

**19-22 HAZİRAN 2013 TARİHLERİNDE DÜZENLENEN  
III BMAC’NİN SON OTURUMUNDA YAPILAN  
‘THE NEW HORIZONS ON ACCOUNTING HISTORY’  
(Muhasebe Tarihinde Yeni Ufuklar) ADLI PANELDE  
SUNULAN GÖRÜŞLER**

**I. Orta Doğu adına Shawki Farag (Mısır)**

Dear colleagues,

The past three days were quite enriching as your contributions covered not only accounting history but extended to other critical issues and country experiences. We are all grateful and indebted to our great professor Oktay for his efforts over many years to bring us together and in creating links between accounting scholars in our regions.

There were 191 participants from 31 countries in addition to representation of 48 Turkish universities and other professional accounting associations. Such a select and diversified gathering enabled a fruitful exchange of ideas in a well organized setting. The organizers of the Congress and their staff deserve our heartfelt thanks and congratulations for their excellent work and a well done job.

I would like to propose to you three themes for our future gatherings which I feel deserve our focus:

The first is the need to evaluate the performance of our financial institutions to determine how effective they are performing their role in our economies. Financial institutions command an increasing share of domestic savings and the financial crisis taught us that reported profits could be misleading and that auditors failed. The reliance on Basel Accords is not sufficient to assess the performance of these important organizations.

The second is the need to review and compare our experience with the application of IFRS. Our profession has accepted and applied the

standards which are manufactured in London with little, if any, input from our region- It is time to assess whether IFRS fulfill our needs and conditions. The important SME sector and the growth of the so called Islamic companies present additional challenges for our profession which have to be addressed

Finally, the subject of accounting education and training deserve always our continuous evaluation. Regional cooperation in the area of training will benefit all at reduced cost. Joint audit projects and peer reviews will foster links and broaden and deepen professional experience. We need to reduce our reliance on the big four accounting firms and support the growth of our domestic firms We need to find ways and means of doing that.

Our future meetings may include these topics in their programs and in the mean time i hope that our communication will continue on accounting issues.

Wishing you all a safe journey home.

Thank You.

## **II. Afrika adına Kabiru Isa Dandago (Nijerya)**

### **Introduction**

In the last four days (19-22 June, 2013), scholars and practitioners were engaged in brainstorming sessions on the concept of accounting and its history, digging out historical antecedents of accounting before Luca Pacioli, during Pacioli's reign as an acclaimed inventor, and the sustained developing history of the discipline after Pacioli. These were the issues that were highlighted during the twin-conference tagged: (1) the 3<sup>rd</sup> International Conference on Luca Pacioli in Accounting History and (2) the 3<sup>rd</sup> Balkans and Middle East Countries Accounting and Accounting History, held at the Istanbul Technical University (ITU), Istanbul, Turkey.

The twin-conference was attended by well over 300 participants, from 35 different countries of the world, categorized by the organizers into seven geographies of the world: the Americans, Western Europe, Eurasia, Africa, Balkans, Middle East, and Far East. At the closing ceremonies of the twin conference, 7 academicians, each representing one of the seven identified geographies, were required to deliver speeches to evaluate the twin-conference. Yours sincerely was required to represent Africa in the panel of 7 evaluators of the conference.

### **Lessons Africa Could Draw from the Twin-Conference**

From my humble assessment, the twin-conference made the following revelations that would be of great interest to accountants in the African continent, especially accounting historians.

Accounting is a dynamic discipline, moving with developments in the economic system. At the early stage of its development, when merchandizing was the dominant business activity in the olden days' economic system, it was just about recognition of the importance of record-keeping. The nomenclature "book-keeping" came to being following Luca Pacioli's effort at formalizing the record keeping systems initiated by some scholars and merchants before him into a treatise. Pacioli, being the first to capture a description of double

entry book-keeping in some chapters of a book he wrote in 1494, became an instant hero in the discipline of accounting, even though his background was mathematics.

The industrial revolution in Europe was followed with the emergence of large scale industrial and commercial activities in the economic system, which necessitated the establishment of joint stock companies. The accounting system of these companies had to go beyond profit/loss determination to cost estimation and accounting, budgeting and budgetary control and determination of state of affairs (balance sheet). These were expansions to scope of accounting brought about by developments in the economic system.

