



Research Paper

## Sociological Analysis of Accounting Measurement Theories

Zahra Madahi<sup>a</sup>, Reza Gholami-Jamkarani<sup>a,\*</sup>, Majid Zanjirdar<sup>b</sup>, Hasan Kheiri<sup>c</sup>

<sup>a</sup>Department of Accounting, Qom Branch, Islamic Azad University, Qom, Iran.

<sup>b</sup>Department of Financial Management, Arak Branch, Islamic Azad University, Arak, Iran

<sup>c</sup>Department of Sociology, Qom Branch, Islamic Azad University, Qom, Iran

### ARTICLE INFO

#### Article history:

Received 2022-01-07

Accepted 2022-04-12

#### Keywords:

Accounting Measurement Theories, Sociological Paradigms, Positivism, Interpretive, Thematic Analysis.

### ABSTRACT

Due to the existence of various paradigms and theories in accounting science, along with the introduction of various methods to measure accounting values, and the lack of a comprehensive and well-defined framework for these theories in terms of sociological paradigms, the researchers have undertaken the analysis of measurement theories in accounting from a sociological perspective. To accomplish this objective, the content analysis method was employed. Firstly, the schools and theories of sociology were examined, and the main paradigms of positivism, interpretivism, identification, and their characteristics were extracted and categorized from the themes. These outputs were then reviewed and approved by sociology professors. Subsequently, various accounting measurement theories were researched and analyzed by gathering information from books, texts, and articles. Sociological components within the context of accounting theories were identified and incorporated. Finally, accounting theories were classified, analyzed, and interpreted based on the extracted themes and their corresponding analytical codes. The thematic analysis results indicate that new accounting measurement theories tend to be interpretive, emphasizing the prominent role of the accountant. Additionally, cost theory is classified as a positivist theory within the field of sociology. In summary, this study examines accounting measurement theories through a sociological lens, aiming to address the lack of a comprehensive framework. By employing content analysis and incorporating sociological paradigms, the research sheds light on the interpretive nature of contemporary accounting measurement theories, highlighting the significant role of accountants. The classification and analysis of accounting theories based on sociological components provide valuable insights and contribute to the advancement of the field.

## 1 Introduction

A comprehensive understanding of the current and future scope of accounting goes beyond merely grasping specific accounting rules; it also entails comprehending the structure of accounting theory, which serves as the foundation for these rules [1]. The initial step in comprehending accounting as a scientific discipline involves identifying the evolving theories of accounting and recognizing the dis-

inctions between them. Multiple theories have been proposed within accounting, highlighting the absence of a universally accepted theory of financial accounting and the lack of consensus on how accounting theories should be presented [2]. While accounting standardists and theorists do not explicitly discuss the fundamental assumptions underpinning their theories, it is evident that accounting theories consist of two primary dimensions: positive theories and normative theories. This framework aligns with a reference framework that encompasses assumptions about the nature of the social world and the research methodology employed. The social sciences can be conceptualized based on two main approaches: subjectivist and objectivist, each characterized by sets of ontological presuppositions, epistemology, anthropology, and methodology. The objectivity-subjectivity dichotomy gives rise to the two main dimensions of accounting theories. Measurement in accounting, as a discipline responsible for accountability and reporting to stakeholders, holds significant importance. Public reports provided to governments, banks, and investors serve as the basis for tax calculations, loan disbursements, and investment decisions, respectively.

These reports rely on measurements conducted within accounting. Drawing upon historical evidence and past records, WorldCom, the second-largest telecommunications company in the United States, was found to have potentially manipulated its accounting records, falsely inflating the value of its assets by \$3.8 billion. Consequently, the company's CEO was sentenced to 25 years in prison. Such instances of fraud and misreporting have led to bankruptcy and eroded public trust in accounting reports. The cornerstone of the accounting profession lies in its principles and rules, adherence to which has facilitated validation, assurance, and the garnering of public trust in judgments, analyses, and accounting methods. Consistent theories within the field are derived when accountants follow a set of guidelines or rules to prepare and present their reports. Accounting information provides meaningful metrics of performance and financial status, necessitating the provision of value-related information, such as the total value of a business and the value of assets and liabilities. Accounting, to a large extent, is a quantitative discipline, evident in the prominent role played by quantification and measurement. The intertwining of measurement and accounting concepts has presented several theoretical challenges within the field.

## **2 Theoretical Foundations and Review of the Related Literature**

Since the fourteenth century, when Pacioli introduced the two-way registration system, there have been no significant changes in the method from a technical point of view. This method was used for many years (during the years of the Industrial Revolution) and after the collapse of the New York Stock Exchange in 1929, a cost-based accounting system was introduced. However, until the end of the 1930s, the system was not used to determine the value of capital and to record financial events on a regular or systematic basis.

Several other systems were introduced in the 1960s to challenge the historical cost-based accounting system. It was not recognized as a fundamental system. The first system was based on the fact that the value of the items should be updated, the replaced value of assets should be determined, and to determine the value of the capital, the purchase price of items should be considered at the present time. The price of items should be determined based on their selling price [3].

### **2.1 Historical Cost**

From the point of view of cost principle, the purchase price or the historical cost is used when determining the value of the items that make up the financial statements, recording and reporting, purchasing goods and services. In other words, the value of an asset item is determined based on the exchange price at the date of purchase and is recorded and reported in the financial statements based on the same value or depreciated portion. From the point of view of objectivity

and continuity of the activity, the main cost can be justified. First, the cost of purchasing items is objective and the information is verifiable. Secondly, based on the assumption that the economic unit continues to operate, it continues to operate indefinitely, thus, the need to use the present value or the settlement value of the company to determine the value of assets is eliminated. [1]. The main advantage of historical price compared to other competing systems is the objectivity and greater comprehensibility of this measurement feature. The issue of understanding the historical price is largely related to the familiarity of users with it and it is obvious that the introduction of new evaluation methods requires their familiarity with its basic assumptions and limitations. Another reason for defending the historical price is that this type of measurement provides a more appropriate tool for distributing profits among the organization's stakeholders because the system is not based on hypothetical events. It is assumed that due to more objectivity, due to the emphasis on real events, we will see less conflict between competing groups over the distribution of profits. However, it must be admitted that this argument is not very strong. Criticize in addition, the valuation of opportunity, while it may be hypothetical, certainly reflects economic realities more than historical value. Historical price accounting has the following features:

- 1- Historical price is the main feature of the constituent elements of financial statements
- 2- Accepting the assumption that the currency is stable
- 3- Observing the principle of conformity
- 4- Observing the principle of realization [4,5]

Most accounting standards in IFRS promote the historical cost basis, particularly asset-based standards. However, some exceptions also accompany those standards. Under IFRS, companies can remeasure the value of property, plant and equipment at their fair values. However, this step is optional and at a company's disposal. This option allows companies to use an alternative basis to the conventional historical cost approach.

