

Book Review: Accounting Theory (4th Edition, Illustrated, Reprint) by Ahmed Riahi-Belkaoui, Textbooks Series, Business Press, 2000, ISBN: 1861525206, 9781861525208.

Fahria Mahifa

Universitas Muhammadiyah Maluku Utara, Indonesia

Email: famahifa@gmail.com

Abstract. This review critically examines Ahmed Riahi-Belkaoui's *Accounting Theory* (4th edition, 2000), a comprehensive exploration of accounting principles and evolving paradigms. The book offers a structured analysis, progressing from foundational concepts to complex theoretical discussions. Key topics include normative and positive accounting theories, decision-usefulness, regulation, behavioral accounting, and the economic consequences of accounting choices. Belkaoui's integration of theoretical insights with practical applications, such as case studies, makes it a valuable resource for students, researchers, and professionals. The book's strengths lie in its rigorous examination of accounting thought, coherent structure, and empirical evidence. However, its limitations include outdated coverage of accounting developments and dense theoretical discussions, which may challenge novice readers. Despite these drawbacks, *Accounting Theory* remains a significant academic contribution, providing essential insights into the conceptual and philosophical foundations of accounting.

Keywords: Accounting Theory, Decision-Usefulness, Normative and Positive Accounting, Behavioral Accounting.

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Ahmed Riahi-Belkaoui's book *Accounting Theory* is a comprehensive and insightful exploration of the fundamental principles and evolving paradigms within accounting. Published as part of the ITBP Textbooks Series, the fourth edition of this book (2000) presents a structured approach to understanding the theoretical foundations of accounting and their application in contemporary financial reporting. Belkaoui's extensive academic background and scholarly contributions to accounting make this book a valuable resource for students, researchers, and professionals seeking to deepen their grasp of accounting theories. This review provides a critical analysis of the book, discussing its key themes, strengths, weaknesses, and overall contribution to the field of accounting. By evaluating the book's structure, content, and practical relevance, this review aims to offer a balanced perspective on its effectiveness as an academic resource.

The book is organized into multiple sections, each covering different aspects of accounting theory. The chapters systematically build upon one another, starting with foundational principles and progressing toward more complex and abstract theoretical discussions. Some of the key topics covered in *Accounting Theory* include the historical development of accounting thought, normative and positive accounting theories, the decision-usefulness approach, regulation and standard setting, behavioral accounting, and the economic consequences of accounting choices. Belkaoui's approach is both theoretical and practical, ensuring that readers can connect abstract principles with real-world applications. The book also includes case studies and examples to illustrate complex concepts, making it an effective learning tool.

One of the book's significant contributions is its detailed examination of the historical development of accounting theories. Belkaoui traces the transformation of accounting from a mere bookkeeping practice to a structured and scientific discipline. He highlights the influence of economic, social, and technological changes on accounting practices, emphasizing the dynamic nature of the field. A major theme of the book is the distinction between normative accounting theories, which prescribe how accounting should be conducted, and positive accounting theories, which describe and predict accounting behaviors based on empirical observations. Belkaoui critically analyzes both approaches, weighing their strengths and limitations in the context of financial reporting and decision-making.

Belkaoui underscores the importance of the decision-usefulness approach, which emphasizes providing financial information that aids investors, creditors, and other stakeholders in making informed decisions. This

perspective aligns with the conceptual framework for financial reporting adopted by bodies such as the Financial Accounting Standards Board (FASB) and the International Accounting Standards Board (IASB). Another critical discussion in the book revolves around accounting regulation and the role of standard-setting organizations like the IASB and FASB. Belkaoui examines the political and economic influences on accounting standards, arguing that standard-setting is not purely technical but also shaped by lobbying and corporate interests.

Belkaoui explores how human behavior and cognitive biases affect accounting decisions. This behavioral perspective provides insights into why accountants and managers may deviate from purely rational decision-making processes. Concepts such as bounded rationality and heuristics in financial reporting are examined, making this section particularly relevant for those interested in accounting psychology. The book also discusses the economic consequences of accounting choices, analyzing how accounting policies impact financial markets, investment decisions, and corporate governance. Belkaoui presents empirical research findings that demonstrate the interplay between accounting standards and economic outcomes, reinforcing the idea that accounting is not just about numbers but also about influencing economic behavior.

One of the book's strongest points is its broad coverage of accounting theories, ranging from foundational concepts to contemporary developments. The inclusion of behavioral accounting and economic consequences expands the traditional scope of accounting theory, providing readers with a holistic view of the discipline. Belkaoui structures the book logically, ensuring that readers build their knowledge progressively. Each chapter follows a coherent flow, making it easier to understand complex theoretical arguments. The book is well-supported by empirical research and real-world examples, enhancing its credibility. Belkaoui integrates both classic and contemporary studies to illustrate his arguments, making the book relevant to both academics and practitioners. Although deeply theoretical, the book is written in an accessible manner, making it useful for students new to accounting theory. The inclusion of case studies and applied examples also helps bridge the gap between theory and practice.

However, the book has some limitations. Since it was published in 2000, it does not address recent developments in accounting standards, such as changes in International Financial Reporting Standards (IFRS) or the increasing role of sustainability and environmental accounting. Readers looking for insights into modern challenges like digital accounting, blockchain technology, or corporate social responsibility (CSR) reporting may find the book somewhat outdated. While the book provides strong theoretical insights, some readers may find it lacking in practical applications. The discussions on standard-setting and regulatory processes, for instance, could benefit from more case studies and examples of real-world corporate practices. Despite its structured approach, some sections may be challenging for beginners due to the depth of theoretical discussions. A reader without prior exposure to accounting concepts might struggle with some of the book's more technical aspects.

Ahmed Riahi-Belkaoui's *Accounting Theory* is a seminal work that provides a deep and comprehensive analysis of accounting as an evolving discipline. Its strengths lie in its rigorous examination of accounting thought, clear organization, and integration of both theoretical and empirical perspectives. The book is particularly valuable for students, researchers, and professionals seeking to understand the philosophical and conceptual foundations of accounting. However, its limitations—such as the lack of coverage on more recent accounting developments and its occasionally dense theoretical discussions—mean that it should ideally be supplemented with more contemporary resources. Despite these drawbacks, *Accounting Theory* remains a highly influential and respected text in the field. For those interested in gaining a strong foundation in accounting theory, this book is an essential read. Its detailed exploration of accounting principles, combined with its emphasis on decision-usefulness and economic consequences, makes it a cornerstone text for understanding the role of accounting in society.