IFRSs and create validity for their research through the logic of their theoretical argumentation – even though the theoretical grounding differs. Van Aard van der Spuy (2015) grounds his work in a doctrinal research perspective, while Barker and McGeachin (2013) focus on a theory-building process approach. The issue is, however, that literature concludes that accounting does not have its own theory to base accounting research on and to inform practice (Fogarty, 2014; Gaffikin, 2008; Inanga & Schneider, 2005), and therefore the approach of Baker and McGeachin is not always possible in accounting policy-debate research. In this regard, Fogarty (2014:1267) declares that any discipline is defined by its theory and therefore because of the lack of theory, the accounting discipline “...has never been on solid ground...” and “...is insecure about its footing on broader stages”. The lack of theory in accounting research to base policy-debate research on opens the door for the argument to use doctrinal research approaches.

An outflow of the lack of theory in accounting is that the underlying principles, rules and concepts of accounting are more developed through practice than research

(Parker, Guthrie & Linacre, 2011; Singleton-Green, 2009), which contributes to the perceived gap between accounting practice and research. Fogarty (2014:1268) specifically states that in accounting “...*practitioners have a less complex and less robust way of framing problems and finding solutions...*”, which is characterised by the absence of “... *appropriate methodology and terminology...*”. The focus hereof in accounting practice is on a consultative process, and then specifically also on the due diligence process of the financial reporting standard-setters. The consultation process of practice does not rely on theory and this is where doctrinal research could make a contribution to assess the doctrines developed in practice.

This discussion would be incomplete without mentioning the impact of social interpretative and critical research in accounting. Interpretative and critical research in accounting is applied to improve practice, but from a broader perspective (Armstrong, 2008; Baker & Bettner, 1997; Hopwood, 2007; Roslender & Dillard, 2003). The aim of social research in accounting is to evaluate accounting within its social, institutional and organisational context, to create broader interdisciplinary perspectives, to deal with complexities of practice and to create perspectives for change (Jeale & Carter, 2014; O’Dwyer & Unerman, 2014; Parker & Guthrie, 2014; Wilkinson & Durden, 2015). The benefit of the social research movement in accounting is that it clearly establishes accounting as an academic discipline that uses different research approaches and different methods of engagement. Accounting practice and policy, however, remain neglected (Parker, 2012), and this is where the doctrinal research has a role to play.

The lack of methodological rigor in accounting policy-debate research and the lack of specific accounting theory to base accounting research on open the door for the consideration of doctrinal research in accounting. Although social interpretative and critical research is very important in accounting research, such social research normally does not contribute to the doctrines of accounting.

5.4 Perspectives on the doctrinal research framework

5.4.1 Hermeneutical research approach

Van Hoecke (2011) classifies doctrinal research as a hermeneutical approach, which entails the interpretation of text to identify meaning in text (Boland, 1989; Gaffikin, 2008; Prasad, 2002). However, a broader view is that hermeneutics can also be used

to interpret all aspects of social activities (Boland, 1989). In van Hoecke's (2011) view, the importance of the interpretation of text in a practical discipline should not be underestimated. Van Hoecke argues that the purpose of hermeneutics in doctrinal research is not to create a true or false outcome (as per the scientific method), but to create a convincing argument regarding the nature of existing doctrines. That is also in essence what accounting researchers are doing in theoretical accounting policy-debate research as referred to above – even if they do not always discuss their methodology approaches.

Bell (2011) states that the authoritative paradigm is central to authoritative interpretation, and explains that the objective of authoritative interpretation is to create an appropriate answer based on authoritative text within a system of enquiry. In this authoritative paradigm, Samuel's (2011) view is that hermeneutics is used intellectually to interpret text. Within an accounting context, the standard-setters are the authoritative source that creates the financial reporting standards, with the jurisdictional acceptance of the standards through regulation or legislation creating further legal backing for the financial reporting standards. The authority of the documents is validated through the structures that create them, and as such the authority thereof is not questioned for practical application.

Samuel (2011) further clarifies that doctrinal research forms part of social sciences, in which human activity is accessed. In his view, the social facts captured in documents are complex and therefore the hermeneutical approach is relevant to interpret such documents. He also argues that intellectuality in doctrinal research hermeneutics is not only central from a methodological perspective, but also in the creation of knowledge. Hage (2011) concurs that doctrinal research contributes to knowledge by identifying what norms should be collectively enforced, and declares that the justification of the doctrinal knowledge creation is overcome through sound arguments that are deductively valid.

Within the context of accounting, Boland (1989:592) considers hermeneutics as an alternative approach in accounting to read text, and in his view "*...the hermeneutic problem is to gain meaning...*" from text "*...by engaging in an interpretative dialog...*" He believes that theories and organisational structures should be subjected to a process of systematic and critical reflection. His belief that accounting should be used

as text of human practices is emphasised by referring to Rorty (1979), who states that “A *hermeneutic reading of accounting as text is the most hopeful way to approach an organizational understanding of accounting as a human practice.*” One such practice could be to interpret the development of financial reporting and related accounting standards, and even the standards themselves. Since the standards are socially constructed, it is argued that the interpretation of the text is the starting point of evaluating these standards, and that it is important that accounting researchers become involved in this knowledge creation process.

Furthermore, from an accounting perspective, Gaffikin (2008:160) agrees that hermeneutics focuses on language, meaning and interpretation, that any new knowledge is based on historical knowledge, captured in documents, and that “... *value-free inquiry is not possible and truth only exists as shared interpretations*”. This is also the nature of doctrinal research, which focuses on historical documentation to create existing (new) knowledge.

For both Boland (1989) and Gaffikin (2008), the move to *interpretation* is a break with the objective view of the scientific method to deeper and more fruitful understanding of accounting and to see hermeneutics as part of the broader social science research movement. Hermeneutics is also seen as core to a doctrinal research approach. Within the hermeneutical framework, however, different supportive approaches are possible, as discussed below.

5.4.2 Descriptive research approach

A descriptive approach to the research of documents aims to identify the social facts in the documents (Hage, 2011). In legal doctrinal research, it would be to establish what the law in a specific circumstance is, while in accounting it would be to identify what the accounting guidance envisioned by the financial reporting standard (or related documents) is.

Some doctrinal scholars (van Hoecke, 2011; Van Roermund, 2011; Westerman, 2011) attempt to create a link to positivistic research in that positive knowledge is created through the description of the specific information. This positive knowledge differs from typical *positivistic* knowledge in that it is not created through the scientific process. Rather, through the hermeneutic process of interpreting documents, the current

knowledge of a discipline is, according to Bell (2011), described as creating an objective view of certain aspects of the discipline. Hage (2011) explains that in the legal discipline, the traditional hermeneutical approach is also used in doctrinal research to establish what he calls *positive law*, and clarifies that such positive law creates legal certainty. Under the descriptive approach, hermeneutics is therefore used to identify current knowledge and does not contribute to what the knowledge should be.

Hage (2011) explains further that a social fact is established if a significant number of people agree through some process of consensus. He therefore agrees that hermeneutics is used to establish the positive knowledge, and he concurs with Mackor (2011) that descriptive and other approaches (discussed hereafter) are interlinked and that most doctrinal research will go beyond mere *description*.

Within an accounting context, therefore, certainty is created firstly through the financial reporting standards issued by the standard-setters. Textbooks by practitioners and academics on financial reporting standards are used to create further certainty and *positive accounting*, creating a level of certainty through the financial reporting standards and textbooks. Therefore, a strong argument could be made that accounting researchers do not need to be involved in the process of creating such positive knowledge in the accounting discipline, and that social accounting researchers are correct to focus on broader aspects of the discipline. The discussion of the gap between accounting research and accounting practice, however, suggests the opposite. Doctrines are developed in accounting practice and accounting researchers should arguably become more involved in the policy debate to establish positive doctrines for accounting in the first place. For many accounting academics, this might not be appealing, but it is important to foster the accounting policy debate and reduce the gap between accounting research and accounting practice. Descriptive hermeneutic research may be the starting point to create positive accounting doctrines.

5.4.3 Interpretative research approach

Doctrinal reasoning is based on the art of interpretation (Samuel, 2011), which aims to create an understanding of text under consideration. That is why the hermeneutic

approach refers to authoritative interpretation. Interpretation is used in research to create a deeper understanding of a phenomenon (Armstrong, 2008; Coetsee, 2011; Henning, Van Rensburg & Smit, 2004) and therefore interpretation forms the basis of qualitative research. Doctrinal researchers agree that interpretation is being done in doctrinal research not only to create deeper meaning (Samuel, 2011), but also to clarify internal consistency and coherence in documents (Bell, 2011) and to understand the doctrines (Mackor, 2011). Furthermore, interpretation could also be used to explain why a specific concept, principle or rule is valid within any given context (Van Hoecke, 2011). Westerman (2011) goes further and argues that interpretation in doctrinal research is not primarily aimed at understanding and validation, but rather to ordering and clarification. This phenomenon is especially found to be done in law to identify the doctrines in different legislation and case law.

The question is whether validation (i.e. ordering and clarification) is really needed in accounting research, since the financial reporting standard-setters have taken over the development and interpretation function in accounting. The standard-setters do not only create the standards (the so-called positive knowledge), but also create separate interpretation committees to interpret divergence in the application of the financial reporting standards. The issue therefore becomes whether accounting academics should (or could) play a gatekeeper role in the positive accounting knowledge created in practice. The researcher argues in favour hereof, since the (scholarly) function of interpretation could very successfully be used to identify areas of uncertainty, inconsistencies and lack of coherence in the doctrines developed in practice, and to continually question the appropriateness of this positive knowledge.

5.4.4 Normative research approach

It is generally acknowledged that normative research considers questions around the pragmatic application of the doctrines in practice (Deegan, 2014; Gaffikin, 2008). In accounting research, normative research has lost its appeal because it is regarded as non-scientific (Godfrey, Hodgson, Holmes & Tarca, 2006; Mattessich, 2002; Mattessich, 1992). Doctrinal researchers, Hutchinson and Duncan (2012), Chenoweth (2008), and McKerchar (2008), however, believe that it should play an important role in any *practical* discipline where doctrines are developed. In this regard, the purpose of doctrinal research is not only to describe and interpret the current doctrines, but

also to direct changes in the doctrines (Hage, 2011; Mackor, 2011). Hage (2011: 38) explains the underlying nature of normative research as follows:

... there is no principle difference between the justification of positions that are deemed 'factual' and positions that are deemed 'normative'. In both cases a person is absolutely justified in accepting such a position if the position fits in a coherent position set held by this person.

Justification is therefore a core principle of doctrinal research, with the validity of doctrinal research being created through the appropriateness of the process applied (Chynoweth, 2008; Kazmierski, 2014; McKerchar, 2008). Hage (2011), however, identifies problems in such an approach by stating that there are no true answer(s) or common ground for justification, and that the end result is a matter of personal choice.

Notwithstanding, Hage (2011:43) believes that the goal of normative research is to create a *coherent set of positions* through appropriate argumentation that contributes to knowledge. He therefore declares that the aim of doctrinal research is not firstly to create new positive knowledge, but also to question the current knowledge. Therefore, he believes that order is established by developing doctrines that are enforced collectively. Westerman (2011) agrees and states that in doctrinal research, normativity is created over time through both systematic integration and historical continuity with the aim to not only maintain and restore order, but also to create new order.