## 2.2 Current Values

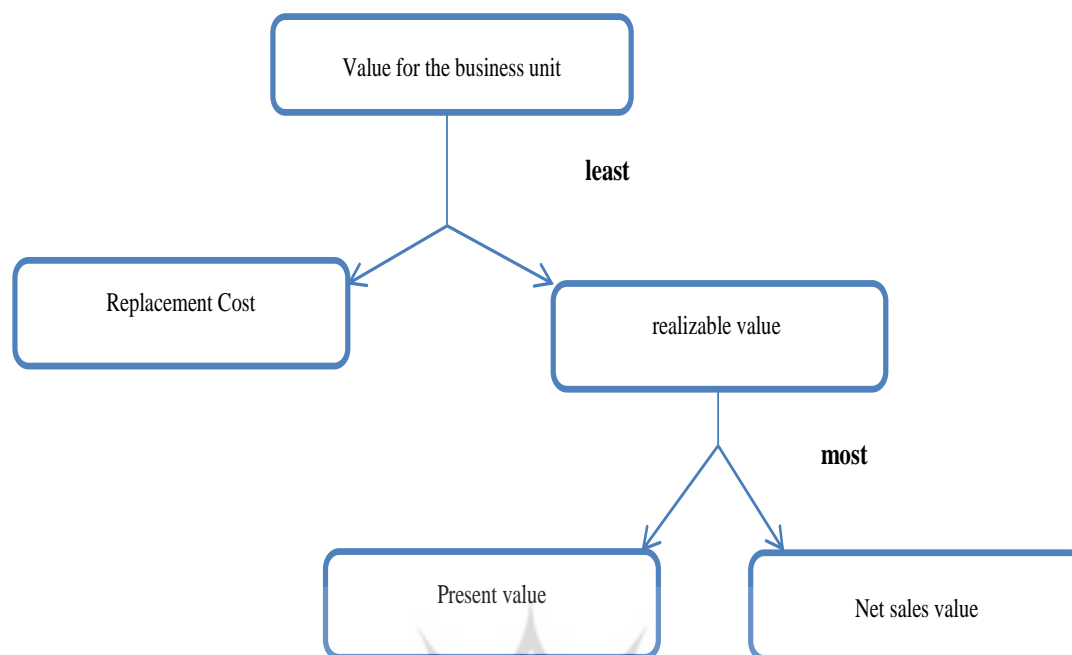
Historical cost is the most commonly used basis for financial reporting. However, the contextual framework also specifies other methods that companies can use for that purpose. These bases provide different results when reporting items in the financial statements. On top of that, some of these methods may apply to specific cases rather than all reports. Before understanding these bases, it is also crucial to consider accounting standards. Companies can only apply these bases for an item if the applicable standard allows it. If there are conflicts between the framework and those standards, the latter will prevail. Therefore, companies must always consider the specific standards before applying a measurement basis. If they fail to do so, it can create discrepancies in the reporting process. Fair value refers to the amount companies pay for an item in an ordinary transaction. However, this transaction must be at arm's length. This basis allows companies to record assets at their market value. Fair value is also a prevalent basis in various accounting standards. Usually, companies use it as an alternative to the conventional historical cost basis. However, it can set off several complicated accounting procedures.

Current value encompasses three different approaches:

- Input value (replacement price),
- Output value (net sales value) and

Economic value (the present value of cash flows expected from the continued use of the asset and its final sale by the current owner). Choosing a value for debt in a similar way to the value rule for a business is possible using the concept of get rid of value, but in practice there is no need to use such a complex method. The "value for the business unit" criterion provides such a rule. According to this rule, the present value is determined equal to the minimum current replacement price of the asset and it's The

recoverable amount has the highest value that the current owner of the asset can achieve and is equal to the net realizable value of the asset or its economic value, whichever is greater.



**Fig.1:** Current value measure for the business unit

### **Current Value Based Accounting (Output Value or Net Sales Value or Recoverable Value)**

On this basis, assets are valued at the net recoverable amount that the company expects to obtain if the assets are disposed of. By applying this basis, the company's liquidity balance sheet and flexibility are better displayed. If the company intends to maintain most of its fixed assets, this basis may not provide useful information. One of the features of this basis is violating the principle of realization and being free from the error of time. [4,5]

### **Current Value Accounting (Entry Price or Replacement Cost)**

On this basis, assets are assessed at the value that is expected to be paid for the acquisition of similar assets. Market values are usually not available for unique fixed assets that are specifically designed and tailored to the company's operations. The issue that makes this basis superior to output values is that if most of the assets used by the company are not owned, their purchase is economically justified, but fixed assets are mainly sold when they are devalued and no longer produced to produce the product in question. Is not required. Also, input values are usually higher than output values because the asset owner company has less access to asset buyers than its regular sellers, and in measuring output value, selling costs must be deducted from the selling price. [4,5]

### **Accounting Based on Present Value**

The conceptual framework also allows companies to record items at their present value. However, this basis applies to specific scenarios. On top of that, it is also the least commonly used basis among the ones listed here. Present value refers to the discounted value of future cash flows. Companies use this basis for items that involve cash flows receivable or payable in future periods. In its implementation,

the current value is measured in terms of currency. The present value of cash flows is what is expected to be received using the asset, or is the net cash outflows expected to be paid to settle the debt. In performing this method to calculate the present value of an asset, the present value of the expected cash flows from that asset, a group of assets, or the sum of assets over their useful lives is considered. To calculate this current value, four variables must be calculated:

- 1 Expected cash flow from the use or sale of assets
- 2 Time to achieve these expected cash flows
- 3 remaining useful lives of the asset by year
- 4 Appropriate Discount Rates [1]

This basis is the best accounting model from a theoretical point of view, but in practice it has many weaknesses and shortcomings so that its operation seems out of reach. Appropriate discounting was considered. This basis is not reliable due to the strong need to apply judgment.

