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President's Message Imagined Worlds of Accounting¹

*You see things;
and you say
"Why?" But I
dream things
that never were;
and I say "Why
not?"*

— George
Bernard Shaw

*"(t)he historic
role of the*

*scientist is to do the unthinkable, to overturn
cherished beliefs, and to kill gods."*

— J. B. S. Haldane

All learned disciplines, and our socio-political-economic organizations are results of our imagination. Modern corporations—marvels of organizational engineering—would not be possible without imagination. Accounting, too, is an artifact that arose from human imagination, with mathematics, writing and the civilization itself.

Thinking about the possible alternatives to current institutions of accounting and auditing is essential if our world is to change and get better. Imagination must be an essential element of accounting scholarship and instruction.

Can we imagine a world in which we shall achieve a better balance between social norms of the business and accounting community, enforced by the social networks and sanctions on the one hand, and formal standards and rules enforced by the power of punishment on the other?

Imagine letting reporting clients have more rather than fewer choices of accounting methods. Will the resulting financial reports tell us more or less? Arguments for less have been well known. What is not so well known are Ron Dye and Carolyn Levine's argument that by making choices, we reveal our secrets. Could it be that the uniformity dogma in financial reporting ignores the signaling value of choices that people make?

Imagine eliminating the monopolies granted by governments to the FASB and the IASB, and naming at least two, perhaps three or four, bodies whose standards would be acceptable in each jurisdiction. Companies in the jurisdiction would choose one set for their financial reports. These bodies would be financed exclusively by the royalties they collect from the firms which use their standards. The standard setters would effectively compete, not collude or coordinate, with each other for these royalty fees, and would be forced to make difficult and better choices. Oxford English Dictionary competes with other dictionaries; so could the accounting standard setters.

Imagine a world in which scholarship is driven by the curiosity to address questions whose answers we would like to know, but don't. It would be fun to satisfy our curiosity, as well as help make it a better world.

Imagine if our doctoral programs were to attract young men and women, driven by their curiosity to better understand the world they live in, even if it means overturning our theories, and killing the "gods" of the field (as the famous biologist J. B. S. Haldane suggested).

Imagine a world in which we disclose to our young scholars that, while we, the older folks, have the advantage of being more familiar with the literature than they are, they have the advantage of not having their thinking constrained by such knowledge. Their clean slate, and ability to think afresh, is itself a great resource that we rarely tell them about.

Imagine a world in which our scholarship includes not only doing new work, but also reading the history of thought in our discipline, and understanding the complex, mutual, often incestuous relationships among various theories.

Imagine, having our research agendas driven not so much by research method but by the questions we seek to answer. Imagine the sections of this Association, organized by questions. Imagine the journals of this Association organized by

questions, instead of methods. Imagine, the sessions of our meetings being organized by questions, not methods. Imagine, the doctoral consortia of this association being organized by questions, not methods. Will this change our thinking? Will it change what we do, the conclusions we reach, and what we publish?

Imagine a world in which we, the teachers of accounting, do what interests us most, whether it is the excitement and the challenge of shaping young minds and expectant lives full of promise; whether it is developing curricula, teaching materials and software to bring the knowledge and understanding of the world from whatever disciplines to our students; whether it is advising our younger friends to make the most of their strengths; whether it is developing and helping build our departments, colleges, universities, their links to business, government and community, and disciplinary organizations like our own association; whether it is interaction with our colleagues in mutually stimulating intellectual activity, and perhaps even, thinking, writing, and sharing of our ideas with others.

Debits and credits, balance sheets and income statements, budgets and costing, information systems, tax returns, and audits are solutions we have developed over the centuries to address difficult problems of social and economic organization. Imagine presenting accounting to our students as ingenious answers to difficult questions that face our society to encourage their creativity. Imagine forgoing the use of standards in the classroom that stunt the thinking powers of our students. Imagine the effect of standards on the attitudes of corporate managers and auditors and their sense of personal responsibility for what they do.