Mackor (2011) refers to the principle of imputation in normative research, which means that existing concepts, principles and rules are used to determine the norms applicable to other fact patterns. Therefore, imputed relationships, not casual relationships as in scientific research, are created to interpret fact patterns. These relationships are developed through the authoritative argumentation of doctrinal research. Mackor (2011) creates yet a further perspective on norms, when implying that all doctrines can be classified into aspects of norms, as follows:

- Norm descriptions, which are normative statements (i.e. the positive norms or laws) of the current status of doctrines.
- Norm contentions, which aim to identify gaps and reduce any vagueness and ambiguity through authoritative interpretation.

- Norm recommendations, which aim to improve current norms. Norm recommendations were the main aim of traditional normative research in accounting (Deegan, 2014; Gaffikin, 2008). The main difference in doctrinal research is that the researcher is taking an insider approach as part and parcel of the practical system (Kazmieski, 2014; McKercher, 2008) and not an outsider approach that was the practice in traditional normative research in accounting to create validity for the research (Jeanjean & Ramirez, 2009).

In Mackor's (2011) view, all three the types of norms follow the principle of imputation, making doctrinal research the main form of normative science that is applied in the disciplines of law, theology and ethics. Mackor (2011) states that, in these disciplines, an *obligation* is created for people to live from. This is not different from accounting, and the practice of accounting, through the standard-setting process, creates the financial reporting standards (i.e. the doctrines) that should be followed in practice. The problem in the accounting discipline is that the function of *norm creation* is primarily transferred to practice and the view of doctrinal researchers discussed above is that this function could not be left to practice alone. Accounting researchers cannot disregard these doctrines, and normative research is important to assess the appropriateness of these norms. In other practical disciplines, the doctrines developed are the first base of discipline-related research, and broader interdisciplinary research could also make use of the doctrines as a link to practice.

5.4.5 Critical research approach

The key purpose of critical research is to foster social change (Baker & Bettner, 1997; Richardson, 2015; Roslender, 2006). In pure critical research, a researcher needs to identify the perspective from which the critique is applied (Baker & Bettner, 1997; James, 2008; Roslender, 2006), and since normative research does not specifically require such a critical stance, it may be argued that it creates incompatible research approaches.

The observation from the doctrinal research literature is that pure critical research is not specifically addressed in doctrinal research. Two explanations could be given for this observation, namely i) that normative research is seen as a critical research approach used in doctrinal research to foster change; from there its focus is more on

the logic argumentation and doctrinal logic than the researcher's critical stance, and ii) that critique is seen as integrated in the hermeneutic process of authoritative interpretation. This is the reason why Mackor (2011) refers to both norm contentions and norm recommendations.

The fact that critical research is often not considered as part of doctrinal research does not mean that pure critical research could not be done on the doctrines developed in practice. In this regard, Richardson (2015:77) declares that critical research could "...use any method that enhances the principle of critical theory". Accounting researchers could, for example, consider different stances to assess the doctrines of accounting. Assessing the nature of the stances falls outside the scope of this article and could be addressed in future research. As an example, the process of Baker and McGeachin (2013), discussed earlier, to include a process of theory building and the link to the accounting theory in their article is an attempt to make their research more critical. Further research could also assess whether the concepts developed in the IASB's *Conceptual Framework for Financial Reporting* (IASB, 2018) could be used as a basis to evaluate the doctrines developed in a specific financial reporting standard.

Finally, hermeneutics also has a branch that they call critical hermeneutics (Kinsella, 2006; Roberge, 2011). The argument is that in the qualitative interpretation of documents under a hermeneutic approach, uncertainty and ambiguity might arise. Critical hermeneutics fosters to address such ambiguity in qualitative research.

5.4.6 Comparative research approach

Another approach that is followed in doctrinal research is comparative research (Adams, 2011; Husa, 2011; Samuel, 2011), which compares different doctrines developed in different jurisdictions. The concern in comparative research is that doctrines developed in other jurisdictions may be foreign to the researcher and that the researcher needs to reconstruct the meaning of foreign doctrines (Adams, 2011). Therefore, to make a comparison, the researcher needs to understand the other system that is compared. Understanding the interpretation and uses of different language is also important in comparative research (Husa, 2011).

Comparative research might be less attractive in accounting research through the establishment of the International Accounting Standards Board (IASB) and its drive to

one internationally accepted set of financial reporting standards. Memorandums of understanding have also been established with the IASB's main competitor, the Financial Accounting Standards Board in the United States of America and other local standard-setters. Nevertheless, comparative studies could still be done in accounting research to identify differences between financial reporting standards of the IASB and the Financial Accounting Standards Board and the accounting framework of other jurisdictions or countries that have not adopted IFRSs. Comparative research could also be used in accounting research to assess differences in public and private accounting frameworks and different tiers in accounting frameworks.

5.5 Concluding discussion

This paper contributes to the accounting policy debate by reflecting on different research approaches within a doctrinal research paradigm that could be pertinent in accounting policy-debate research to evaluate the accounting doctrines developed in practices, i.e. the concepts, principles and rules developed in practice. Doctrinal research is typically applied in moral disciplines such as law, religion and ethics to assess the doctrines on which such practices are based. Doctrinal research creates a framework for policy-debate research paradigms and differs from other academic research in that it is being done from an insider perspective and does not rely on theory developed through academic research. Validity of doctrinal research is created through the appropriateness of the argumentation.

An overview of policy-debate research in accounting identifies an absence (or lack) of methodological rigor in policy-debate research on the accounting doctrines. This paper identified several issues in accounting policy-debate research that open opportunities for further debate and research, such as:

- whether research could only be based on doctrines of accounting without any theoretical perspective;
- whether, due to a lack of underlying theory in the accounting discipline, doctrinal research is a valid option; and
- whether a clear distinction exists between doctrines and theory in the academic literature.

The view expressed in this paper is that doctrines of accounting are developed in practice and academics could not turn a blind eye to these doctrines. Identifying and reflecting on the different research approaches used in doctrinal research can serve to clarify methodological issues and to encourage more research on the doctrines of accounting. It was indicated that *hermeneutics* is the foundation of doctrinal research as the purpose of doctrinal research is to evaluate the practical documents in which the doctrines of a discipline are captured. Hermeneutics, in this regard, is seen as the interpretation of documents developed in practice to describe, interpret, evaluate and assess the doctrines. Descriptive, interpretative, normative, critical and comparative research approaches could therefore be used in the hermeneutic framework of doctrinal research, depending on the intended outcome of the undertaken research.

Doctrines are normally developed through a process of consensus, and descriptive doctrinal research contributes to such consensus. *Descriptive* doctrinal research identifies positive doctrines applied in practice to create certainty, and as such doctrinal researchers consider descriptive hermeneutic research on the doctrines of a discipline as a substitute for the scientific method to create similar positive outcomes. *Interpretative* doctrinal research, on the other hand, is used to create a deeper understanding of the doctrines developed and is used to identify gaps, inconsistencies and a lack of coherence in the doctrines. Authoritative interpretation of hermeneutics is the foundation for such interpretation. Furthermore, *normative* doctrinal research questions the appropriateness of the doctrines developed in practice. Normative research in doctrinal research differs from pure critical research in that the stance of the researcher is not needed, and that the normative outcome is based on the logical argumentation of the researcher. Some doctrinal researchers are, however, of the view that all doctrinal research is normative in nature since the doctrines developed in practice are the norms that practice should be applied, and therefore refers to norm descriptions, norm contentions and norm recommendations to distinguish between descriptive, interpretative and normative research. Although doctrinal researchers normally do not refer to *critical* research, pure critical research could be done in doctrinal research if the researcher identifies a critical stance to base the evaluation of the developed doctrines on. From an accounting research perspective, the issue is that the doctrines developed in practice are not regarded as academic theory, which makes a critical stance more difficult. However, accounting researchers could assess,

in future research, whether the conceptual frameworks developed by standard-setters could be used as a basis to conduct critical research. Finally, *comparative* doctrinal research could compare doctrines developed in different jurisdictions. Comparative research is difficult since the researcher needs to understand the economic, structural and cultural differences in different jurisdictions. The move of the IASB to develop a full set of international financial reporting standards makes the need for comparative research somewhat less attractive in accounting research. However, the interpretation and application of accounting doctrines applied in different jurisdictions mean that some research opportunities may still exist in this paradigm.

Further research could build on the issues identified in this article, especially clarifying the difference in doctrines and theory in accounting research. Future research could also use the research approaches of doctrinal research identified in this document to classify accounting policy-debate research. Integration of research approaches and lack of clear objectives in accounting policy-debate research might make such classification, however, difficult.

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CHAPTER 6

RESEARCH ARTICLE 4

Title

The underlying concepts of the definition of a liability in financial reporting: A theoretical doctrinal research perspective

Important comment

The reader is requested to take note of the following:

- This article is in the process of been **submitted** for publication in a peer-reviewed and an appropriate DHET accredited academic journal.

Title:

The underlying concepts of the definition of a liability in financial reporting: A theoretical doctrinal research perspective

Abstract

Scholars in accounting have identified fundamental conceptual issues and uncertainties regarding the financial reporting treatment of liabilities. This paper assesses whether the underlying concepts for the definition of a liability are sufficiently developed in the 2018 *Conceptual Framework* of the IASB to create a conceptual foundation to identify, recognise, measure and derecognise liabilities on a standard-setting level. Theoretical doctrinal research is applied to evaluate the proposed concepts by using authoritative interpretation. The paper finds that the 2018 *Conceptual Framework* significantly improves the conceptual foundation of the identification, recognition, measurement and derecognition of liabilities. Clarifying the obligation and past event criteria of the definition of a liability paved the way for removing the reference to future outflow or sacrifices in the definition of a liability and the recognition criteria of probability and measurability. Existence uncertainty is, however, still problematic and could create uncertainty on a standards-setting and practical level. Meeting the definition of a liability, in principle, appropriately triggers recognition. Measurement decisions regarding liabilities are sufficiently based on the nature and benefits of different measurement bases and the factors of useful information.

Keywords

Conceptual framework. Derecognition. Executory contracts. Fair value. Fulfilment value. Historical cost. Liabilities. Measurement. Past event. Present obligation. Recognition

6.1 Introduction

The accounting literature identifies that accounting does not have its own theory on which to base research and to inform practice (Fogarty, 2014; Gaffikin, 2008; Inanga & Schneider, 2005). The absence of an acceptable theory of accounting resulted in the conceptual frameworks of the standard-setters becoming the theoretical base for financial reporting in practice (Gaffikin, 2008) and they are used by the standard-setters to develop financial reporting standards (Gebhardt, Morta & Wagenhofer, 2014). This raises the question whether accounting researchers can rely on the conceptual frameworks of the standard-setters as the theoretical base for research in accounting. Conducting such conceptual research is also difficult in accounting due to limited accounting literature on the nature of pure theoretical or conceptual research in accounting (Van Aard van der Spuy, 2015).

This paper contributes to the conceptual research debate in accounting by applying doctrinal research used mainly in legal research to the concepts of liabilities developed in the newly issued *Conceptual Framework for Financial Reporting (2018 Conceptual Framework)* of the International Accounting Standards Board (IASB). Since the start of the conceptual framework project, scholars have identified fundamental conceptual problems and uncertainty regarding the identification, recognition, measurement and derecognition of liabilities (Baker & McGeachin, 2013; Botosan, Koonce, Ryan, Stone & Wahlen, 2005; Brouwer, Hoogendoorn & Naarding, 2015; Murray, 2010; Rees, 2006).