The Scottish Company Act of 1854 and the subsequent Acts enacted in Britain and other countries of the world gave recognition to the need for auditing as a means of getting professional opinions on the financial statements prepared by managers for the decision making needs of shareholders and other stakeholders. All these point to the developmental process of accounting as a field of study.

Historically speaking (from the viewpoint of revealed religious believers), accounting bears the best origin than any other profession in the world, in view of the fact that the first thing Adam and Eve were asked to do by their Creator was to account for what they did in Heaven. It is also marked by the record keeping assignment on the angels of God on the goings on in this world. It is also enjoying the credit of being the only profession that would be brought to play in the Hereafter, as everybody would stand before God to “account” for what he/she has done on earth! Everybody should therefore, be conversant with the history of this great profession!

### **The Need to Dig out African Accounting History**

In the African continent, Accounting has a very long historical background, going by the well established kingdoms, empires and dynasties that have existed in various parts of the continent and the numerous business and commercial activities that were known to have influenced the economic, social and political development of the continent for a very long time. These

kingdoms, empires, dynasties, commerce and business activities operated with different records keeping and accounting systems, and with some dimensions of financial management system, tax system and auditing system.

The various dynasties (Egyptian, Ethiopian, etc), empires, kingdoms, emirates, obaship, etc that existed in the continent have been built on sound records keeping and accounting systems. They have also relied on their sources of revenue to cover their developmental expenditure and they have exercised high degree of prudence, transparency and accountability in the management of public funds. All these historical accounting issues are traceable from libraries, archives and direct contacts with conventional historians.

Some of the papers presented at this twin-conference have traced accounting historical issues in some countries in Africa, especially Nigeria. The efforts were mainly on the historical development of accounting after political independence, with emphasis on the historical development of accountancy profession in the continent. Book-keeping and accounting histories in the African continent before formation of the countries of Africa, as entities, or even before obtaining political independence by the countries have not been addressed by the papers presented at this conference.

It is expected that African Accounting Historians would be encouraged the twin-conference organizers and other concerned conferences, organizations and individuals to walk back deeply, into the continent's record keeping and accounting history, to periods before colonization of the countries in Africa. They are then to move upwards to periods when most of the countries were under their colonial masters and then move up to periods of agitation for political independence of these countries. The record keeping and accounting systems then might be found to be better than the existing (borrowed) systems in used in various countries of Africa. Has accounting (which normally influences the environment, just as the environment influences it) played any significant role in the struggle for the political independence of the countries in Africa? Deep-rooted historical accounting researches in various communities or nations of Africa could have provided excellent answers to this and many other technical historical questions.

While this evaluator expects better outing by the African accounting historians during the 4<sup>th</sup> twin-conference, there is the need for the issue of funding of the researches that could lead to better performance of the African accounting historians to be taken into account. They actually need the financial support of concerned organizations and individuals for them to produce the type of exciting historical accounting papers received by the 3<sup>rd</sup> twin-conference from Turkish scholars, in particular.

On the history of accounting after the political independence of African countries, many of the papers were accurate in addressing the contributions of educational institutions to the development of accounting as a discipline, the development of various branches of accounting (financial accounting, management accounting, governmental accounting, auditing, taxation, etc), the institutionalization of accountancy professional bodies, the standardization of financial reporting (locally and internationally), corporate finance (including historical issues on financing, investing and dividend functions), the rise of corporate governance issues and ethics in accounting theories and practices.

### **Conclusion**

From the presentations made at the twin-conference, African accounting historians have established that African countries have been historically part and parcel of the mainstream of global accountancy developmental trends (being colonies of Britain, France, Portugal, etc who influence global accounting standardization). Many of the countries in Africa now have clear roadmaps for convergence to IFRS, IPSAS, IAAS, etc.

It is hoped that, as African continent joins the rest of the world in accounting practices and uniform financial reporting, African accounting historians would face the challenge of documenting the continent's historical accounting past with a view to understanding the present situation so as to plan better as to how the discipline should be in the future. As accounting is studied from the African perspectives of its historical past, present challenges and future prospects, scholars and practitioners would consider developments in the continent's indigenous accounting as a source of pride to the continent.

