Classical, Stewardship, and Market Perspectives on Accounting: A Synthesis

Shyam Sunder

Abstract
Business organizations can be classified into three broad categories: entrepreneurial organizations without management hierarchy, entrepreneurial organizations with managerial hierarchy, and large publicly-held corporations. The key difference between the first two is the presence of agency problem, and the key difference between the last two is the presence of stock markets. Three major models of accounting, bookkeeping, managerial and financial reporting, have been engineered to suit the respective needs of the three forms of organizations. Using the work of Hatfield (1924), Barnard (1938), Simon (1947, 1952), and Cyert and March (1963), the paper explores the links between organization theory and classical bookkeeping, stewardship and capital markets perspectives on accounting.

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