The purpose of this paper is therefore to assess the appropriateness of the concepts developed in the 2018 *Conceptual Framework* regarding liabilities. The question is asked whether the concepts of the identification, recognition, measurement and derecognition of liabilities are sufficiently developed on a conceptual level in the 2018 *Conceptual Framework* to create a sound basis for the development of International Financial Reporting Standards (IFRSs) regarding liabilities.

Uncertainties regarding the distinction of equity from liabilities are not incorporated in this paper. The IASB has specifically, in the conceptual framework project, decided to transfer the distinction between equity and liabilities to a separate research project

(IASB, 2015b). More information regarding a critique of the distinction of equity and liabilities is captured in the work of Schmidt (2013).

6.2. The research approach

Doctrinal research questions the concepts, principles and rules, collectively referred to as doctrines, developed in a practical discipline (De Jong, Van Arensbergen, Daemen, Van der Meulen & Van den Besselaar, 2011; Hutchinson & Duncan, 2012). Since accounting practice is also based on concepts in the conceptual framework and on principles and rules (if the principles are not clear) in IFRSs, doctrinal research is regarded as an appropriate methodology to be applied in this research. Furthermore, legal backing is created for financial reporting standards in many jurisdictions. Van Aard van der Spuy (2015:812) has also used doctrinal research in accounting research to assess standard-setting issues, describing his doctrinal research approach as follows:

...a qualitative, doctrinal approach through a purely theoretical and documentary analysis which is augmented and complemented with application of discussion and logic argumentation.

Doctrinal research is regarded as an intellectual process to analyse or synthesise the concepts, rules and principles developed in practice (Hutchinson & Duncan, 2012; McKerchar, 2008). Doctrinal research is classified into different research approaches, which are not mutually exclusive (Chynoweth, 2008; Hutchinson & Duncan, 2012). One approach is theoretical research, which provides an understanding of the 'conceptual bases' of principles and rules applied in a specific area of interest (Hutchinson & Duncan, 2012:101). Theoretical doctrinal research therefore evaluates the conceptual base on which the principles and rules are based and is suited to evaluate the underlying concepts developed in practice.

Van Hoecke (2011) declares that doctrinal research is by nature a hermeneutical approach whereby doctrines in a discipline are assessed through authoritative interpretation. Hermeneutics is the interpretation of text to identify meaning in text (Boland, 1989; Gaffikin, 2008; Prasad, 2002). Authoritative interpretation is the

interpretation of text, such as the 2018 *Conceptual Framework*, based on both practical and academic literature (Van Hoecke, 2011).

The paper firstly reviews accounting literature and practical documents to identify issues with the conceptual foundation of the identification, recognition, measurement and derecognition of liabilities that existed before the introduction of the 2018 *Conceptual Framework*. Authoritative interpretation is then used to assess whether the identified issues regarding liabilities are resolved in the 2018 *Conceptual Framework* to create a conceptual foundation to identify, recognise, measure and derecognise liabilities.

6.3. Specific issues with the identification, recognition, measurement and derecognition of liabilities

When the IASB and the Financial Accounting Standards Board (FASB) started with their joint framework project⁴, the project managers (Bullen & Crook, 2005) identified three cross-cutting issues with regard to the definition of a liability. The first issue is whether the liability is the ‘future sacrifice’, which refers to the future outflow of resources, or ‘the obligation’ itself that creates that sacrifice. The issue is whether the reference to expected future outflows should be removed from the definition of a liability. The IASB’s (2005; 2013; 2015a) view is that it is not the future outflow but the obligation itself that creates the liability.

Different views are, however, expressed in the literature as to whether the reference to “expected to result in an outflow from the entity of resources embodying economic benefits” (IASB, 2010a: para. 4.4(b)) should be removed from the definition of a liability. Murray (2010:623) disagrees with the removal since, in his view, the removal contradicts the primary objective of financial reporting to provide information about the “amount, timing and uncertainty of an entity’s cash flows”. He believes that removing the reference to future expected outflows is a move away from the primary objective of financial reporting. Barth (2006), in contrast, declares that the recognition of estimates of the future in financial statements depends on whether it arises from events and transactions that have occurred and therefore arises from present rights

⁴ The framework project started as a joint project, but later the IASB continued with the project independently from the FASB.

and obligations. The present obligation is an essential characteristic of the definition of a liability (IASB, 2010a), similar to control in the definition of an asset. Before the removal of the reference to 'future sacrifice' can be considered (refer to identified issue 5 below), the first identified issue to be resolved in the 2018 *Conceptual Framework* is:

Identified issue 1: Is the present obligation that creates the liability sufficiently clarified in the 2018 *Conceptual Framework*?

The second cross-cutting issue of Bullen and Crook (2005) questions the nature of the past transaction or other event that gives rise to the present obligation. Barth (2006) expresses that a clearer articulation of the past transaction or event that creates the asset or liability is needed, which triggers the inclusion of estimates of the future in the measurement of transactions. Liability recognition needs an obligating event and Botosan *et al.* (2005) specifically state that the current definition of a liability does not sufficiently specify which kind of event creates the obligation, and also that inconsistencies exist in the application of the obligation event in IFRSs. The second issue to be resolved is therefore:

Identified issue 2: Are the events or transactions that create the past event sufficiently clarified in the 2018 *Conceptual Framework*?

Directly linked to both the first two identified issues is the issue of considering how uncertainty should be incorporated in the conceptual foundation of the definition of a liability (IASB, 2015a; IASB, 2013; Rees, 2006). The 2013 *Conceptual Framework Discussion Paper (DP), A Review of the Conceptual Framework for Financial Reporting (2013 Conceptual Framework DP)* makes a distinction between: (1) existence uncertainty (uncertainty whether the liability, such as legal claims, exists) and (2) outcome uncertainty (the liability exists, but the outcome is uncertain). The question is how the conceptual framework should deal with both these uncertainties.

The 2013 *Conceptual Framework DP* (IASB, 2013) goes further and states that uncertainty is created since past events could be conditional on future events outside the control of the entity or on future actions of the entity itself. If future events are outside the control of the entity, the 2013 *Conceptual Framework DP* states that although uncertainty about the outcome exists, the entity has an unconditional

obligation to stand ready to perform if the future uncertain events happen, such as insurance liabilities. Rees (2006) explains the difference by referring to the example of a product warranty in a revenue contract. He states that a product warranty creates two types of obligations. The first is a conditional obligation to repair or replace the product if a default is reported. The second is an unconditional obligation to provide coverage for the warranty for the warranty period. The argument is that the unconditional obligation to stand ready for the warranty period creates the liability. The identified issue is therefore:

Identified issue 3: Should stand-ready obligations subject to future events outside the control of the entity be captured in the definition of a liability?

Consistency is also not applied in the treatment of uncertainty in liabilities in either the previous *Conceptual Framework of Financial Reporting* updated in 2010 (2010 *Conceptual Framework*) or in the IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, the IFRS that deals with uncertainty in liabilities. Different indicators to deal with uncertainty in identifying a liability are identified in these documents. The 2010 *Conceptual Framework* refers to the “little, if any, discretion to avoid the outflow of resources” (IASB, 2010a: para. 4.16), while IAS 37 refers to “more likely than not that a present obligation exists” (IASB, 2001: para. 15), and that the entity “has no realistic alternative to settle the obligation created by the event” (IASB, 2001: par.17) and, further, that the obligation is “existing independently of an entity’s future actions (i.e. the future conduct of its business)” (IASB, 2001: para. 19). This raises questions regarding the most dominant indicator and under which condition each indicator should be applied.

Uncertainty regarding the correct accounting treatment also exists when the future uncertain event is dependent on the actions of the reporting entity itself. The 2013 *Conceptual Framework* DP identifies three different views that are currently applied in IFRSs:

- The first is a strictly unconditional view. Under this view, as long as the entity can avoid the future transfer of resources through its actions, a present obligation does not exist. Therefore, conditional obligations do not meet the definition of a liability. Under this view, share-based payments with vesting conditions linked to services rendered create no present obligation, since the

employer could terminate the employment before the vesting conditions have been met.

- The second view is a practical unconditional view. Even if the entity has the theoretical ability to avoid the payment, the entity would not choose to avoid the payment because of practical reasons, such as business continuation or cost involved. Therefore, although the entity could terminate employees' employment in a share-based payment transaction, it will not terminate the employee's service since it needs loyal employees for the ongoing functioning of the entity.
- The third view is that the present obligation event may be conditional on the entity's actions and therefore the past event is sufficient to create the obligation, although it is conditional. Under this view, conditional obligations represent liabilities.

Conceptually, the different indicators of existence uncertainty of liabilities and views regarding the correct accounting treatment of uncertainty subject to the actions of the entity itself need to be clarified. The identified issue is therefore:

Identified issue 4: How should uncertainty regarding liabilities, even if the outcome is subject to future actions of the entity itself, be resolved on a conceptual basis?

The above four issues deal with the existence of a liability. Therefore, if the present obligation, past event and dealing with existence uncertainty in the definition of a liability are clarified, the question is whether the reference to the future expected outflow of benefits, as discussed before, could be removed from the definition of a liability or with what wording, if any, the reference should be replaced. The identified issue is:

Identified issue 5: With what wording, if any, should the reference to future expected outflow of benefits be replaced in the definition of a liability?

The third cross-cutting issue identified by the original project leaders of the conceptual framework project (Bullen & Crook, 2005) is whether liabilities should only be limited to present obligations enforceable by law or should be made broader to include equitable or constructive obligations created by the actions of the entity itself. The

IASB (2015a; 2013) proposes that the current practice of including equitable or constructive obligations be retained, and the identified issue is:

Identified issue 6: Are equitable or constructive obligations sufficiently clarified in the 2018 *Conceptual Framework* to provide a basis for their inclusion in the scope of liabilities?

Regarding recognition, the cross-cutting issue is to identify the recognition event (Bullen & Crook, 2005). The issue is whether meeting the definition of an asset or liability is sufficient for recognition or whether further recognition thresholds should be included to cater for uncertainties. The basic question is whether the current recognition criteria of probability and measurability should be retained. Several commentaries identify that the probability criterion is not applied consistently in IFRSs (Baker & McGeachin, 2013; Brouwer *et al.*, 2015; Wells, 2011). Probability is, for instance, not a hurdle for the recognition of financial instruments (Bradbury, 2003), and does not play a role in accounting for employee benefits (Brouwer *et al.*, 2015). Barker and McGeachin (2013) specifically state that probability should be justified or otherwise eliminated. The identified issue is therefore:

Identified issue 7: Is meeting the definition of a liability sufficient for recognition or should further recognition thresholds be created in the 2018 *Conceptual Framework*?

Bullen and Crook (2005) identify several cross-cutting issues regarding measurement, which range from the application of different measurement bases to the incorporation of measurement uncertainty. The main issue is that the current conceptual framework has limited guidance on measurement (Barth, 2007; Cooper, 2007), and specifically regarding fair value (McGregor & Street, 2007), especially when an alternative valuation method is used in the absence of observable prices (Müller, 2014). Baker and McGeachin (2013) declare that the conceptual framework does not make a distinction between measurements and estimates. In their view, measurement has observable measurement attributes that could be verified objectively, while estimates are forecasts of the future. They believe that conservatism leads to the recognition of more liabilities with unobservable measures (see also Baker, 2015). Therefore, they propose that more conceptual guidance is needed for estimates, supported by the disclosure of the process of estimations and unobservable inputs.

Barth (2014) believes that the conceptual framework needs to specify the objective or definition of measurement and should also provide a conceptual basis to choose among measurement alternatives. She explains that measurement decisions on a standards-level should be based on the primary objective of financial reporting and the qualitative characteristics of useful financial information. More conceptual guidance is needed to resolve measurement decisions and the issue is:

Issue 8: To what extent should measurement be enhanced in the 2018 *Conceptual Framework* to create a conceptual basis for the measurement of liabilities?