**Thank you for listening!**

### **III. Balkanlar adına Miruna Nachescu (Romanya)**

Seven years ago, I had the privilege to attend a conference in Bucharest which changed completely my approach to accounting and also to the Balkans countries. It was my first occasion to meet the spectacular Turkish culture and some people that showed me that accounting can be a passion.

I was just a PhD student at that stage and I was fascinated by the passion that was coming out of the words of a Turkish professor that was there to promote the 1<sup>st</sup> Balkans and Middle East Countries Conference on Auditing and Accounting History. I didn't dare to approach him at first, but his kind smile made me get over my fear and we started to talk. It was the beginning of a new friendship and of a deep respect that I'll always have for our host today: Professor PhD Oktay Guvemli.

He was the one that introduced me to the Association of Accounting and Financial History Researchers (MUFITAD) and to the fascinating world of accounting and financial history.

Today, it is a really great honour for me to be entrusted by professor Guvemli to speak about what the Balkans and Middle East Countries International Conferences on Auditing and Accounting History meant for me, for Romania, for the Balkans and for the world of accounting. First of all I have to confess that seven years ago, I knew very little about the accounting history and almost nothing about the accounting of other countries in the Balkans and I was always speaking from the point of view of the specialist in finance that had some basic experience in accounting. Probably, today it would be the same if I hadn't had the chance of winning professor Guvemli's trust (I still wonder how that happened). He was the one that asked me to start writing and to send a paper for the 1<sup>st</sup> Balkans and Middle East Countries International Conference on Auditing and Accounting History in Edirne, 2007. As I was unable to say no, I set the first step on this "road" and I'll always be grateful.

That first edition gave me the chance to meet many specialists in the field of auditing and accounting history and to discover a spectacular culture.

It also convinced me that the interest in the history of accounting and audit is growing all over the world and that knowing how our profession has evolved in time is really important.

The next conferences I attended showed me the importance of a strong community and the impact a group of enthusiastic professionals can have on the development of the profession. I've got to know the Association of Accounting and Financial History Research (AAFHR) and its objective, stipulated in the charter of the Association, namely that of "contributing to the development of the science of accounting and management finance history, the encouragement of scientific research and studies on these subjects, the fulfilment of efficient and effective educational services and the diffusion of this discipline at national and international level".

If for me these conferences were the link to a new culture that I've started to love, to good friends and to a new area of interest, I think that they were even more important for the development of the accounting and auditing professions. These conferences contributed to the popularization of the cultures of accounting in the Balkans and Middle East, cultures that were not familiar to the western countries. Countries like Romania and Turkey are endeavouring to make their recording cultures of accounting widely known. This should be regarded as an innovation for the world. The question is: 'What have we accomplished so far, what more to do to achieve bigger goals?'

Many of the papers presented in the previous editions tried to answer this question. Papers revolved around topics such as Accounting, Business and Auditing, with special attention to their historical aspects.

The conferences that were organized were at the basis of a whole literature that developed on the subject and was promoted by the numerous papers presented during the conferences and in the conferences proceedings as well as in the Accounting and Financial History Research Journal, published by MUFITAD. At professor Guvemli's suggestion, we've even tried to identify the main similarities and differences between the evolution of the audit profession in different countries in the Balkans and we've published in 2012 the book *The Audit Profession in the Balkans* by Sotiraq Dhamo,



Rezarta Shkurti, Tina Vuko, Marina Serafimoska, Miruna Nachescu, Bojana Vukovic, Oktay Güvemli and Mehmet Ozbirecikli, at the Ed. Turmob Yayinlari.

Prof. Guvemli and MUFAD are pursuing their vocation of serving as “a link between accounting historians of the west and the ones of East Europe, the Balkans and Middle East countries” (as prof. PhD Esteban Hernandez-Esteve said in the Prologue of the three-volume Proceedings of the 2<sup>nd</sup> Balkans and Middle East Countries International Conference on Auditing and Accounting History).

After the success of the first two editions of our conference and that of the 12<sup>th</sup> World Congress of Accounting Historians in 2008, I am pleased to see the huge success of the 3<sup>rd</sup> Balkans and Middle East Countries International Conference on Auditing and Accounting History.

In the end I'd like to quote Confucius that was saying:

“If two persons have two apples and decide to exchange them between themselves, they are going to end up with one apple each. But if two persons have two ideas and decide to exchange them, they will end up with having at least two ideas each”.

