

# The Value and Application of Marxist Methodology in Accounting

Zhoupei Yang\*, Yulu Han, Xin Yi

Chengdu University Chengdu 610106, China

---

**Abstract:** This paper explores the value and application of Marxist theory and social science methodology in the field of accounting. By analyzing the fundamental principles of Marxism and the research methods of social science, and integrating them with the characteristics of the accounting profession, the paper illustrates the theoretical insights and guidance that Marxist thought offers to accounting. It also examines how social science methodologies are applied in accounting research and practice. Finally, the paper highlights the broader significance of incorporating Marxist and social science approaches into accounting and outlines potential directions for future research.

**Keywords:** Marxism; Social science methodology; Accounting.

---

## 1. Introduction

Accounting, as a vital tool supporting management decisions and organizational governance, plays an essential role in contemporary society. However, it is increasingly recognized that accounting is more than just a technical exercise involving data collection and financial reporting. Instead, accounting practices reflect broader socio-economic contexts, embody power relationships, and influence resource distribution within organizations and society at large. Understanding accounting thus requires consideration of its social and economic dimensions beyond mere numerical representation.

In this context, Marxist theory and social science methodologies provide particularly valuable insights for examining accounting practices. Marxist analysis, emphasizing the underlying class dynamics and structural contradictions inherent in capitalist systems, offers a framework for critically exploring how accounting serves specific economic interests and reinforces power imbalances. Meanwhile, social science methodologies—including historical, comparative, and empirical research approaches—offer systematic tools for investigating these socio-economic influences and evaluating their implications for accounting theory and practice.

Given these considerations, this paper examines how Marxist theory and social science methods can meaningfully inform accounting research and practice. By exploring their relevance and practical applications, the study encourages a critical re-evaluation of accounting's broader social impacts and its role within economic systems. In doing so, it aims to contribute to the ongoing development of accounting as both a scholarly field and a professional discipline.

## 2. The Implications of Marxist Thought for the Accounting Profession

Marxist theory introduces a critical perspective to the study of accounting, emphasizing the importance of viewing accounting practices within their wider socio-economic contexts. Unlike traditional accounting perspectives, which often regard financial information as neutral and objective,

Marxist approaches reveal how accounting reports can obscure underlying class conflicts, economic inequalities, and power structures inherent in capitalist societies. Such a viewpoint encourages a deeper exploration of the role accounting plays in perpetuating or potentially alleviating socio-economic inequalities. Marxism posits that the core contradiction of capitalist society lies in the antagonism between capital and labor, and in the unequal distribution of wealth. These structural dynamics pervade all domains, including corporate operations and accounting practices.

For example, Marx's theory of surplus value reveals the exploitative nature of capitalist production, whereby capitalists generate profit by controlling the means of production and employing wage labor. From an accounting perspective, this theory can be linked directly to traditional financial metrics, such as profits and labor costs. For example, profits shown in accounting reports might reflect not only operational efficiency but also the level of surplus labor extracted from employees. By analyzing financial data through this lens, we can critically evaluate corporate performance, revealing implicit social and economic dynamics that conventional accounting methods tend to overlook. Historical methods allow researchers to explore how accounting practices and standards have evolved over time, revealing connections between accounting changes and broader economic shifts. In the realm of accounting, this suggests that financial disclosure is not merely an objective representation of a firm's financial condition, but also a manifestation of the power relations among capitalists, workers, and investors. A deep understanding of these power dynamics enables more critical interpretation of financial statements, uncovering the socio-economic processes behind corporate figures and thereby enhancing financial analysis and risk assessment.

Marxist thought further highlights that enterprises are deeply embedded in social structures and should be understood as entities responsible not merely for profit maximization but also for broader social impacts.

### (1) Understanding Socio-Economic Relations

Within the Marxist theoretical framework, accounting is no longer seen as a neutral process of numerical recording and reporting. Rather, it is a medium through which the complex socio-economic relations inside and outside the enterprise are made visible. Conflicts between capital and labor, as well as

the interplay among shareholders, creditors, suppliers, and other stakeholders, can all be traced and analyzed through accounting information.

#### (2) Analyzing the Structure of Capitalist Economy

Marxist analysis offers profound insights into the structural and operational mechanisms of capitalism, including commodity production, monetary circulation, and capital accumulation. Applying this lens to accounting allows for a deeper understanding of how corporate financial activities are situated within the broader logic of the capitalist system. It helps reveal how accounting practices reflect and support the dynamics of capital expansion, and how they are implicated in the reproduction of systemic inequalities.