The different measurement bases applied in IFRS also result in different financial reporting models. The different financial reporting models started with a move from the traditional historical transaction-based accounting model to a fair value model (Lys, 1996), and a question is whether the fulfilment value applied in IFRS 17 *Insurance Contracts* creates a new financial reporting model.

The historical cost is a transaction-based model that is applied to measure the performance of an entity based on determinable historical prices (Cooper, 2007; Penman, 2007). The date that the transaction occurs triggers the recognition of the transaction under the historical cost model. In contrast, in the financial instrument standards, a contract is recognised when the parties conclude the contract. In this regard, Walton (2006) refers to earlier recognition of executory contracts under the fair value basis. He specifically argues that fair value recognises transactions early in the cycle before any performance or completion of the transaction. For financial instruments the recognition event is the conclusion of a contract. The effect of earlier recognition is that the normal probability recognition threshold is removed for financial instruments (Bradbury, 2003).

Under the different measurement bases, a liability is recognised through performance when the transaction happens (executory contracts), acceptance of risks or earlier performance (insurance contracts) and entering of the contract (financial instruments). Although the executory contract notion is defined and explained in both the 2010 and 2018 *Conceptual Frameworks*, the identified issue is:

Identified issue 9: Are the boundaries to determine when and how the executory contract notion is applied sufficiently clarified on a conceptual level?

The 2010 *Conceptual Framework* also does not deal with derecognition (Bullen & Crook, 2005). The issue is therefore:

Identified issue 10: Is sufficient conceptual guidance created in the 2018 *Conceptual Framework* for the derecognition of liabilities?

6.4. The new doctrines developed in the 2018 *Conceptual Framework*

6.4.1 Background discussion

In the 2018 *Conceptual Framework*, a liability is defined as:

A present obligation of the entity to transfer an economic resource as a result of a past event (IASB, 2018a: par. 4.4a).

The ‘present obligation’ and ‘past event’ criteria of the definition of a liability are retained, but the reference to future expected outflow of economic benefits is replaced by “to transfer an economic resource”. An economic resource is defined in a secondary definition:

An economic resource is a right that has the potential to produce economic benefits (IASB, 2018a: para. 42).

The implication of the secondary definition is that the reference to future expected outflow of economic benefits in the previous definition of a liability is effectively replaced by the “potential to produce economic benefits”, which is regarded as a lower identification hurdle. The effect of these changes is that the 2018 *Conceptual Framework* identifies three criteria that must be present for a liability to exist. The first is the existence of an obligation. Secondly, the obligation needs to transfer an economic resource. Lastly, the obligation needs to be a present obligation resulting from a past event. The appropriateness of conceptual guidance of the criteria is discussed under the relevant identified issues below.

6.4.2 Identified issue 1: Clarification of the present obligation

The 2018 *Conceptual Framework* identifies the existence of an obligation as the first criterion that needs to be met for the definition of a liability to exist. The focus in the definition of a liability is therefore on the nature of the obligation similar to the focus on control in the definition of an asset. An obligation is described as follows:

An obligation is a duty or responsibility that an entity has no practical ability to avoid (IASB, 2018a: para. 4.29).

Therefore, a duty or responsibility needs to exist that the entity practically could not avoid to identify an obligation. The 2018 *Conceptual Framework* declares (IASB, 2018a: para. 4.31) that an obligation is normally created through a contract, legislation or other similar means that is legally enforceable. Legal enforceability is consequently the starting point to identify an obligation and if something is legally enforceable, by implication, the ‘no practical ability to avoid’ requirement will be met. If uncertain whether a legally enforceable obligation exists, the ‘no practical ability to avoid’ requirement becomes the main indicator to assess whether a present obligation exists.

The 2018 *Conceptual Framework* identifies two further circumstances that could create an obligation based on the application of the ‘no practical ability to avoid’ requirement. The first is an entity’s “customary practices, published policies or specific statements” (IASB, 2018a: para. 4.31), which is discussed further under identified issue 6 below. The second is that the obligation could be conditional on particular future actions of the entity itself. Such conditional obligations are included in liabilities, again through the application of the ‘no practical ability to avoid’ requirement. If the entity has no practical ability to avoid the future duty or responsibility, an obligation exists provided that the other criteria of the definition of a liability, such as a past event, are met.

The 2018 *Conceptual Framework* further clarifies that the ‘practical ability to avoid’ requirement depends specifically on “the nature of the entity’s duty or responsibility” (IASB, 2018a: para. 4.34). This assessment is specifically not based on the entity’s intention or the likelihood of the transfer. Actions to avoid the transfer are specifically not considered if such actions “have economic conditions significantly more adverse than the transfer itself” (IASB, 2018a: para. 4.34). The more economically costly the

actions to avoid the transfer become, the more it represents an indication that a liability exists. The IASB clarifies (IASB, 2018b: para. BC4.56) that not making the transfer could be so severe that the ‘no practical ability to avoid’ requirement would be applied even though a theoretical right to avoid the transfer exists.

The 2018 *Conceptual Framework* also links the assessment of the existence of an obligation to the going concern basis of accounting. The question is whether on a going concern basis the entity has ‘the practical ability to avoid’ the obligation. Therefore, specifically, transfers that could only be avoided on liquidation of the entity or by ceasing of trade are not currently avoidable under the going concern basis and therefore are regarded as present obligations.

Defining an obligation and explaining the application of the ‘no practical ability to avoid’ requirement creates an appropriate conceptual basis for the identification of an obligation. The application of the ‘no practical ability to avoid’ requirement to: (1) legal enforceable obligations; (2) the entity’s practices, policies and statements; (3) the future actions of the entity; and (4) the going concern basis clarifies how the requirement should be applied. The requirement, however, remains subjective and the question whether the effect of uncertainty is sufficiently addressed from a conceptual perspective, as discussed under issues 3 and 4 below, remains crucial.

6.4.3 Identified issue 2: Clarification of the past event

As stated before, the past event is not sufficiently clarified in the 2010 *Conceptual Framework*. To rectify and identify the past event, the 2018 *Conceptual Framework* follows a two-step approach of applying independent indicators and then assessing a consequential test to identify the past event. The indicators are that the entity either (1) “already obtained the economic benefits” or (2) “has taken an action that creates the obligation” (IASB, 2018a: para. 4.43). The ‘economic benefit’ indicator implies that consideration, goods and/or services (the economic benefits) have been received for which payment or fulfilment is still outstanding and the ‘action’ indicator implies that the entity has conducted the activities, such as contaminating land, which create the present obligation.

The consequential test is whether the entity “will or may have to transfer an economic resource that it would not otherwise have had to transfer” (IASB, 2018a: para. 4.43)

and implies that the relevant indicator creates an obligation that did not previously exist. Two examples are provided in the 2018 *Conceptual Framework* to explain the application of the consequential test. The first example is the enacting of new legislation. The legislation on its own does not create the obligation. For the legislation to create the obligation, the entity must have obtained the benefits or have taken the actions that create an obligation it did not previously have. The second example is one of an entity's customary practice, published policy and specific statement, which are discussed further under issue 6 regarding equitable or constructed obligations.

The 2018 *Conceptual Framework* creates further clarifications. Firstly, it is clarified (IASB, 2018a: para. 4.44) that the past event can either be created at a point in time such as receiving goods, or over time as services are received or the activities that create the obligation are conducted. For instance, the obligation to pay for electricity is created as the electricity is used. The nature of the received economic benefits or activities conducted therefore determines whether the past event is created at a point in time or over time.

Secondly, the 2018 *Conceptual Framework* clarifies (IASB, 2018a: para. 4.46) that a present obligation may exist even if the transfer of the economic resource is only enforceable later. For example, an entity received a loan from a bank that is only repayable on specified future dates. The receipt of the loan creates the past event although repayment thereof is only later required.

Thirdly, the 2018 *Conceptual Framework* clarifies (IASB, 2018a: para. 4.47) that an entity does not have an obligation if the "benefit" or "action" indicator is not satisfied. By implication this is a link to an executory contract and an example of an employee's service contract is used in the 2018 *Conceptual Framework*. No obligation is created to pay for the service before the service is rendered. The reason provided (IASB, 2018a: para. 4.47) is that the entity has a combination of rights and obligations to exchange future salary for future services, and therefore not a present obligation. The combination of rights and obligations is discussed further under issue 9 to assess whether the boundaries of executory contracts are sufficiently clarified on a conceptual level.

The 2018 *Conceptual Framework* has clarified the conceptual guidance to identify a past event that creates the present obligation. The 'economic benefits' and the 'action'

indicators that create the past event are clearly articulated. The consequential test confirms that these indicators create the relevant past event. However, judgement is needed in the application of these concepts, which could be further clarified on a standard-setting level. Specifically, the application of the 'action' indicator is more subjective and could create uncertainties.

6.4.4 Identified issue 3: Stand-ready obligations

The 2018 *Conceptual Framework* specifically includes (IASB, 2018a: para. 4.39) an obligation to transfer an economic resource subject to a specified uncertain future event as an example of a present obligation. The issue of a stand-ready obligation is therefore not specifically addressed and the normal concepts of the present obligation and past event should be considered. As an example, in IFRS 17, the trigger event that creates an insurance liability in an insurance contract (IASB, 2017: para. 25) is the earlier, when the first premium payment is due (the benefit is receivable) or the coverage period begins (the action to stand-ready). The reason for recognising the insurance liability at the date the coverage period begins, is that the insurance entity practically cannot avoid the settlement of valid future insurance claims, since the insurance event is outside the control of the entity. The beginning of the coverage period is the action that triggers the past event, which, practically, cannot be avoided if a valid claim is instituted.

The same application is applicable to warranty contracts included in revenue contracts. The sale of the product is the past event that triggers the recognition of the stand-ready obligation for the warranty contract.

The 2018 *Conceptual Framework* therefore, by implication, creates sufficient conceptual guidance to include stand-ready obligations in the ambit of a liability. The recognition of liabilities subject to an uncertain future event outside the control of the entity is therefore triggered by identifying the present obligation resulting from the past event. The past event is the benefit received or activity incurred that triggered the obligation to stand ready. Furthermore, the 'no practical ability to avoid' requirement confirms that the entity is bound to the outcome of the future uncertain stand-ready obligation outside the control of the entity.

6.4.5. Identified issue 4: Uncertainty under control of the entity

The ‘no practical ability to avoid’ requirement replaces all the previous indicators applied in the 2010 *Conceptual Framework* and IAS 37 to deal with uncertainty in identifying liabilities. This requirement is by implication a one-stop assessment to deal with existence uncertainty. By removing the reference to future economic benefits in the definition of a liability, the ‘more likely than not’ test identified in IAS 37 is not incorporated in the 2018 *Conceptual Framework* so that the actual liability is identified and not the future outflow of resources. Effectively, as discussed under issue 7 below, no probability threshold is retained for the identification of a liability. The question is whether this one-stop assessment is sufficient to deal with uncertainty in the definition of a liability.

The 2018 *Conceptual Framework* provides sufficient conceptual guidance to determine when the ‘no practical ability to avoid’ requirement should be applied, although the requirement is subjective. Firstly, when a transfer is legally enforceable, the entity is legally bound and cannot avoid the transfer. Secondly, based on either the receipt of economic benefits or the action of the entity, the ‘no practical ability to avoid’ requirement will be applied when avoidance will result in severe economic consequences. Therefore, in uncertain instances, an entity will not have a present obligation if the entity has the practical ability, based on all facts, to avoid the transfer. Then, by implication, the entity will have no liability that is legally enforceable. Thirdly, the economic benefits received or actions of the entity should create a new liability that did not exist before these events.