So, continue exchanging ideas and improving the accounting and auditing traditions and methods in your countries, for the development of the profession.

Good luck and many more editions of this conference!

#### **IV. Avrasya adına Viatcheslav Y. Sokolov (Rusya)**

At BMAC 3, I represent Eurasia. This is our continent which comprises the whole Old World.

However, Eurasia is not a geographical notion. It rather is a certain community for which both European and Asian traditions are common. From this perspective, Russia and Turkey are allies. We are looking to enter Europe, but do not forego our distinctive character.

Our Turkish colleagues are currently making impressive input in studying this area. A great number of surveys have been published during the period while BMACs are held. These papers may be surely treated as discoveries, mostly in history of accounting. Furthermore, the magazine published in Istanbul is considered among the most reputable publications in this area.

Meanwhile, the most valuable contribution that our Turkish colleagues have made to develop the accounting science is be to host international forums. The World Congress of Accountants and the World Congress of Accounting Educators and Researchers in 2006, the European Congress in 2010, the International Congress of Historical Sciences in 2009 and, finally, three BMACs have offered a good opportunity for researchers from various countries, primarily Eurasian emerging economies, to publicise their surveys.

In addition, unlike many other similar conferences, these reports have been wonderfully (!) published. This is extremely important both for researchers many of whom have just started their careers and for their colleagues who gain access to up-to-date information.

18 reports have been presented at BMAC 3 from Russia alone, four from Azerbaijan and three from Ukraine and Georgia.

These reports do not limit themselves to national issues only. Nine of them address history of accounting in the Middle Ages, 12 discuss history of accounting in the Modern Age, four relate to IFRS adoption and three deal with theory of accounting.

What distinguishes BMAC:

- A broad range of participants, participants from more countries than the number of countries member of BMAC .

- Common language: all participants speak a common language (straight forward English) and its command does not put any serious or primary barrier for the participants.

- Professional moderation. The organisers clearly identify topics for the sections, which makes it easier for those who submit their papers for approval and makes section discussions more effective, since they concentrate the audience interested in the same topic. This also makes surveys easier to review, since publications are clearly attributed by issues addressed.

- Strict requirements for materials admitted to BMAC. This is achieved thanks to the academic board to which leading scientists in the relevant areas are invited.

- High quality publications, both from the perspective of scientific value and visual design.

What is really important about BMAC 3 is that reports presented serve as launchpads for new studies which will follow and as early as today we can imagine where our science would go tomorrow.

Let's discuss the results of this development at BMAC 4!

## **V. Batı Avrupa adına Lúcia L. Rodrigues (Portekiz)**

In this paper I analyse what it is known about the Western Europe accounting history community; and developments in accounting history publications in Western Europe from 2000 onwards. Finally, I will present an overview of accounting history in Western Europe and the new horizons for this academic community.

### **1.The Western Europe Accounting History Community**

This section outlines the respective arrangements in place for accounting history in Western Europe, based on Carnegie & Rodrigues (2007). It analyses the cases of France, Italy, Portugal, Spain and UK.

#### *France*

While the present-day accounting history community is not represented by a specific association, the active, yet informal community, including a number of prominent full professors of accounting, conducts annual workshops (*journées*) as its key activity. About one third of the papers presented at this annual workshop are by foreign researchers. This demonstrates that the series of workshops is not a mere local activity but has an international orientation. Papers presented at these workshops in 1995 and 1996 at Nantes and Tours respectively have served also as the foundations of special issues of *Accounting Business & Financial History (ABFH)*, published in 1997 (Parker et al., 1997).

#### *Italy*

The Italian Society of Accounting History (SISR) was founded in 1987. Since 2001, one of the most important activities of the SISR is the publication of the refereed journal *Accounting and Business Culture*. Articles published in this journal are in the Italian language, although the abstracts of articles are available in English. The SISR also conducts a biennial national conference. These conferences are important for promoting national or international publications.