### 3. Applying Social Science Methods in Accounting

Social science methodology offers a diverse array of research tools and approaches for accounting, including historical analysis, comparative studies, and empirical research. These methods allow researchers to explore how accounting practices have evolved historically, test theoretical predictions systematically, and uncover consistent empirical findings, thus strengthening the scientific foundations of accounting scholarship.

For instance, historical analysis allows scholars to investigate and compare accounting institutions and practices across different historical periods, revealing underlying patterns and influencing factors. This helps deepen our understanding of the development, structure, and challenges of current accounting systems. At the same time, empirical research methods make use of data analysis and statistical techniques to test theoretical assumptions, thereby enhancing the reliability and persuasiveness of research findings.

Social science methods are equally important in professional practice. For instance, comparative research helps practitioners analyze financial statements across different companies, offering valuable insights into their financial health and operational practices, and thus aiding strategic decisions. In financial reporting analysis, empirical methods help identify patterns and trends in financial data, improving the accuracy and effectiveness of financial analysis.

#### (1) Application of Historical Analysis

As a key method in social science research, historical analysis holds indispensable value in the field of accounting. By systematically tracing the evolution of accounting practices and systems across historical periods, researchers can uncover the economic foundations, political contexts, and cultural factors behind institutional change. For example, the development of double-entry bookkeeping during the early stages of capitalism was not only a technical innovation, but also a response to the expanding demands of commodity exchange in a growing market economy. Through historical analysis, it becomes clear that current accounting standards are not natural or universally optimal structures, but rather outcomes of historically contingent negotiations of interests and power. This awareness helps dismantle the illusion of institutional neutrality, enabling critical reflection on accounting rules and practices. Ultimately, historical analysis contributes to broadening the social dimension of accounting theory and provides valuable insights for constructing more adaptable accounting systems.

#### (2) Application of Case Study Method

The case study method focuses on in-depth examinations of individual instances to reveal broader theoretical insights. In accounting research, case studies enable scholars to access dimensions of practice that often escape aggregate statistical analysis. They are especially useful in uncovering systemic flaws, governance failures, and behavioral anomalies in accounting. A prominent example is the Enron scandal. Through detailed examination of this case, researchers exposed how the discretionary application of accounting standards, weak internal controls, compromised auditor independence, and a culture of short-termism in financial markets converged to produce catastrophic failure. The case study method thus fosters a productive dialogue between theory and practice, facilitating a more comprehensive understanding of complex accounting phenomena and enhancing the practical relevance and impact of academic research.

#### (3) Application of Empirical Research Methods

Empirical research methods, which rely on systematic data collection and statistical analysis to test theoretical hypotheses and uncover empirical patterns, have become a dominant paradigm in contemporary accounting research. By employing large-scale datasets, researchers can examine systematic relationships involving accounting policy changes, corporate governance characteristics, and market response mechanisms. For example, regression analysis can be used to assess how the quality of accounting information affects a firm's cost of capital, or to explore the relationship between earnings management and fluctuations in corporate performance.

Empirical research brings rigor and empirical validation to accounting theories, providing quantitative insights that directly inform policy decisions and practice improvements. For example, empirical studies demonstrating a strong correlation between higher-quality accounting disclosures and lower cost of capital have significantly influenced regulatory approaches to financial transparency. Similarly, empirical findings regarding earnings management have led policymakers to refine auditing standards and corporate governance practices, directly impacting regulatory frameworks and corporate behaviors. However, from a Marxist methodological perspective, it is essential to remain critical of the limitations of empiricism. While empirical studies pursue statistical significance, they must be cautious not to overlook underlying structural contradictions and institutional contexts. Without such awareness, there is a risk of falling into a mechanically rational, overly technical mode of inquiry that fails to address the broader socio-economic dimensions of accounting.

### 4. The Value of Marxism and Social Science Methodology in Accounting

Marxist theory and social science methodology have provided the accounting field with valuable intellectual perspectives and practical tools to examine its broader role within society. These approaches encourage a move away from viewing accounting merely as a technical discipline that neutrally records financial data, pushing us instead to recognize it as a practice deeply influenced by historical contexts, social structures, and economic interests.

Marxism, in particular, highlights the underlying class relationships and power dynamics that shape corporate behavior and financial reporting practices. By focusing on the

systemic inequalities and conflicts within capitalism, Marxist analysis reveals that accounting information is produced within institutional contexts that inevitably reflect particular economic interests. Financial statements, therefore, serve not just to objectively report a firm's financial position, but also to manage stakeholders' perceptions, justify resource allocations, and sustain existing power relations.