The 2018 *Conceptual Framework* further specifically deals with existence uncertainty by referring to an example of an “alleged act of wrongdoing” (IASB, 2018a: para.4.35). The 2018 *Conceptual Framework* states that the uncertainty could be whether the act happened, the entity is committed or how the law should be applied and then declares that until the existence uncertainty is resolved, it is uncertain whether the obligation and therefore the liability exist. This discussion in the 2018 *Conceptual Framework* therefore creates a possibility not to identify a liability because of uncertainty. The level of uncertainty is not clarified and if not resolved on a standards-setting level would create significant disputes in practice of how to apply uncertainty in real practical circumstances and when to identify a liability.

This brings us to the issue of how legal claims should be treated in terms of the 2018 *Conceptual Framework* and whether the 'more likely than not' indicator in IAS 37 should be retained. In essence, the 'more likely than not' indicator is an outcome uncertainty assessment, which is used in IAS 37 as a proxy for existence uncertain to create a threshold when liabilities should be recognised.

The IASB considered in a staff paper (IASB, 2010b) the application to law suits, if the probability threshold were removed. They state that a present obligation only exists if the lawsuit is a valid claim. In their view, all available evidence needs to be considered to establish whether a valid claim exists, which might include both reports from people investigating the claim and legal opinions. They also state that failing the probability criterion will normally also mean failing the present obligation requirement and that only in rare indicators might there be a difference.

Therefore, under the new 'obligation' and 'past event' requirements, the activities of the entity that trigger the legal claim should be assessed to determine whether a valid claim exists. This assessment should be based on all facts and circumstances to assess the validity of the claim. This could be a more difficult assessment than the 'more likely than not' indicator, but is based more on a specific notion, which is the activities that create the past event, and therefore create a better conceptual foundation to assess lawsuits.

Uncertainty whether a valid claim exists is, however, still problematic. The 'no practical ability to avoid' indicator would not always be sufficient to resolve uncertainty as to whether a valid claim exists in legal disputes, especially when the validity of the claim would only be resolved through future confirmation outside the control of an entity, such as a future court ruling. This discussion confirms that existence uncertainty, as discussed above, should be clarified on a standards-level.

Identifying the obligation by applying the 'no practical ability to avoid' test and through clarifying the nature of the past event that triggers the present obligation, the 2018 *Conceptual Framework* creates conceptual guidance to deal with uncertainty in liabilities and therefore should result in more consistency in the application of the definition of a liability on a standards level. However, if the issue of existence

uncertainty that would only be resolved by future confirmation is not resolved on a standards-setting level, practical application would be difficult.

6.4.6 Identified issue 5: Removal of expected outflow of future benefits

The clarification of the present obligation and the past event in the 2018 *Conceptual Framework* paved the way for removing the reference to expected future benefits in the definition of a liability. The focus, as stated before, is rightly on the present obligation and not the future expected outflow of benefits and is in line with the view of Barth (2006).

However, the 2018 *Conceptual Framework* determines that the obligation to transfer an economic resource “must have the potential to require the entity to transfer an economic resource to another party (or parties)” (IASB, 2018a: par. 4.37). The 2018 *Conceptual Framework* clarifies (IASB, 2018a: par. 4.37) that only one possible indicator that a transfer of economic resources might happen needs to exist. The 2018 *Conceptual Framework* further states (IASB, 2018a: par. 4.38) that the reference to potential creates a low threshold in that it is neither certain nor probable. The reference to potential is in essence an indication that the obligation has some commercial substance in that an outflow may happen and distinguish obligations from other events where no outflow is foreseen. Furthermore, uncertainty regarding a low probability of outflow is dealt with in the recognition criteria discussed under issue 7 below.

6.4.7 Identified issue 6: Equitable or constructive obligations

The IASB decided not to specifically use the term ‘constructive obligations’ (IASB, 2018b: para. BC4.58), since the term is, in their view, neither helpful nor necessary. However, possible obligations created by an entity’s customary practices, published policies or specific statements are captured in the scope of the ‘no practical ability to avoid’ requirement and the application of the past event. The reason is that the entity has created, through its actions, the expectation that it will honour the obligation. The entity’s specific statements, customary practices or published policies create such expectations and therefore represent the action that creates the past event.

The 2018 *Conceptual Framework* (2018a: para. 4.31) clarifies that an entity has an obligation when “the entity has no practical ability to act in a manner inconsistent with

those practices, policies or statements.” The “no practical ability to avoid” requirement therefore becomes the test to assess whether practices, policies and statements create obligations. This application of the ‘no practical ability to avoid’ requirement is, however, subject to a past event creating the obligation, which, in this case, will be the expectation created through the entity’s statements, practices or policies.

Sufficient conceptual guidance is therefore created to bring equitable or constructive obligations in the scope of present obligations. The actions of the entity create the obligation that the entity practically cannot avoid and therefore it becomes legally enforceable.

6.4.8 Identified issue 7: Recognition thresholds

The IASB (2018b) has decided to remove the probability and measurability recognition criteria based on the view that, if an item meets the definition of an element, it should normally be recognised. The benchmark recognition criterion is that meeting the definition of a liability, which already caters for existence uncertainty, triggers the recognition. A specific recognition threshold is therefore not needed to limit the recognition, and the IASB (2018b) is of the view that only in exceptional cases will recognition of identified liabilities not provide useful information. Gebhardt *et al.* (2014) declare that the low probability comes closer to recognising all economic assets and liabilities.

To deal with recognition uncertainty, a usefulness assessment is introduced in the 2018 *Conceptual Framework* for the recognition of liabilities (and assets) based on the qualitative characteristics of useful information. Items meeting the definition of liability are therefore only recognised in the financial statements if they provide users with information that is useful (IASB, 2018a: para. 5.7), based on the fundamental qualitative characteristics of relevance and faithful representation. The implication is that a liability should not be recognised if recognition does not provide relevant or faithful information.

Regarding relevance, the 2018 *Conceptual Framework* (2018a: para. 5.12) provides two circumstances when it might not be relevant to recognise an element in the financial statement: (1) uncertainty whether the element exists (high existence uncertainty); and (2) the element exists, but the probability of inflow or outflow of

economic benefits is low (low outcome probability). Both high existence uncertainty and low outcome probability could result in unreliable information and how to apply these thresholds is a decision the IASB would take on a standard-setting level when they create recognition criteria for specific standards.

The IASB further clarifies (IASB, 2018a: paragraph 5.14) that uncertainty whether a liability exists in combination with a low probability such as a wide range of possible outcomes may result in a single measurement amount not providing relevant information. Low probability could be better served by providing information about the possible outflow, the timing of the outflow and factors affecting the outflow. Both recognition or non-recognition should, therefore, be supported by explanatory disclosure information.

Regarding faithful representation, the 2018 *Conceptual Framework* specifically states (IASB, 2018a: para. 5.18) that the level of measurement uncertainty could affect faithful representation. Reasonable estimations are the cornerstone of measuring different elements (Barth, 2006). The 2018 *Conceptual Framework* (IASB, 2018a: para. 5.20) declares that high measurement uncertainty may result in information being not faithfully represented, especially when a wide range of possible outcomes exists, the measurement is exceptionally sensitive to small changes, and/or the measurement is exceptionally difficult or subjective. Measurement uncertainty is normally supported by appropriate disclosure of the uncertainties involved, however, in exceptional cases, it would be better not to recognise the liability.

The 2018 *Conceptual Framework* clarifies further that faithful representation also considers other factors such as the effect on resulting income, expenses and changes in equity, the existence of related assets or liabilities and the presentation and disclosure of information.

By creating the starting point that all liabilities meeting the definition of a liability should be recognised, a clearer recognition concept for liabilities is incorporated in the 2018 *Conceptual Framework*. High existence, low outcome and high measurement uncertainty, however, create the opportunity for the IASB to create recognition thresholds on a standard-setting level if useful information would not be provided, in their view. Future standard-setting will, however, clarify how preparers of financial statements might apply these lower recognition thresholds, if any.

6.4.9. Identified issue 8: Measurement guidance

The 2010 *Conceptual Framework*, as stated before, did not provide sufficient information regarding measurement on a conceptual basis. The 2018 *Conceptual Framework* creates much more detailed information about: (1) the different applicable measurement bases and (2) the factors on which measurement decisions are based, including measurement uncertainty.

6.4.9.1 Measurement bases

The 2018 *Conceptual Framework* identifies four measurement bases for liabilities (IASB, 2018a), i.e. historical cost, fair value, fulfilment value and current cost⁵; the last three being current value measurement bases. In terms of the 2018 *Conceptual Framework*, historical cost offers relevant information in providing margins based on historical transactions, but is less relevant when changes in prices are significant. This is in line with the view of Cooper (2007) that historical cost has predictive value in measuring profits on a transaction basis. The 2018 *Conceptual Framework* further clarifies that historical cost for a liability “is the value of the consideration received to incur or take on the liability minus transaction costs” (IASB, 2018a: para. 6.6). The definition implies that historical cost is normally only applicable to the first past event indicator triggered by the receipt of economic benefits. Liabilities created through the actions of an entity would normally be estimated and therefore measured using a current value to estimate the value of the liability, such as provisions. Historical cost could therefore only be used for a liability if a historical cost exists.

The fair value of a liability (IASB, 2018a) is a market-based assessment of the price to be paid to transfer a liability. The 2018 *Conceptual Framework* clarifies that fair value has predicted value of future cash flows and the risks involved in the transaction or event. The fair value of a liability is especially relevant when prices fluctuate, but might be less relevant when liabilities are not held to be transferred, but to pay the contractual cash flows or to fulfil the obligation. The purpose of holding the liability is therefore an important indicator of the measurement attribute.

⁵ Current cost was only included in the final deliberations of the Conceptual Framework by the IASB and will only be applied to liabilities in exceptional cases when the other three measurement bases are not relevant.

Fulfilment value (IASB, 2018a: para. 6.17) is an entity-specific valuation of the present value of the cash flows an entity expects to incur when it fulfils the liability. The 2018 *Conceptual Framework* declares (IASB, 2018a: para. 6.38) that fulfilment value has predictive value when the entity's activity is to fulfil the obligations and is therefore used to assess the future cash flows of fulfilment. Fulfilment value also has confirmative value (IASB, 2018a: para. 6.39) when information about updated estimations is provided.

Current cost (IASB, 2018a) uses the current cost of a liability to capture changes in prices, such as the value of a replacement liability. Current cost could be used as a replacement for historical cost when prices fluctuate. However, current cost is last in the valuation chain (as seen in IFRS 13 *Fair Value Measurements*) and should therefore only be applied in limited situations where the other current value measurement bases do not provide appropriate valuations. It is therefore expected that current cost will only be used in limited circumstances for liabilities.

6.4.9.2 Decision factors

Using the qualitative characteristics as the basis to identify factors for measurement decisions, the 2018 *Conceptual Framework* starts with an assessment of relevance. The 2018 *Conceptual Framework* clarifies (IASB, 2018a: para. 6.43) that to assess relevant information, the effects on both the statement of financial position and the statement of comprehensive income need to be considered. This could result in different measurement bases being used for financial position and performance, with the difference appropriately captured in profit or loss and other comprehensive income.