### 2.3 Probability Theory

With regard to accounting (especially in the field of auditing), there is no "correct or accurate" measurement basis to compare the judgments made by individuals with it and evaluate its "correctness". To solve this problem (lack of a baseline indicator for judging performance) one solution is to determine the degree of consensus on a particular decision (between decision makers). Another way is to use a mathematical model or formula. Given the previous discussion, research on judgments (based on probabilities) is based on this analysis of whether individuals after seeing new evidence (based on Bayes theory) (Do they reconsider their beliefs or not?)

In research on the method of individual judgment based on this model, it has been observed many times that human beings have different skills and it has been observed that in practice, in different situations, they reconsider their views on probabilities (compared to Bayes theory). This conservatism is taken into account by the intuitive view (adherence to prejudice or greed of individuals) by which individuals reduce the complexity of harsh judgments and adapt to circumstances [3].

### 2.4 The Quality of Measurement and the Principle of Objectivity.

Since the measurers' skills and tools and techniques are different from each other, the agreement between the measurers, which is calculated statistically, can be considered as a criterion in determining the quality of the measurement. Intuitively, it can be said that if users of financial reporting find that the accounting figures are the same in all circumstances and are not dependent on the producer, they will be very pleased, and this is exactly the view that Ijiri and Jaedik have on the concept of objectivity [7]. They define objectivity as "the degree of agreement between measurers who have similar tools and constraints and measure a particular feature of an object (subject)."[4,5]

### 2.5 Major Paradigms in Sociology

To sociologically analyze these theories of accounting measurement, we need to examine the accuracy of sociological paradigms. A paradigm refers to an entire system of thought, including basic assumptions, important questions, and specific research techniques. Social researchers choose from a variety of paradigms for science. Each paradigm has its own set of philosophical principles and hypotheses, as well as a way of doing research. In fact, each paradigm contains a set of insights, theories, research methods and techniques.

Each paradigm can include several theories and schools. Paradigm segmentation helps to better understand the principles and methods of sociology. The two dominant paradigms in sociology are:

The positivist or positivist paradigm and the interpretive paradigm, Neuman, is one of the philosophers of social sciences who has proposed eight elements and then with the help of these elements, compared



the differences between the two sociological paradigms (positivist, interpretive). The result is summarized in Table 1[6].

**Table 1:** Comparison of the Main Paradigms of Sociology

	Basic questions	positivist paradigm	Interpretive paradigm
1	The purpose of social research	Discover the general laws governing human behavior	Understand and describe meaningful action
2	The nature of social reality	Like objects, pre-fixed and detectable order function	Understanding human beings in everyday life
3	Basic human characteristics	An instrumental being, selfish and rational and acting according to structures	Autonomous, active and creative
4	The relation of public consciousness (conventional understanding) with science	Distinctive distinction between conventional (non-scientific) science and understanding	Science derived from popular consciousness
5	Characteristics of theory and social explanation	Theory is a cognitive and deductive system of the internal relationship between propositions, axioms, and laws	Describing the system of group meanings with an inductive and ideological approach
6	Criteria for correct explanation	Realistic, logical and generalizable	Deep understanding of people's ways of reasoning, feeling and thinking
7	Feature good evidence or factual information	Ability to approve or reject the theory	In the context of pure social action
8	The relationship between socio-political values and science	Value neutrality and only in choosing the subject	Values are a central part of social life

Source : Neuman, W. Lawrence[6]

### 2.5.1 Functionalism or Positivism Paradigm

Positivists claim that the phenomena in the world have unique characteristics and therefore a single method can be used in the study and research of each of these phenomena. Therefore, the study methods used in the natural sciences can also be used to study social phenomena. The main question of the positivist approach is: How to use natural science methods to study social phenomena, and consequently to consider social phenomena and affairs as objects.

Kent, Durkheim, Spencer and Simmel are among the positivists. Theorists of this approach believe that just as natural phenomena are governed by laws such as physical and chemical laws, so are human relations subject to certain laws that a social scientist can discover. If it is possible to overcome and control natural phenomena by discovering natural laws, then it is also possible to predict the relations of individuals in society by discovering its laws and to control human phenomena as well.

### 2.5.2 Interpretive Paradigm

Interpretive social science, inspired by the thought of the German philosopher Deltay in his book an Introduction to the Humanities, also found its way into sociology, as did the German sociologist Max Weber. Diltthey showed that there are two different types of science, which are fundamentally different from each other; one is based on an abstract explanation and the other is rooted in an empathetic understanding, or an understanding of people's daily life experience in their particular historical context. Weber showed that social science requires the study of "meaningful social action," or the study of purposeful social action. He placed great emphasis on cognitive action and believed that the sociologist needed to know the personal reasons or motives that led to the formation of external emotions and guide individuals in decision-making methods to act in different situations. The basic principles of this thinking are based on the fact that human phenomena are different from natural phenomena. In fact, the interpretive paradigm is based on a different method from positivism. The interpretive view in accounting is such that it looks at the explanation of social order from a normative-anti-positivist-free-thinking and idealistic point of view. The application of interpretive science in accounting is such that it emphasizes

the study of accounting in purposeful ways. In accounting, the assumptions governing the interpretive perspective include: belief in knowledge - belief in social reality and the existence of a relationship between theory and practice [19].

## 2.6 Review of the Related Literature

Although no one has studied accounting theories in the context of sociological paradigms, some of the researches done in this regard are as follows. Schill et al. [20] have divided accounting into theoretical accounting and practical accounting. They first analyze the main theories in a financial accounting research and state the goals of the historical development and the scientific methods used in this research. And then the rationale and sociology of financial accounting are discussed to show that, like any other social science, financial accounting is based on hypotheses about the nature of its implementers or social networks. Ijiri [7], probes into the foundations of conventional accounting measurements in order to construct a relatively simple axiom system on which a purely mathematical measurement system can be erected and thus provide a consistent basis for examining pertinent aspects of conventional accounting practices.