*Portugal*

In Portugal there are two accounting history commissions: the first, formed in 1996, the Accounting History Research Centre (AHRC), is a section of the Portuguese Association of Accountants (APOTEC, an unofficial association); and the second is the Accounting History Commission, established in 2007, The Accounting History Commission is a section of the Order of Certified Accountants (OTOC) (the official accounting association). They AHRC and the AHC both organize workshops. The AHC holds annual workshops. There is no refereed journal specializing in accounting history. Nevertheless, OTOC scientific journal, Portuguese Journal of Accounting and Management has accepted papers about accounting history Most of the members of the latter publish in international accounting history journals and present papers on accounting history topics to international conferences.

*Spain*

The Accounting History Commission is a section of the Spanish Association for Accounting and Management (AECA). One of the major activities of the Commission is to organize regular Workshops on Accounting History. Since December 2004, the Commission has published the electronic refereed journal *De Computis*, which publishes papers in Spanish, Portuguese and English. Since 1996, the Commission has presented an annual award to recognize the best work on the history of accounting written in an Iberian Peninsula language (that is, in Spanish or Portuguese).

*United Kingdom*

The accounting history community in the UK is currently not represented by a specific association or special interest group of a general academic or other accounting body. The community of UK-based accounting history scholars was formally represented by the now-defunct Accounting History Society until the late 1980s. At the time of writing, the accounting history community is linked informally with ABFH and its annual conference, which has been held each year in Cardiff since 1989. Today, the accounting history community tends to be subscribers of, and contributors to, the Routledge English language journal, *Accounting History Review* (former ABFH).

## 2. Developments in Accounting History Publications

The increasing importance of English in international publication in accounting is acknowledged. Nevertheless, greater respect for diversity is encouraged (Carnegie & Rodrigues, 2007). Hernandez-Esteve (1998) pointed out that English language accounting historians were taking advantage of the widespread use of English throughout the world while becoming seemingly narrower. When we look at the three major accounting history journals in English, one can observe the dominance of English native accounting historians. Table 1 presents the accounting history publications by Western European authors. UK accounting historians are the most prolific authors. The relevance of Spain can be explained by the number of papers published in Spanish in the *De Computis* journal. Italian publications are underestimated in this table since the Italian journal only publishes in Italian and has only published a few authors from other countries (Esteban Hernandez published two papers in this journal in Italian). Therefore, if we consider the papers in the Italian journal, Italy would be ranked second.

**Table 1.** Accounting History publications in Western Europe  
from 2000 onwards

	Accounting History	Accounting History Review*	Accounting Historians Journal	De Computis**	Total
UK	30.1	87.3	45.3	1.3	164
Spain	12.7	11.2	6	58.7	88.6
Italy	12.2	18	3.7	10	43.9
France	3	22.5	4	1	30.5
Portugal	8	-	2	1	11
Ireland	1	7	2	-	10
Germany	1	6	2	-	9
Nederland	1	4	-	-	5
Sweden	1	3	-	-	4
Finland	2	1	-	-	3
Romania	1	-	-	1	2
Belgium	1	-	-	-	1
Russia	1	-	-	-	1
Total	75	160	65	73	373

Note 1. \*Formerly known as Accounting, Business & Financial History (1990 - 2010); Accounting History Review from 2011 onwards

Note 2. \*\* This journal only started in 2004

Note 3. When a paper was co-authored by Western European authors it was divided by the number of European authors. If it was co-authored by an author from another region, the paper was counted as if from Western European country.

### **3. Overview on the Accounting History: Western Europe**

The French and the British accounting history communities are perceived to be arranged and nurtured on an informal or non-institutionalized basis. However, in the case of UK, the accounting history research centre and related annual conferences are major drivers of research being developed. In the case of France, workshops also seem to play an important role. In other countries (such as Italy, Portugal and Spain) the accounting history community is organized formally and also organizes annual or bi-annual conferences.

Spain and Italy reveal that the problem is not the lack of accounting historians, but the lack of authors who publish accounting history research in leading English language journals. Indeed, many scholars in these Latin countries who are conducting history-based accounting research in their first language only (which is other than English) are at moment “invisible” and largely ignored within the so-called international accounting history community.

It is difficult to discern what is happening in other European Western countries. However, at least three reasons can explain their “invisibility” in the international accounting history community: first, accounting historians are not organized and there is a lack of accounting history conferences in these countries; second, the English language is a barrier to wider dissemination of their research; and third, perhaps accounting history is not considered an important research area in these countries.