Imagine a world in which we actually read, not just count, the work of our colleagues to make up our individual minds about how interesting and exciting we find their content. Imagine a world in which there are no A-journals, or B-journals, or C-journals, only A-ideas,

(continued on page 6)

¹ An earlier version of this paper was delivered on August 9, 2006 as the Presidential Address at the Annual Meeting of the American Accounting Association in Washington, D.C. Find the address online at http://aaahq.org/AM2006/speaker_materials.htm.

2007 Annual Meeting

(continued from page 5)

- Indicate to which of the AAA Sections your submission should be directed. Choose the Section that most closely matches the topic area of your submission. In addition to AAA Sections, a "History and Integrative" submission category has been included.
- By establishing the "History and Integrative" category, we hope to encourage submissions that may not fit well within a Section category or that will integrate across traditional domains. Please submit to the "History and Integrative" category if your submission deals with history research, clearly integrates across traditional Section topics, or otherwise clearly does not pertain to a Section. Submissions to this category that are deemed to be within the purview of a Section category will be redirected to that Section for review. Papers and proposals must be designated for one, and only one, of the submission categories on the following list:

Submission Category

Section/Category Liaison
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Papers should not be submitted that have been published, accepted for publication, or that will have been presented at more than one AAA Section or Regional Meeting.

Submission of a paper implies a commitment by at least one author to register for and attend the meeting to present the paper at the appointed time.

Presenters must provide an adequate supply of handouts or papers for distribution to session attendees.

Multiple Submissions

The complete submission process must be repeated each time you submit a paper, panel, CPE proposal, ELS proposal, or Emerging Research Project. Submit the form ONLY ONCE to volunteer as a reviewer/moderator/discussant. Since each submission will receive a unique Submission ID, you are encouraged to use the same email address, user ID, and password for all submissions.

By AAA policy, an individual is limited to one personal appearance on the program as a presenting author. This policy allows multiple submissions but precludes acceptance for more than one presentation. A presenter may be a non-presenting co-author on additional papers. If a presenting author has papers accepted in more than one Section, the confirmation process will ask the author to choose which paper he/she will present.

Submission Questions

Contact the appropriate Section Liaison from the list above.

President's Letter

(continued from page 3)

B-ideas, and so on.

Imagine a world in which, instead of dividing the faculty groups and Ph.D. programs into progressively narrow sub-disciplines of accounting, we form larger aggregates in which we exercise freedom to address problems of any aspects of accounting, even management, that catch our fancy.

I believe that other uncounted imaginings lie unexpressed in the conscious and unconscious minds of the eight thousand members of the Association. I wonder which of these imaginings will one day be attempted and transformed into reality? I do know that the world will not change if we do not imagine, after Bernard Shaw, *what it is not*. It will not change if we do not take the risk of translating our own unorthodox, rebellious thoughts into reality.

The battle to have the imagined and the hypothetical taken seriously is not an easy one. In our own field, in spite of over a century of debate, opportunity cost remains but a poor cousin to sunk costs, even in decision-making contexts.

For accounting to advance as a discipline, and for accountants to continue their glorious tradition of contributions to society, we must allow ourselves to imagine the alternative worlds of accounting. *Imagined Worlds of Accounting*, perhaps, would be a provocative theme during the coming year of the Association, and for our Chicago meetings. Let us celebrate and explore the power of accounting in concrete and imagined forms, share our dreams and work to change the world in ways that our unique gift of the power to imagine allows us humans to do. Then, we would have earned our keep from society.

References

- Dyson, Freeman J. 1997. *Imagined Worlds*. Cambridge, MA: Harvard University Press.
- Shaw, George Bernard. *Back to Methuselah*, act I, *Selected Plays with Prefaces*, vol. 2, p. 7 (1949). Dodd, Mead & Company. The serpent says these words to Eve.