Jaijairam [8] reviews fair value accounting method relative to historical cost accounting. Although both methods are widely used by entities in computing their income and financial positions, there is controversy over superiority. While both methods of accounting affect financial statements, His results show the impact of fair value accounting on the balance sheet and income statement is extreme due to the potential volatility of the method. Fair value accounting is deemed superior when compared to historical cost accounting because it reflects the current situation in the market whereas the latter is based on the past. In addition, in relative terms, fair value accounting provides users with more current financial information and visibility. Al-Café, et al. [21] examined the dispersions of management accounting innovations in terms of the process of constructing and interpreting the active theory of the sociology of science network. Their goal was to better understand the nature of accounting change. They use network operator theory, two categories of accounting innovations; Examined activity-based costing. Model [9] in a study examined the role of hybrid methods in the use of different paradigms in management accounting research. According to him, given the problems that exist in the application of interpretive and critical paradigms, it is better to use a combination of the two as an alternative strategy and a balance between paradigms.

Pian and Cartiau Esca [26] criticized the traditional way of identifying the complexities of introducing new technologies and procedures, used the theory of network operators in their research, and introduced management accounting in Italy. Justesen and Mouritsen [27], have examined the optical application of network operator in accounting and studies that have used this theory, and have shown that in the field of management accounting, the main success of network operator theory in retrieving the role of numbers and calculations The title is the focal point of studies based on the sociological sciences of accounting phenomena. In a study, Richardson [10] introduced and interpreted the sociological insight of value. They examined the basic principles of modern sociology and provided an interpretation of studies on cost accounting from a sociological perspective. Their study showed that a pragmatic approach to accounting could serve as a bridge between institution theory and pragmatism theory.

Sikka [11] stated in the study that traditional accounting principles, such as relevance, accrual assumption, objectivity, conservatism, character segregation, and historical cost, are incapable of meeting social costs and concerns for human well-being. Implement the principles of social accounting.

Hassard and Wolfram [12] in a study examined the role of sociological paradigms in helping organizational analysis. They first examined Borrell and Morgan's model and then suggested that he use a post-modern paradigm in the form of creative thinking. The two researchers reviewed various studies em-

phasizing agent network theory, stating that postmodern and poststructural thinking can be more effective than other perspectives. In a study of the application of sociological theories in accounting, Joanides and Berland [13] sought a network of how accounting knowledge is developed, developed, and developed. He used a network activist to answer this question. Tweedie [22] in an article review and analyzes the application of Axel Huntte's critical theory in critical accounting research at the Frankfurt School. Frankfurt Critical Theory seeks to scrutinize socially defensible rational norms that are changing or can influence social change. Hans's critical theory can identify the social injustices in which accountants are involved. Gaini and Hosseinzadeh [14] study the epistemology of management knowledge and organization research in three paradigms of positivism, interpretation and hermeneutics. Sheikhi in the National Conference on Accounting in Iran in June 1991 in an article entitled Social Accounting as a guarantor of social order and development: the relationship between sociology and accounting, seeks to provide a picture of the relationship between sociology and the subject (science) of accounting. The issue is examined from the perspective of a professor of social sciences and is worth considering.

Larimi, Mohseni [15], believe that over the past two decades, many researchers have called for accounting to enter the broad field of social science research. They recognize that accounting is a human activity that should include all existing research approaches in the social sciences, such as interpretive, critical, and behavioral approaches. Rudpashti is one of the researchers who has written many articles in this regard. He and his colleagues studied modernity and management accounting and also he in collaboration with Babaknejad Tolmi [16] based on a research based on philosophical, sociological and economic analysis of management accounting ontology with emphasis on implementation and actor-network theory And Bani Talebi Dehkordi et al. [17] in the article Explaining the theory of network of actors in accounting from the perspective of knowledge tried to introduce and briefly explain the theory of network of actors (ANT) as one of the sociological theories that deals with information system Pay. In another article with Homayouni Rad and his colleagues [18] in explaining the role of accounting paradigms in promoting the qualitative characteristics of society: Sociology of financial reporting by adopting a combined approach and content analysis research method to examine the relationship between these two disciplines, seeks to explain new accounting approaches improve the quality of society.

### **3 Research Methods**

Research question is as follows: What is the relationship and position of accounting measurement theories in the framework and classification of sociological theories?

Nowadays, qualitative researches have gained general acceptance due to the presentation of interpretive and semantic results. Possibility of research on concepts such as living experiences, emotions and feelings, social movements, interactions between individuals and communities, discovering the causes of emergence and disappearance of social phenomena, all and all dual motivations and favorable grounds for researchers to tend to such research. They bring. Accordingly, the necessary tools for conducting such research are expanding day by day. [23]. This research is basic research with inductive approach and is considered as qualitative research. The method of data collection is a documentary method and valid books and articles have been used to collect information. The collection tool is a note-taking tool and the content analysis method is used to analyze the information. Content analysis is a way to identify, analyze and report patterns in qualitative data. This method is a process for analyzing textual data and converts scattered and diverse data into rich and detailed data [24]. Content recognition is one of the most important and sensitive tasks in qualitative research, in other words, it is the heart of content analysis. Conventional consciousness, researcher values, research orientations and questions, and the re-



researcher's experience with the subject influence how the subjects are identified. Because content analysis is a qualitative analysis, there is no clear and quick answer to the amount of appropriate and required data that indicates the existence or application of the content. The content, therefore, does not necessarily depend on quantitative criteria; it depends on how important the research questions are. In general, there are different ways to identify themes. Of course, the researcher must be somewhat flexible because simply following the rules in recognizing themes is not practical. [25].

After analyzing the sociological themes, we will analyze the accounting themes and their sociological analysis with the output codes from the previous step. The steps will be as follows:

Step 1: The components of sociological paradigms are extracted from books of theories and schools as well as authoritative articles.

Step 2: Accounting measurement theories are extracted from authoritative books and articles.

Step 3: Sociological codes are searched and analyzed in accounting theories.

Step 4: Accounting measurement theories are categorized and analyzed according to the extracted themes and their analytical codes.