The relevance assessed in the 2018 *Conceptual Framework* is based on two factors (IASB, 2018a: para. 6.49), i.e. (1) the characteristics of the liability; and (2) how the liability contributes to future cash flows. The 'characteristics of the liability' factor assess whether the cash flows are highly variable and therefore sensitive to market conditions or any other risks. For instance, historical cost might not provide relevant information in cases where the liability is sensitive to market factors and other risks. In such cases, fair value or fulfilment value might be more appropriate.

In assessing how a liability contributes to future cash flows, the 2018 *Conceptual Framework* assesses (IASB, 2018a: para. 6.54) whether the economic resources contribute directly or indirectly to future cash flows depending on the nature of the business activities. A liability contributes directly to the future cash flows if the liability could be transferred independently. Based on this assessment, liabilities held for trading, such as derivatives, are correctly measured at fair value. The problem is that most liabilities are not transferred, but are normally either settled or fulfilled.

Indirect application is when the liability is contributing to future cash flows in combination with other resources and therefore the liability is created as part of indirect activities. Fulfilment value should be used by default to measure other indirect liabilities, except if the liability has a historical cost that could be used to apply amortised cost. In the IASB's view (IASB, 2015a), amortised cost provides information about the contract yield of a liability and the cost of borrowing of an entity. The 2018 *Conceptual Framework* (IASB, 2018a: para. 6.57) therefore declares that a cost-based measure, such as amortised cost, should be used when a liability is held in a business model to collect future cash flows where margins between interest earned and interest paid provide useful information. However, if any further risks or variables are included in the interest bearing contract, the 2018 *Conceptual Framework* clarifies, in the same paragraph, that other rights and obligations included in the liability contract in excess of principle and interest should also be assessed to determine whether amortised cost should still be applied. The effect of this last requirement might result in the IASB reconsidering whether such other risks in financial liabilities recognised at amortised cost should still be regarded as embedded derivatives that should be separated or alternatively deciding that the total financial liability be measured at fair value similar to financial assets.

Faithful representation should also be assessed and this is where measurement uncertainty and accounting mismatches comes in. The 2018 *Conceptual Framework* (IASB 2018a, para. 6.59) clarifies that measurement cannot be perfectly accurate, but uncertainty could be overcome through the correct description of the nature of the measurement and the inputs used in the measurement basis. Issues with the differentiation between measurement and estimates, as proposed by Baker and McGeachin (2013), are therefore overcome through sufficient explanations and

disclosure. In this regard, the IASB (2018a: para. 6.60) states that only high measurement uncertainties regarding a measurement basis that is relevant should result in the measurement basis not being used.

As a third step, the 2018 *Conceptual Framework* declares that the enhancing qualitative characteristics of comparability, verifiability and understandability, as well as cost constraints, should be considered. In their view (IASB, 2015b), timeliness has no measurement implications and the benefits of a measurement basis should outweigh the cost. Comparability is considered for consistency and verifiability for independent corroboration. Measurement can either be directly (observable prices) or indirectly (inputs to a model) corroborated, which should be supported by sufficient disclosure. Understandability depends on the number of measurement bases used, the related disclosure and whether the bases could change over time.

Specific additional initial measurement considerations are also identified in the 2018 *Conceptual Framework*, which should be considered together with the general measurement guidance discussed above. A transaction could initially be measured as a result of an arm's-length transaction or not. In an arm's length transaction, the transaction price normally equals the fair value resulting in any subsequent measurement basis being used with limited effect. If the transaction is not arm's length, a current value measurement basis might be more appropriate for initial recognition, resulting in initial profits or losses. Furthermore, if a liability is replaced by a new liability, the initial measurement of the replaced liability will determine whether a profit or loss should be recognised.

6.4.9.3 Measurement conclusion

The 2018 *Conceptual Framework* provides much more conceptual information regarding measurement bases, the information they provide, and the factors that should be considered in selecting a measurement basis. This is a sufficient improvement from the 2010 *Conceptual Framework*. Measurement decisions of the IASB on a standards level still remain subjective, but the factors the IASB should consider are far more clarified to make informed decisions regarding the measurement of liabilities on a standards level.

Specifically regarding liabilities, the first assessment is whether the liability has a historical cost. If not, a current value basis should be used. If a liability has a historical cost price, the purpose of holding the liability and other risks and features included in the liability contract should also be assessed to determine whether the liability should fall outside the ambit of a historical cost measurement basis.

6.4.10 Identified issue 9: Application of executory contracts

An executory contract is defined as “a contract, or a portion of a contract, that is equally under-performed” (IASB, 2018a: para. 4.56). This means that no party has performed or that both parties have performed equally. The 2018 *Conceptual Framework* specifically states that an executory contract creates both rights and obligations to exchange economic resources. Exchange of economic resources is thus a crucial element of an executory contract.

The 2018 *Conceptual Framework* clarifies that the rights and obligations are present from the contract’s inception, but are not recognised because they “are interdependent and cannot be separated” (IASB, 2018a: para. 4.57) and therefore form a single asset or liability. The executory contract notion is in effect a threshold for not recognising such rights and obligations before any performance (the exchange) happens.

Through performance, the contract is not equally underperformed, which triggers the recognition of an asset or liability resulting from the performance. IFRS 15 *Revenue from Contracts with Customers* is an example of the application of the executory contract guidance where revenue is recognised based on the transfer of performance obligations. The IASB, however, acknowledges (IASB, 2018b: para. BC4.86) that recognition criteria will be set for executory contracts in developing related IFRSs. This could mean that the IASB might decide to recognise certain executory contracts earlier, based on the nature or risk profile. The IASB also clarifies (IASB, 2018a: para. 4.57) that executory contracts should be recognised when they are onerous in order to capture the loss inherent in the contract.

Contracts, such as derivative contracts, create an asset or liability based on the value movement of underlying identified notions. Therefore, the fulfilment of the contract is not based on performance or exchange, but on the value change of the underlying

notion. The executory contract threshold will then, by implication, not be applicable and these contracts will be recognised earlier.

The conceptual guidance of executory contract clarifies what represents an executory contract that should be recognised based on performance. The measurement guidance in the 2018 *Conceptual Framework* will then determine whether liabilities in contracts should be measured at historical cost (such as revenue contracts) or at fulfilment value (such as insurance contracts). Contracts not meeting these executory contract requirements could be recognised before performance to capture the value or risks involved in the contracts.

6.4.11 Identified issue 10: Derecognition

No guidance regarding derecognition is provided in the 2010 *Conceptual Framework*. The basic guidance in the 2018 *Conceptual Framework* is appropriate in that a liability should be derecognised partially or fully when the entity “no longer has a present obligation” (IASB, 2018a: para. 5.26), the opposite of the recognition criterion. Liabilities should therefore specifically be derecognised when the liability expires, is fulfilled or transferred. The effect of derecognition is also clarified. Derecognition will result in recognising assets and liabilities retained in the derecognition process and recognising the related profit or loss for the derecognised portion.

6.5 Conclusion

The paper followed a doctrinal research process to establish whether the concepts of the identification, recognition, measurement and derecognition of liabilities are sufficiently developed in the 2018 *Conceptual Framework* to create a conceptual foundation for the development of IFRSs regarding liabilities. In the process, the paper identified 10 specific issues with the identification, recognition, measurement and derecognition of liabilities on a conceptual basis. The paper then assessed whether these issues are resolved to conclude whether an improved conceptual foundation is created for liabilities.

The paper finds that an appropriate conceptual foundation is created for the identification, recognition, measurement and derecognition of liabilities in the 2018

Conceptual Framework to serve as a basis for the developed of related financial reporting standards. The reasons are:

- The nature of the obligation, which becomes legally enforceable, is clarified and the 'no practical ability to avoid' requirement deals with most existence uncertainty.
- The obligation and the 'no practical ability to avoid' requirement sufficiently captures constructive or equitable obligations, stand-ready obligations and uncertainty under control of the entity in the scope of a liability.
- The past event is clearly articulated through two indicators, namely the receipt of benefits and the actions of the entity that creates the obligating event and the consequential test that the indicators create an obligation that did not exist before the event.
- By clarifying the nature of the obligation, the past event and uncertainty in the identification of a liability, the reference to expected future outflow of economic benefits has correctly been removed from the definition of a liability to focus on the obligation and past event that creates the liability.
- The reference to potential economic outflows confirms that some commercial substance is needed before a liability can be identified.
- Meeting the definition of a liability normally appropriately triggers recognition of a liability and in exceptional circumstances the IASB could create recognition thresholds on a standard-setting level when relevant information is not created due to high existence uncertainty, low probability or high measurement uncertainty.
- Different measurement bases and factors to make measurement decisions on a standard-setting level are clarified. Historical cost can only be used for a liability if the liability has a determinable historical cost. If a liability has a historical cost price, the purpose of holding the liability and other risks and features included in the liability contract should also be assessed to determine whether the liability should fall outside the ambit of a historical cost measurement basis.
- The boundaries of the application of the executory contract notion are conceptually clarified to establish a threshold for recognising such contracts based on performance. Executory contracts with additional risks or variables and contracts not meeting the executory contract description could be considered for earlier recognition.
- Derecognition is clarified on a conceptual level for the first time.

Since the clarifications above create broad concepts, interpretation and application issues could still arise that should be clarified on a standard-setting level. Existence uncertainty not under control of the entity, such as legal disputes that would only be resolved in the future, is still problematic. The 'no practical ability to avoid' requirement might then not be appropriate to resolve the uncertainty because the uncertainty is not under the control of the entity.

The new conceptual foundation for the financial reporting of liabilities results in several outdated standards. In particular, IAS 37 dealing with uncertainty in provisions should be updated to clarify how the new doctrines should be applied on a standard-setting level. The 2018 *Conceptual Framework* creates several research opportunities. The value relevance of new conceptual changes and the effect thereof on current IFRSs could be researched. The appropriateness of the identified benefits and information provided by each measurement basis could be clarified or rejected through research.

6.6 References

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CHAPTER 7

CONCLUSION

7.1 Overview of the thesis

This chapter provides an overview of the whole thesis and binds the conclusions of all the articles together to resolve the main research objective. The main research objective is to determine whether doctrinal research can be used as a research approach or methodology in contemporary accounting research to recover a normative stance in accounting research and therefore bring accounting research closer to accounting practice. The main objective is achieved by resolving the following sub-objectives in four separate chapters (research articles):

1. Assessing the nature of doctrinal research and how doctrinal research could be incorporated in accounting to recover normative thinking.
2. Interpreting the perception of master's degree students in accounting regarding doctrinal research.
3. Critically assessing the application of different research approaches applied in doctrinal research to policy-debate research in accounting.
4. Applying doctrinal research to an identified accounting issue, namely the conceptual foundation of liabilities, to determine if the underlying doctrines are appropriately developed.

The research design starts with the research premise that accounting doctrines are socially structured through human invention. Currently, the accounting practice, through standard-setting processes, is creating those doctrines. Due to the social nature of accounting, this thesis is fulfilled in an interpretative framework, to interpret research literature and practical documents. The aim of interpretation in this thesis is to create a deeper understanding of doctrinal research and how doctrinal research could be applied in the accounting discipline. In one research article the perceptions of master's degree students are also interpreted to identify themes regarding the implementation of doctrinal research in accounting research.