Social science methodologies complement these theoretical insights by providing structured and rigorous ways to study accounting's complex social dimensions. Historical methods allow researchers to explore how accounting practices and standards have evolved over time, revealing connections between accounting changes and broader economic shifts. For instance, the adoption of International Financial Reporting Standards (IFRS) globally can be analyzed not only as a technical convergence but also as reflecting the broader forces of economic globalization, market liberalization, and capital market integration. Historical analysis can highlight how accounting standards evolve in response to changing economic paradigms, regulatory environments, and social expectations, thereby enriching our understanding of current accounting practices. Comparative studies and case analyses can illuminate the varied ways accounting practices are shaped by different institutional and cultural settings. Empirical research methods further help to systematically assess how accounting choices influence corporate governance structures, investor behavior, and capital access.

Combining Marxist perspectives with social science methodologies is especially effective, as it links critical theoretical insights directly to empirical investigation. A clear example of this combined approach could involve analyzing how corporate social responsibility (CSR) disclosures reflect underlying power dynamics between management, employees, and shareholders. Marxist theory frames CSR as potentially reinforcing capitalist ideologies, while empirical analysis of disclosure patterns across industries can provide concrete evidence of how such reporting practices align with specific economic interests and power structures. Marxist frameworks encourage researchers to ask challenging questions about the distribution of benefits and costs arising from accounting practices, while social science methods provide the empirical tools to rigorously explore and answer these questions. Together, these approaches foster more reflective, nuanced, and socially responsible scholarship in accounting.

In today's rapidly changing and uncertain global economic environment, accounting professionals face greater expectations not only to generate accurate and reliable financial information but also to interpret the underlying economic realities and their broader societal impacts. By incorporating insights from Marxist theory and employing robust social science methods, accountants and researchers alike can engage more critically and responsibly with their professional tasks. Such an integrated approach encourages a more reflective accounting practice, attentive to broader social implications and committed to promoting transparency, accountability, and sustainability.

## 5. Conclusion

This paper has explored the value and application of Marxist theory and social science methodology within the accounting profession. First, it analyzed how core Marxist concepts illuminate the socio-economic relations and

capitalist structures underlying accounting practices. Then, it examined the application of social science research methods—including historical analysis, comparative studies, and empirical research—and their importance in enhancing the scientific rigor and practical relevance of accounting inquiry. The discussion further emphasized the transformative potential of combining Marxist perspectives with social science methods in advancing both accounting theory and practice, particularly in fostering critical thinking and socio-political awareness among accounting professionals.

Nevertheless, the application of Marxist theory and social science methodology in accounting is not without its challenges. Given the complexity and diversity of the accounting field, no single theory or method can fully explain or resolve all issues. This calls for the ongoing integration and synthesis of various theoretical perspectives and methodological tools to build more comprehensive and adaptable analytical frameworks. Additionally, in light of rapid globalization and the accelerated evolution of information technologies, accounting practice and regulatory environments continue to shift, imposing new demands on the knowledge and competencies of practitioners. To meet these challenges, accounting professionals must continually update their skills and broaden their expertise.

Moving forward, further efforts should be made to integrate Marxist insights and social science approaches more thoroughly into accounting research and educational programs. Specific future research could include, firstly, an empirical investigation into how accounting disclosures impact employee perceptions of fairness and exploitation within firms. Secondly, a comparative historical analysis of accounting standards could be undertaken to examine how shifts in political and economic systems influence regulatory practices in different countries. Such focused research directions would significantly contribute to expanding the theoretical and practical influence of Marxist and social science approaches in accounting. By expanding both the depth and breadth of theoretical engagement and methodological application, scholars and practitioners can contribute more meaningfully to the advancement of accounting knowledge and its practical relevance. Ultimately, Marxist theory and social science methods are expected to remain influential in the development of accounting, supporting both theoretical innovations and practical reforms aimed at promoting greater social responsibility and sustainable practices.

## References

- [1] Mantzarie E, Smyth S, Lanka S. Classical Marxist accounting research: A literature review and directions for future research [J]. *Critical Perspectives on Accounting*, 2025, 101: 102789.
- [2] Bryer R A. Marx And Accounting [J]. *Critical Perspectives on Accounting*, 1999, 10(5): 683-709.
- [3] Napier C J. Accounts of change: 30 years of historical accounting research [J]. *Accounting, Organizations and Society*, 2006, 31(4): 445-507.
- [4] Dillard J F. Accounting as a Critical Social Science [J]. *Accounting, Auditing & Accountability Journal*, 1991, 4(1): 1-1.
- [5] Cooper C. Accounting for the fictitious: A Marxist contribution to understanding accounting's roles in the financial crisis [J]. *Critical Perspectives on Accounting*, 2015, 30: 63-82.