## 4 Research Findings

The components extracted from the positivist and interpretive sociology paradigm are summarized in Table 2. These components will be a criterion for the sociological analysis of accounting theories. It should be mentioned that the output of sociology topics has been approved by the faculty members of sociology and with a history of teaching schools and sociological theories. The topics extracted from measurement theories and the network of topics of these theories are summarized and categorized in Tables 3 to 8.

**Table 2:** Comparison of Positivist and Interpretive Paradigms in Sociology

Factor under consideration	Positivist paradigm	Interpretive paradigm
Approach	Objectivity	Subjectivism
Ontology	The originality of the environment and the originality of algebra	The originality of man and the originality of authority
Look at humans	Beneficial, hedonistic and rational	Active and aware creature
Look at the community	Objective and above human consciousness	It is a mental thing, not an independent being
Type of communication	One-way and determined by institutions	It is two-dimensional and is formed by human interpretation
Recognition method	Inductive_sympathetic	Understand the meaning
Socialism	consensus	Understanding
Epistemology	Experience	Interpretation
Methodology	Quantitative	Qualitative (quality oriented)
Validation	Testability	Verdict
Generality	Generalizable	Non-generalizable
Anthropology	Known / independent	Identified / active
receiving information	Objectives	Understanding and mind
Look at the world	Out of mind	Hermonotic
Behavior	Normative	Activity

**Table3:** Specifications of Historical Cost Theory

Theory code	Theory title
A1	Historical Cost Theory

**Table 4:** Historical Cost Theory Themes

code	The content of the extracted code	Basic theme	Organizer theme
A11	Purchasing items has objectivity	Objectively	Positivism
A12	The information is verifiable	Testability	Positivism
A13	Compared to other systems, it has more objectivity and	Objectively	Positivism
A14	This system is not based on hypothetical events	physical	Positivism
A15	More objectivity	Objectively	Positivism
A16	Emphasis on real events	observation	Positivism
A17	Witness less conflict between rival groups	stability	Positivism
A18	Accept the assumption that the currency is stable	stability	Positivism
A19	Observance of the principle of realization	Objectively	Positivism

**Table 5:** Specifications of Current Value Theories

Theory code	Theory title
A2	Accounting Based on Present Value Realizable Value
A3	Accounting Based on Present Value Replacement Cost
A4	Accounting Based on Present Value Present Value

**Table 6:** Accounting Based on Present Value Themes

code	The content of the extracted code	Basic theme	Organizer theme
A21	It is estimated in the direction of expectations	subjective	Interpretive
A22	The company's liquidity and flexibility are better displayed	flexible	Interpretive
A23	Undermining the principle of realization	Hermeneutics	Interpretive
A31	Not available for individual assets	Hermeneutics	Interpretive
A32	At the expected value ....	Subjectivism	Interpretive
A41	It is difficult to operate	Hermeneutics	Interpretive
A42	There is a great need for judgment	Verdict	Interpretive
A43	Cannot be relied on	Non-generalizable	Interpretive
A44	Not compatible with real conditions	subjective	Interpretive

**Table 7:** Specifications of Probability Theory

Theory code	Theory title
A5	Probability Theory

**Table 8:** Historical Cost Theory Themes

code	The content of the extracted code	Basic theme	Organizer theme
A51	To judge performance	Verdict	Interpretive
A52	The degree of consensus on a particular decision	Understand the meaning	Interpretive
A53	Judgments (based on probabilities)	Verdict	Interpretive
A54	Human beings have different skills	Active and aware creature	Interpretive
A55	After seeing the new evidence	Objectively	Positivism
A56	Intuitive perspective	Objectively	Positivism
A57	They reduce the complexity of hard judgments	Verdict	Interpretive