The validity of the thesis is created through the appropriateness of the interpretation method used in each research article and how that interpretation is contributing to the

overall research objective. The interpretation in each article builds on a process based on the conceptual framework of this thesis. The process followed in the four research articles is to move from “what” doctrinal research is (the theoretical foundation), to the “perception” regarding doctrinal research, to “how” doctrinal research is applied by identifying different research approaches used under doctrinal research, and finally to “apply” doctrinal research to a specific practical issue. In each research article a link is created to accounting research to resolve the main research objective of whether doctrinal research could recover a normative stance in accounting research and therefore bring accounting research closer to accounting practice.

The rest of this chapter discusses the limitations of the thesis and then concludes on the nature and outcome of each research article followed by an integrated conclusion. Possible areas of further research are then identified.

7.2 Limitations of thesis

The thesis, as stated in Chapter 1, is limited to the doctrines of financial accounting. The application of doctrinal research to cost, managerial and integrated reporting is not considered. The thesis is further limited to the interpretation of academic and practical documents, except for the second research article where the perceptions of master’s degree students regarding doctrinal research are captured.

7.3 Nature and outcome of research article 1

This research article is a theoretical article that creates the theoretical foundation for the thesis. This article interprets mainly academic literature to establish the nature of doctrinal research and how doctrinal research could be used to bring normative aspects back to contemporary accounting research. The article therefore provides a deeper understanding of the nature of doctrinal research and the link to accounting doctrines. The article follows a structural process where different aspects of doctrinal research are discussed and interpreted to assess how the aspects relate to the accounting discipline, including both accounting research and practice.

The article finds that the main difference between doctrinal research and traditional scientific and social research is that the focus of doctrinal research is not on developed theories, but on the underlying doctrines developed in practice, such as concepts,

principles and rules captured in practice documents. The focus on doctrines rather than theory creates the opportunity for a different research approach in a professional discipline alongside traditional scientific and social research. Doctrinal research therefore has a distinct pragmatic focus that helps to maintain the appropriateness of the practical system with its underlying doctrines. This focus of research on practical doctrines creates a means to bridge the gap between an applied practice and traditional research.

This first research article already, on a high level, answers the main research objective that doctrinal research could bring a normative stance back to accounting research and therefore bridge the gap between accounting research and accounting practice. The normative stance in doctrinal research, however, differs from traditional normative research in that the research is being done from an insider perspective. Validity in doctrinal research is not created by the independent process of the researcher, but by the appropriateness of the process and arguments of the researcher through the analysis of authoritative sources. Research article 3 builds on this by identifying different research approaches that could be followed in doctrinal research.

Doctrinal research also differs from traditional social research, the so-called interpretative and critical research movement in accounting, in that it focuses on the core doctrines of a discipline. Where social science focuses on the broader social and interdisciplinary aspects of a discipline, doctrinal research focuses on the appropriateness of the underlying doctrines of the discipline. Both the broader and narrower research focuses are needed in any discipline. In this regard the researchers are regarded as gatekeepers, not only of how the discipline fits into the broader social environment, but also of the underlying doctrines developed in practice. Traditional accounting research has neglected the second gatekeeper role.

Doctrinal research is thus in essence an intellectual process of interpretation of practical documents that captures the underlying doctrines of a practical discipline. Good writing, interpretative and critical skills are needed to fulfil doctrinal research. Further, under doctrinal research the concept of doctrinal thinking is developed. Doctrinal thinking is an underlying ability of the researcher or practitioner to continuously assess whether the doctrines developed in practices are appropriate and are appropriately applied. Doctrinal research is therefore a revival of normative

thinking outside the norms of social, positivistic, interpretative and critical research. Doctrinal research is a different way of looking at research from an insider perspective focusing on the doctrines developed in practice.

7.4 Nature and outcome of research article 2

This article is the only purely empirical research article. This article assesses the views of master's degree students undergoing research training in doctrinal and other research approaches to capture their thoughts regarding doctrinal research, and any added benefits. The article specifically reflects on the incorporation of doctrinal research into the curriculum of a master's degree programme in accounting at a South African university to instill the underlying doctrines of accounting as a substitute for reliance on theory in accounting research.

The perceptions of the master's degree students were obtained through structured interviews from which different themes were identified through thematic analyses. Specifically, deductive or theoretical analysis is used in this article, driven by the main objective of assessing the development of a doctrinal research perspective or thinking in master's degree students. A main theme is identified under each specific question by following a specific coding system.

The master's degree students were very positive regarding the incorporation of doctrinal research into the master's degree programme since the accounting doctrines are developed more through practice than through research, the doctrines create a theoretical base of evaluating practical accounting developments and doctrinal research brings normative aspects back to accounting research. However, they feel that a balance should be created between different research approaches. Doctrinal research is important to assess the underlying core doctrines of accounting, but other research approaches are also important to assess the broader social and interdisciplinary aspects of accounting.

The exposure to evaluating the doctrines in accounting also improved the critical thinking skills of the students. They feel that a deeper understanding of the doctrines was created and they developed the ability to question the doctrines in more depth. The resultant outcome is that their technical skills to apply the doctrines also improved.

The students agree that the education process of accounting students could change. They feel that they should be challenged more to question the underlying doctrines in their education. To foster change, the students believe that accounting lecturers should become more involved in doctrinal research, not only to help develop the concepts, but also to question the doctrines themselves. A perceived outcome should be that both students' and lecturers' critical and doctrinal thinking would improve.

7.5 Nature and outcome of research article 3

The third article goes more deeply into doctrinal research and evaluates different research approaches that are applied in doctrinal research that could be followed in contemporary accounting research to foster policy-debate research. These different research approaches form the foundation to identify how doctrinal research could be applied to practical circumstances in accounting research. The article specifically focuses on the following research approaches: (1) hermeneutic; (2) descriptive; (3) interpretative; (4) normative; (5) critical and (6) comparative research approaches.

The article provides an overview of policy-debate research in accounting and identifies an absence or lack of methodology rigor in such policy debate research. Doctrinal research is proposed as an alternative research approach to create validity for policy debate research, even if it is done from an insider approach. The fact is that doctrines are developed in practice and academics could not ignore the developed doctrines. The purpose of identifying different research approaches that could be applied in doctrinal research is to clarify methodological methods and thereby encourage more research on the doctrines of accounting. This aim could also bring accounting research closer to accounting practice.

Doctrinal research focuses on describing, interpreting and evaluating written practical documents. Therefore, the article finds that hermeneutics is the basis of doctrinal research. Under a hermeneutic perspective doctrinal research uses mainly authoritative interpretation to describe, interpret, evaluate and assess the appropriateness of the practical documents. The practical documents developed through practical structures create the authority that is assessed in doctrinal research. Doctrinal research assesses the authority by using the different identified research approaches based on the intended outcome of the research.

Descriptive doctrinal research identifies positive doctrines that are applied in practice to create certainty and happiness. Such description could be seen as the identification of social facts in documents. Interpretative doctrinal research creates deeper understanding of the doctrine and is used to identify gaps, inconsistencies and lack of coherence in the developed doctrines. Normative research questions the appropriateness of the doctrines developed in practice. Such normative research is done more from an insider perspective, which includes the views and feelings of the researcher. Normative research is a branch of critical research. Pure critical research is, however, applied less in doctrinal research because it is more difficult to identify the critical stance of the researcher. Comparative research is applied to compare doctrines in different jurisdictions. Comparative research is difficult since the researcher needs to understand the economic, structural and cultural differences in different jurisdictions.

These research approaches are normally integrated in doctrinal research since more than one approach could be followed to assess a specific practical phenomenon. Some doctrinal researchers believe that all doctrinal research focuses on norms, another word to describe doctrines, developed in practice. Doctrinal research is thus viewed as being essentially normative. That is why some doctrinal researchers refer to norm descriptions, norm contentions and norm recommendations to identify the integrated approach of doctrinal research. The effect is that doctrinal research with its insider approach could bring normative aspects back to accounting research.

7.6 Nature and outcome of research article 4

This article uses authoritative interpretation identified in the previous article to assess whether the conceptual issues regarding the identification, recognition, measurement and derecognition of liabilities are resolved in the 2018 *Conceptual Framework* of the IASB. The assessment of conceptual issues with liabilities was chosen since several issues are identified with the previous conceptual guidance of liabilities. Specifically, theoretical doctrinal research is applied in this article by using an authoritative interpretation of hermeneutics. The article firstly reviews existing literature and practical documents as authority to identify ten fundamental issues with the concept of a liability in the previous conceptual framework of the IASB. Interpretation is then used to assess whether the identified issues are resolved to create a sound conceptual

basis for the identification, recognition, measurement and derecognition of liabilities in the 2018 *Conceptual Framework*.

The article finds that the 2018 *Conceptual Framework* significantly improved the conceptual guidance of liabilities, although certain interpretation uncertainties still exist that will hopefully be clarified on a standard-setting level. Identifying a liability is based on the three concepts of: a present obligation; potential to produce future economic benefits; and past event. The present obligation is clarified by stating that an obligation is a duty or responsibility where the entity has no practical ability to avoid the duty or responsibility. Existence uncertainty is still problematic where the uncertainty will only be resolved in the future, such as legal disputes. The “no practical ability to avoid” indicator might then not be sufficient to resolve the uncertainty. The potential to create future economic benefits confirms that commercial substance needs to exist before a liability is identified. The identification of the past event is based on two indicators and a consequential test. The indicators are whether the entity has received the benefits or fulfilled the actions that create the obligation. The consequential indicator is whether the past event creates an obligation that did not exist before the past event happened.

The clarification of the concepts of the definition of a liability means that the reference of the future outflow of economic benefits could be removed from the definition of a liability. The IASB is correct in their assessment that it is not the future sacrifices but the incurrance of the present obligation that triggers the identification of a liability. Uncertainty regarding the future sacrifices is captured in the recognition and measurement.

Uncertainty regarding the identification of a liability, although still subjective, is also clarified in principle in the 2018 *Conceptual Framework*. All the different tests for uncertainty in liabilities in the previous conceptual framework and financial reporting standard are captured in the “no practical ability to avoid” requirement. The “no practical ability to avoid” requirement becomes the main uncertainty test to assess whether an obligation exists and to assess whether, on a going concern basis, it would be more negative or costly not to honour the obligation. The inclusion of stand-ready and constructed or equitable obligation is also based on the “no practical ability to avoid” requirement and the identification of the past event. However, the nature of existence of uncertainty is not sufficiently clarified to resolve uncertainty in legal

disputes between parties where the dispute will be resolved in the future. This uncertainty should be clarified appropriately on a standard-setting level.

Recognition is in essence triggered by meeting the definition of a liability. No further recognition thresholds are needed to trigger the recognition of a liability. The IASB has, however, the option to assess on a standard by standard basis, to determine on the qualitative characteristics of useful information to create guidance for non-recognition in circumstances of high existence uncertainty and high outcome uncertainty (that is a low probability). This should, however, only be applied in exceptional cases where the uncertainty is high.

Measurement decisions remain subjective, but a framework is created for the IASB to make such measurement decisions. The discussion of the nature and benefits of each measurement basis is a positive improvement. The inclusion of the fulfilment value to estimate the value of liabilities that have no historical cost and which would be fulfilled or settled by the entity is a particularly significant improvement. The measurement decision factors based on the characteristics of the liability and how the liability contributes to the outflow of future cash flows creates conceptual guidance for the IASB to make measurement decisions. This relevant assessment is supported by evaluating faithful representation of the liability and the other enhancing qualitative characteristics.

Finally, the 2018 *Conceptual Framework* clarifies the conceptual boundaries and application of the “executory contract” notion and provides guidance on derecognition for the first time. The discussion of an executory contract creates sufficient guidance to decide when the recognition should be deferred until performance happens or when a contract could be recognised earlier through a current value. Derecognition is in principle the opposite of recognition and liability is derecognised when the obligation is distinguished, fulfilled or transferred.