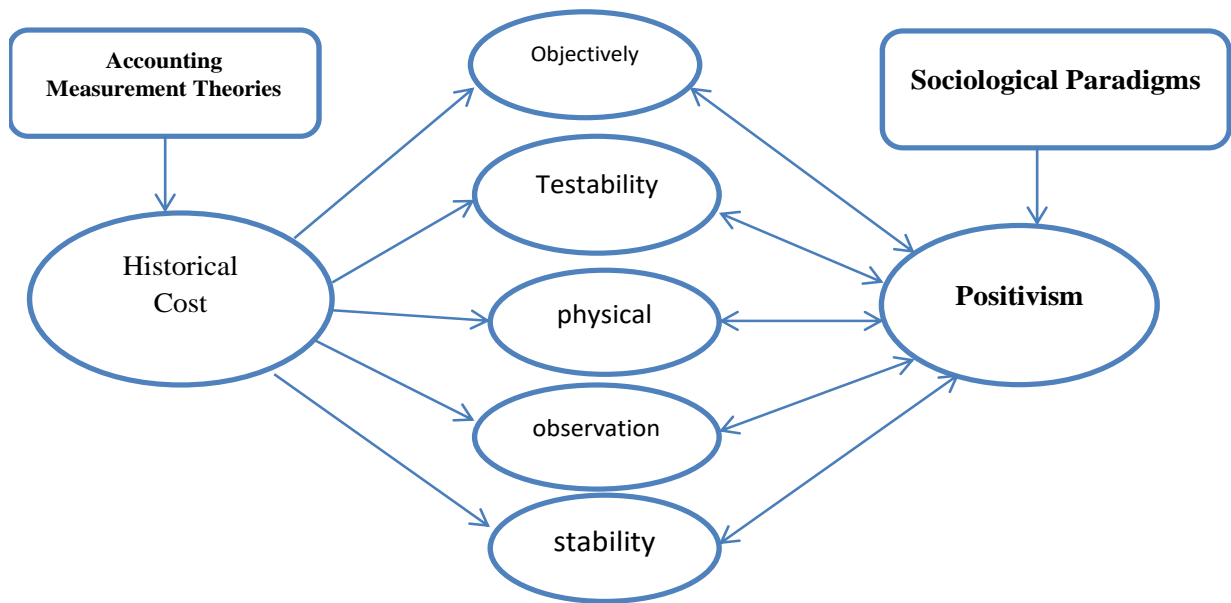


Fig. 2: Network of Historical Cost Theory Themes

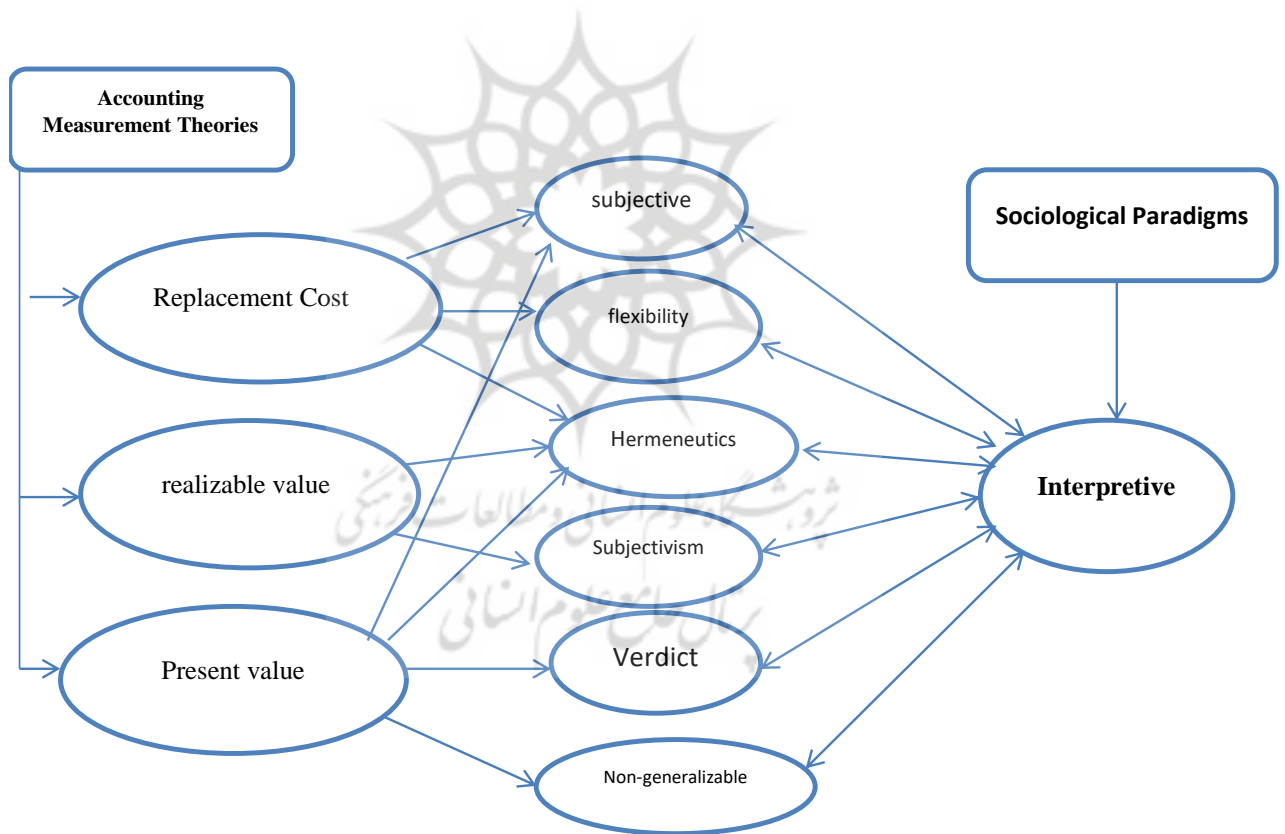
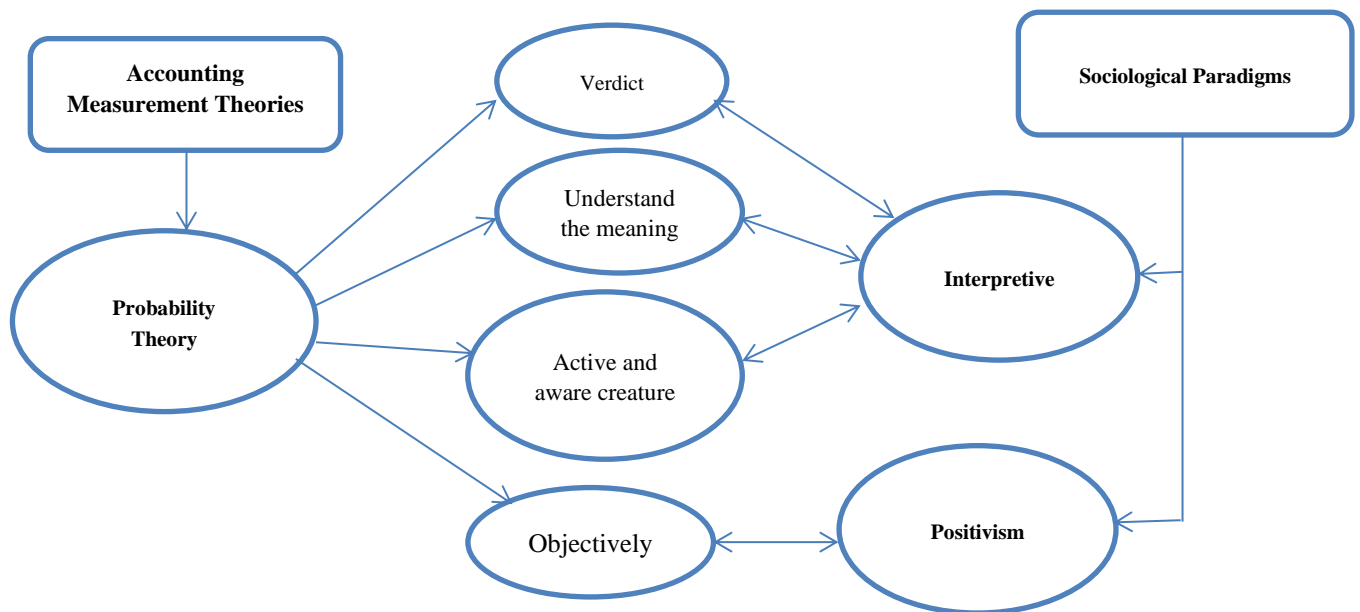


Fig. 3: Content Network of Current Value Theories



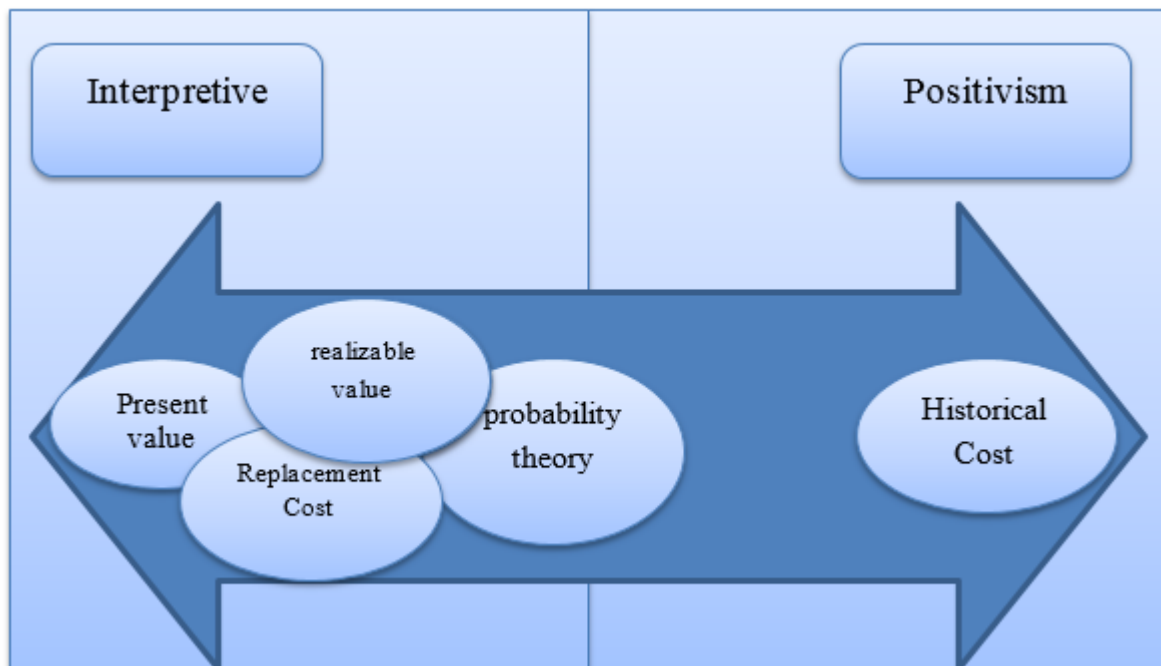
**Fig. 4:** Content Network of Probability Theory

## 6 Conclusions and Suggestions

Given the theoretical foundations of the historical cost theory and the objectivity of this theory, as expected, this theory is one of the positivist theories, and this indicates the existence of a strong physical and material law regarding the measurement of transactions in this theory. It is considered that given the numerous criticisms of this theory and the presentation of current value theories with respect to inflation, the acceptable measurement method for preparing financial statements is still the historical cost; this is due to the small role of judgment, human beings and their authority in this method of measurement. And according to the table of topics extracted from current value theories (accounting theory based on input value - replacement value, accounting theory based on output value or net sales value or recoverable value and current value theory) these theories are interpretive. Specifically, any measure we use to measure a certain amount of estimates and estimates will have a higher degree of interpretiveness of the data because the human role in decisions will be higher and the human (accountant) will have more authority in estimates and estimates.

It can be said that the degree of interpretiveness of current value theory is higher than other methods of measuring current value (input value and sales value) and this is due to more estimates and estimates to calculate this specificity of measurement. To measure the present value, the accountant must estimate several factors, from future cash flows to the value of the disposal, the useful life, and the appropriate discount rate. Estimating more cases requires more judgment of the accountant and giving more authority to the accountant in this area. Probability theory seems to have come down to less judgment (interpretiveness) and to move measurements and reports toward positivism. According to the principles of this theory, the degree of agreement on a decision can affect a person's judgment. This theory accepts judgment in accounting, but uses this theory to help decision makers reduce the pressure of judgment.





**Fig.5:** The Place of Measurement Theories in Sociological Paradigms

In interpretive theories, the role of man as an active and conscious being who seeks to understand the meaning and interpretation of facts; It is mentioned and this shows the effective role of the accountant as a producer and also the important role of the manager as a provider of reports and financial statements. The use of personal judgments in interpretive theories and the existence of subjective assumptions in these theories may highlight the existence and necessity of ethics in the accounting profession, and may necessitate oaths such as law and medical students for accounting and management graduates. Due to the high volume of interpretive theories and the important role of accountants in these theories, the vacuum of moral theories is more and more visible.

"Contrary to popular belief, accounting is not a static reflection of economic reality, but a very biased activity," Baker said in 1997. "The nature of accounting can be best understood through its impact on individuals, organizations and communities." In this paper, theories of accounting measurement with comprehensive sociological paradigms were analyzed. It is suggested that for future research, sociological theories such as social action, phenomenology, hermeneutics, conflict theory, etc. should be examined in the formation of accounting measurement theories or other accounting theories. Certainly, by examining the theories and the assumptions of their formation more closely, a better understanding of the theories for review or critique and revision will be formed.

## References

- [1] Riahi Balkoui, A., *Accounting theories*, Translated by Parsaiyan, Cultural Research Office Publications, 2004, First Edition. (in Persian)
- [2] Deegan, Craig Micheal, *Financial Accounting Theory*, McGraw-Hill, 2009.
- [3] Godfrey, J., Hodgson, A., Holmes, S., Tarca, A., *Accounting Theory*. Sixth Edition. Geoff Frost, 2006.
- [4] Mehrani, S., Karmi, Gh., *Accounting Theory- first volume*, Nagh Danesh, 2022. (in Persian)