7.7 Overall conclusion and contribution

The thesis finds that the main difference between doctrinal research and traditional scientific and social research is that doctrinal research does not focus on the development of theory but on the assessment of the doctrines developed in practice. These doctrines are the concepts, principles and rules of a discipline captured in

practical documents. The focus on the underlying doctrines and not on theory creates a means to bridge the gap between practice and traditional research.

Doctrinal research is much more practice-orientated, focusing on the core doctrines of a discipline. The different focus creates a move to an insider approach in research. This insider approach is a closer link to practice and validity for doctrinal research is created through the appropriateness of the argumentation of the researcher through doctrinal and critical analysis. The practice-orientated focus could bring accounting research closer to accounting practice and foster more normative thinking in research since the doctrines developed in practice are the norms on which practice is based.

In other disciplines doctrinal research is seen as an intellectual process in which students are educated. Therefore, the thesis also reviews the perception of master's degree students, although not research experts, on their experience regarding doctrinal research. The students agree that doctrinal research should play an important role in accounting research since the doctrines are developed in practice separately from theory. These doctrines or norms are very important in any practical or professional discipline. The students also believe that other traditional scientific and social research is important to develop a discipline and that a balance should be created between the different research means. However, doctrinal research focuses on the core doctrines of a discipline and therefore cannot be ignored in any practical discipline. The students agree that the exposure to doctrinal thinking has improved their critical thinking skills related to evaluating the appropriateness of the doctrines developed in practice. As a consequence of this exposure the students believe that accounting academics should also become more involved in doctrinal research to develop their own critical and interpretation skills, to be more involved in the development of the doctrines and as an outflow be more knowledgeable to teach the doctrines of accounting.

A further benefit of doctrinal research is that it creates a framework for policy-debate research. These policies are captured as doctrines in practical and related documents. A hermeneutic paradigm interpreting written documents forms the basis of doctrinal research. Authoritative interpretation of the documents is the main aim of applying hermeneutics. The premise is that the documents, such as financial reporting

standards, are the authority that is used to resolve specific practical accounting issues. Interpretation is then used to assess all aspects of the appropriateness of the authority.

The assessment of the norms or doctrines is wider than traditional normative research in that the focus of doctrinal research is more than prescription. Doctrinal researchers believe that doctrinal research is in essence normative and provides different views to assess norms. These researchers refer to norm descriptions, norm contentions and norm recommendations to evaluate the norms in practice. Only norm recommendations refer to the nature of traditional normative research.

To create this broader perspective of doctrinal research the literature identifies different research approaches that could be applied in doctrinal research, i.e. which provide the framework in which doctrinal research could be applied. The different research approaches identified above create the framework to do policy-debate research in accounting. This framework creates more methodical rigor for such policy-debate research. One issue is that doctrinal research is not always captured in one of the methodical perspectives. Normally doctrinal researchers use a combination of description, interpretation and critical aspects in a research project. It is therefore very important that the doctrinal researcher must clarify all aspects of his/her methodology to create validity and appropriate rigor for the research.

Finally, in the last research paper, the thesis applies doctrinal research to a specific new conceptual development in financial reporting, namely liabilities. In the ambit of theoretical research that assesses the conceptual foundation of doctrines, this article uses authoritative interpretation of a hermeneutic paradigm to assess the new conceptual doctrines, which are basically the concepts, developed in the 2018 *Conceptual Framework* of the IASB. The article first uses literature and practical documents to identify issues with the previous conceptual guidance regarding liabilities. The article then uses interpretation to assess whether the identified issues are resolved and sufficient conceptual guidance is created for liabilities in the 2018 *Conceptual Framework*. The article finds that the conceptual guidance regarding liabilities has improved significantly, although certain aspects are still subjective and could still create uncertainty. Pure existence uncertainty not under the control of the entity is still problematic. The article demonstrates that doctrinal research could be

used in accounting policy-debate research and therefore make a significant contribution to this thesis.

In summary, the reality is that doctrines are developed in accounting practice separately from accounting theory. The thesis holds that accounting researchers should also become involved in evaluating these underlying doctrines. Doctrinal research must be seen as a separate research approach with a different objective, which could play a role alongside traditional scientific and social research. It is important that accounting researchers realise that the core doctrines of the accounting discipline should be researched. Hopefully, this thesis will foster further debate regarding the incorporation of doctrinal research into the ambit of accounting research.

The thesis makes a contribution to the field of accounting science by clarifying what doctrinal research is and how doctrinal research could bring normative aspects back to accounting research. The views of students support this contribution. The thesis also clarifies with research approaches could be used to apply doctrinal research in policy-debate research in accounting. Finally, the thesis also demonstrates how doctrinal research could be applied in accounting policy-debate research.

The overall objective of this thesis is to assess whether doctrinal research could be applied in contemporary accounting research to bring back the prescriptive nature of normative research. If all the discussion and conclusions reached in this thesis are considered, the interpretation in the thesis is that doctrinal research is definitely a viable research approach to bring normative aspects back to accounting research to question the doctrines (norms) developed in practice. By appropriately discussing the specific doctrinal research approach applied in policy-debate research, more rigor could be created for such research in accounting.

7.8 Areas for further research

In all the articles in this thesis different aspects for further research have been identified that could be used to foster further debate regarding the application of doctrinal research. These aspects are discussed in more detail below.

The philosophical aspects of doctrinal research could be researched in more detail. The ontology, epistemology and research methodology of doctrinal research could be researched to create a place for doctrinal research among other more traditional social

research. Methodological aspects and the theoretical base of doctrinal research are not always clarified in doctrinal research. Research article 3 partially deals with this issue by assessing the nature of the different research approaches applied in doctrinal research. A deeper assessment of the philosophical base and origination of doctrinal research could be done.

From a philosophical perspective, the difference between doctrines and theory could also be researched in more detail. The question is whether different levels of theory could be identified and whether accounting scholars should make a distinction between theory and doctrines. The question extends further to how different research approaches in accounting could be linked to both theory and doctrines.

Research article 1 identifies that doctrinal research could be classified into expository, reform-orientated and theoretical research. The literature (Chynoweth, 2008) especially identifies that reform-oriented research is normally done from traditional research perspectives, however, reform-orientated research can also be done through a normative perspective and is being done in doctrinal research to assess the appropriateness of the developed doctrines. Further research could assess how expository, reform-orientated and theoretical research differ under doctrinal and more traditional research and how these classifications could be incorporated in both.

Further research could assess how doctrinal thinking could be incorporated in all levels of accounting education to develop the critical and application skills of students. The legal literature identifies that doctrinal thinking plays a central role in legal education to develop the interpretation and critical skills of students (Hutchinson & Cuffe, 2004; Hutchinson & Duncan, 2012). From a more purely educational perspective, the effects of doctrinal research on transformational learning could also be assessed.

Research could also assess how doctrinal research could be incorporated into broader social, interdisciplinary and critical research in accounting. Sustainability and integrated reporting are developed to address some of the broader social aspects of accounting. The question is how doctrinal research could be applied to such broader reporting that is less prescriptive and more open and links to the perspective of the preparer of the reports.

The nature of hermeneutics and the link to doctrinal research could be researched more deeply. The literature (Prasad, 2002) distinguishes between classical, philosophical and/or critical hermeneutics. The application of each of the classifications of hermeneutics to doctrinal and broader social accounting research could be an interesting research project.

Based on the classification of doctrinal research between expository, reform-orientated and theoretical research, and between descriptive, interpretative, normative, critical and comparative research approaches existing theoretical research in accounting could be classified in further research. Such a classification of previous research might be difficult since the methodological perspective of theoretical research in accounting is not always provided, and in many instances research might stretch over the boundaries of these classifications.

Research could also be done into whether the *Conceptual Frameworks of Financial Reporting* of the standard-setters can be used as a basis for critical research in accounting. The question here is to what degree the developed concepts could be regarded as theory on which to base traditional research.

The 2018 Conceptual Framework creates several research opportunities. The value relevance of new conceptual changes and the effect thereof on current IFRSs could be researched. The appropriateness of the identified benefits and information provided by each incorporated measurement basis could also be clarified or rejected through further research.

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ANNEXURE A: Research article 1 as published

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DOCTRINAL RESEARCH AS A MEANS TO RECOVER NORMATIVE THINKING IN ACCOUNTING

DANIE COETSEE*, PIETER BUYS**

ABSTRACT. *Doctrinal Research as a Means to Recover Normative Thinking in Accounting.* The article debates whether legal doctrinal research could be applied in contemporary accounting research to bring back the prescriptive nature of normative research and whether, by applying doctrinal research, a new focus could be created in accounting research. The article found that the main difference between doctrinal research and traditional scientific and social research is that the focus of doctrinal research is not on the development of theories, but on the underlying doctrines, concepts, rules and principles on which practice and the practical system are based. A shift in accounting research from traditional research that creates theory to research that focuses on the underlying doctrines of the accounting discipline would create an insider perspective in accounting research, which could bring accounting research closer to accounting practice. Doctrinal research could bring normative and prescriptive aspects back to accounting research, but such normative aspects will not necessarily be similar to traditional normative research.

Keywords: *Accounting research, doctrinal research, normative research*

1. Introduction

The application of the scientific method in accounting research has changed its landscape with accounting researchers moving from *prescribing* accounting practice (normative research) to *describing* accounting practice by using the tenets of the scientific method (Deegan and Unerman 2011; Jeanjean and Ramirez 2009; Chau 1986). Through this movement, contemporary accounting research's focus has changed from

* PhD Candidate at the School of Accounting Sciences of the North-West University, Potchefstroom Campus

** North West University, Potchefstroom, South Africa (Corresponding Author), Email: pieter.buys@nwu.ac.za

ANNEXURE B: Research article 2 as published

A DOCTRINAL RESEARCH PERSPECTIVE OF MASTER'S DEGREE STUDENTS IN ACCOUNTING

D. Coetsee*

PhD Candidate
School of Accounting Sciences
e-mail: dcoetsee@uj.ac.za

P. Buys*

WorkWell Research Unit/School of Accounting Sciences
e-mail: pieter.buys@nwu.ac.za

*North West University
Potchefstroom Campus
Potchefstroom, South Africa

ABSTRACT

This article reflects on the incorporation of doctrinal research in the curriculum of a master's degree programme in accounting at a South African university. Since accounting concepts, principles and rules are more developed in practice through a process of consensus, the question is whether there is place for doctrinal research in accounting research. Doctrinal research is a research approach that describes, interprets and criticises the underlying doctrines developed in authoritative practice-based documents of a field of enquiry. In the master's degree programme doctrinal research is introduced as an alternative research approach to conventional research approaches to develop the students' skills to question the doctrines. The perspective of the master's degree students is obtained through structured interviews from which different themes are identified by thematic analysis. The participant students agreed that doctrinal research has an important role to play in accounting research. The students also agree that their critical engagement with the underlying doctrines of accounting has improved significantly and that deeper understanding of the concepts and principles of accounting was created.

Keywords: accounting research, doctrinal research, doctrinal thinking, expository research, reform-orientated research, master's degree students, theoretical research

INTRODUCTION

In a course work master's degree programme at a South African university, students were introduced to conventional research approaches and to doctrinal research, a research approach normally applied in legal research. Doctrinal research was introduced as an alternative research approach to conventional research approaches. Doctrinal research was also incorporated in the