- [5] Mehrani, S., Karmi, Gh., Seyed Hosseini, S.M., Jahromi, M., *Accounting theory - second volume*, Nagh Danesh, 2021. (in Persian)
- [6] Neuman, W., Lawrence, *Social Research Methods: Qualitative and Quantitative Approaches*, Boston and London, Allyn and Baco, 1997.
- [7] Ijiri, Y., *Axioms and Structures of Conventional Accounting Measurement*, Accounting Economics and Law - A Convivium, published January, 2018, Doi: 10.1515/ael-2017-0057
- [8] Jajairam, P., *Fair Value Accounting vs. Historical Cost Accounting*, Review of Business Information Systems (RBIS), 2012, **17**(1), P. 1–6. Doi:10.19030/rbis. v17i1.7579
- [9] model, S. P., *Revisiting the roles of accounting in society*, Accounting, Organizations and Society, 2010, **49**, P.41–50.
- [10] Richardson, I., *But does sustainability need capitalism or an integrated report' a commentary on 'The International Integrated Reporting Council: A story of failure*, Critical Perspectives on Accounting, 2011, **27**, P.18–22.
- [11] Sikka, P., *Accounting for human rights: The challenge of globalization and foreign investment agreements*, Journal of Critical Perspectives on Accounting, London: 2011, **22**(8), P.811-18.
- [12] Hassard, J., Wolfram, J., *Can Sociological Paradigms Still Inform Organizational Analysis? A Paradigm Model for Post-Paradigm Times*, journals.sagepub.com, 2013.
- [13] Joannides, V., And Berland, N., *Constructing a research network: ccounting knowledge in production*. Accounting, Auditing & Accountability Journal, 2013, **26**(4), P.512-538.
- [14] Gaini, A., and Hosseinzadeh, A., *The three paradigms of positivism, interpretive and hermeneutics in management and organization studies*, Journal of Cultural Strategy, 2012, **19**.
- [15] Larimi, J., Mohseni, I., *Interpretive accounting research, challenges and opportunities of accounting research*, Accounting Research, 2013, **4**(3), P.105-119. Doi:10.22051 / ijar.2015.507.,
- [16] Rahnamae Rudpashti, F., Babaknejad Tolmi, *Ontology of Management Accounting in the Postmodernity (Executor, Activist - Network and Applications)*, Quarterly Journal of Management Accounting, Summer 2016, **9**(29). (in Persian).
- [17] Bani Talebi Dehkordi, B., Rahnamae Rudpashti, F., Nikomram, H., and Talibnia, gh., *Explaining the Theory of Network Operators in Accounting from a Knowledge Perspective*, Knowledge Research Quarterly, Knowledge Perspective, Accounting and Management Auditing, 2015, **4**(16), P. 111-130
- [18] Homayouni Rad, R., and Rahnamae Rudposhti, F., and Nikomram H., and Nawabakhsh M., *Explaining the Role of Accounting Paradigms in Improving the Qualitative Characteristics of Society: Sociology of Financial Reporting*, Scientific Journal of Management Accounting, 2021, **14**(49) (in Persian).
- [19] Shabahang, R., *Accounting Theory*, Audit Organization Publications. First Edition, 2008, **2**. (in Persian).
- [20] Schiehl, E., Borba, J. A., Murcia, F. D., *Financial Accounting: An Epistemological Research Note*, Revista Contabilidade & Finanças, 2007, **18**(45), P.83-90. Doi:10.1590/S1519-70772007000400008
- [21] Alcouffe, S., Berland, N., And Levant, Y., *Actor-networks and the diffusion of management accounting innovations: A comparative study*, Management Accounting Research, 2008, **19**(1), P.1-17.

- [22] Tweedie, D., *Critical Perspectives on Accounting*, Available online 4 February 2018.
- [23] Dolani, A., Hariri N., Hassanzadeh Esfanjani Hafez, M., Vali Nejadi, A., *A review of qualitative research and qualitative data analysis software*, Health Management Quarterly, 2012, **15**(47), P.90-77(in Persian).
- [24] Braun, V., Clarke, V., *Using thematic analysis in psychology*, Qualitative Research in Psychology, 2006, **3**(2), P.77-101. Doi:10.1191/1478088706qp063oa
- [25] Abedi Jafari, H., Taslimi, M. S., Faqihi, A., Sheikhzadeh, M., *Theme Analysis and Theme Network: A Simple and Efficient Method for Explaining Patterns in Qualitative Data*, Strategic Management Thought (Management Thought), Fall and Winter 2011, **5**(2), P.151-198(in Persian).
- [26] Pipan, T., and Czarniawska, B., *How to construct an actor-network: management accounting from idea to practice*, Critical Perspectives on Accounting, 2010, **21**(3), P.243-251. Doi: 10.1016/j.cpa.2008.04.001
- [27] Justesen, L., and Mouritsen, J., *Effects of actor-network theory in accounting research*, Accounting, Auditing & Accountability Journal, 2011, **24**(2), P.161-193. Doi: 10.1108/09513571111100672/full/html
- [28] Azadi, M., Izadikhah, M., Ramezani, F., Hussain, F.K., *A mixed ideal and anti-ideal DEA model: an application to evaluate cloud service providers*, IMA Journal of Management Mathematics, 2000, **31**(20), P. 233–256, Doi: 10.1093/imaman/dpz012
- [29] Izadikhah, M., *Financial Assessment of Banks and Financial Institutes in Stock Exchange by Means of an Enhanced Two stage DEA Model*, Advances in Mathematical Finance and Applications, 2021, **6**(2), P. 207-232. Doi: 10.22034/amfa.2020.1910507.1491
- [30] Zamani, S., Zanjirdar, M., Lalbar, A., *The effect of information disclosure on market reaction with meta-analysis approach*, Advances in Mathematical Finance and Applications, 2022, **7**(3), P. 629-644. Doi: 10.22034/amfa.2021.1937478.1625
- [31] Zanjirdar, M., *Overview of Portfolio Optimization Models*. Advances in Mathematical Finance and Applications, 2020, **5**(4), P.419-435. Doi: 10.22034/amfa.2020.674941.
- [32] Zanjirdar, M., Kasbi, P., Madahi, Z., *Investigating the effect of adjusted DuPont ratio and its components on investor & quote; s decisions in short and long term*, Management Science Letters, 2014, **4**(3), P.591-596. Doi: 10.5267/j.msl.2014.1.003
- [33] Rahmani, A., Zanjirdar, M., Ghiabi, H., *Effect of Peer Performance, Future Competitive Performance, and Factors of Correlation with Peer Companies on Manipulation of Abnormal Real Operations*. Advances in Mathematical Finance and Applications, 2021, **6**(1), P. 57-70. Doi: 10.22034/amfa.2020.1875478.1272