#### **4. New Horizons for the Accounting History: Western Europe**

The accounting history community in Western Europe has increased in the past twelve years. Countries such as Spain, Italy, France and Portugal seem to be promoting accounting history as an important research area. The long history and the important role of this part of Europe in world history explain why accounting history is stinger in these countries.

New horizons for accounting history can be created by promoting national and international conferences in countries, such as, Belgium, Finland, Germany, Romania, Russia, and Sweden. Hopefully, such conferences will assist in developing the accounting history communities in these countries. Cooperation between several researchers from various areas of knowledge, namely economic history, may give impetus to accounting history research. The access to primary data is changing and may became easier and cheaper in the coming years, namely if they are available on the archives websites. Possible support from institutional bodies of the accounting profession may be an incentive to develop accounting history. PhD and master programs with accounting history courses may introduce research themes in the area to newcomers. Hopefully, with all these measures the accounting history community can be enlarged as a consequence. It is important to explore how accounting has evolved in all of Western Europe. If we do so, that will be to our collective advantage.

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## **VI. Amerika adına James McKinney (ABD)**

I want to thank Professor Dr. Oktay Güvemli and the Conference Organizing Committee for the opportunity to speak to the conference participants. I have enjoyed the wonderful hospitality of Turkey, Istanbul, and the conference attendees. Although I am supposed to represent the America's, I must admit that most of my comments come from my perspective as the most recent Past-President and Trustee of the Academy of Accounting Historians. Many of you are aware of the Academy of Accounting Historians activities but I also know that many of you are not aware. The Academy promotes the expansion of knowledge of accounting history and accounting history research techniques throughout the world. The Academy has two major publications the *Accounting Historians Journal* and the *Accounting Historians Notebook*. The Academy has many accounting history awards for the promotion of excellence within accounting history. Though many of you might believe that the Academy is primarily an American organization, I believe that its leadership suggests otherwise. At this conference we have three past presidents. Although Barbara Merino and I are from the United States, we also have past president Stephen Walker from the United Kingdom and the incoming President, Massimo Sargiacomo, who hails from Italy. Of the four other current Academy Trustees present besides myself, we have Alan Sangster from Australia, Lúcia Lima Rodrigues from Portugal, Mikhail I. Kuter from Russia, and of course, Dr. Oktay Güvemli our conference Co-Convener, from Turkey. I encourage all who have an interest in Accounting History to join the Academy of Accounting Historians. Go to [aahhq.org](http://aahhq.org) for more details on membership.

As I understand it, the III International Conference on Luca Pacioli in Accounting History and III Balkans and Middle East Countries Conference on Accounting and Accounting History was convened with the goal to promote the expansion of knowledge about accounting and accounting history within the Balkans and Middle East and about Luca Pacioli and accounting within the renaissance period. Based on the stated goals, I declare the conference a

success!

I have personally attended numerous presentations at this conference with presenters from Russia, Albania, Romania, Malaysia, Nigeria, Egypt, Italy, Portugal, England, Scotland, the United States, Australia, and of course many from Turkey. Because of Turkey’s strategic location, there were many participants from countries that are not often represented at other accounting history conferences in Europe and the United States. I have learned much about accounting within various parts of the world as well as Luca Paciloli, renaissance and post-renaissance accounting, and the use of the stairs method. I believe that many papers have successfully increased the dissemination of knowledge about these areas.

However, I believe that we all can agree that we need to expand our efforts. We should all strive to achieve greater rigor in our work and methodologies used. We should do all we can to expand the boundaries of our knowledge of accounting history. Let’s all work together to achieve those ends.

I want to thank Professor Dr. Oktay Güvemli and the Conference Organizing Committee for the successful planning of the conference. Given the extraordinary logistical difficulties of planning for such a large number of attendees and then because of very recent disturbances having to handle many potential participants dropping out at the last minute, I applaud their herculean efforts. Let’s all give another round of applause to Professor Dr. Oktay Güvemli and the Conference Organizing Committee for their efforts. This has been a wonderful conference and I look forward to seeing you in the future as friends and colleagues here in Turkey and in other conferences.

## **VII. Uzak Doğu adına Akira Nin (Japonya)**

### **I. Introduction**

It is my great honor to take part in this closing session. My name is Akira Nin. I am a professor at The University of Kitakyushu, a Japanese public university. I am an ad-hoc member of Japanese Accounting Oversight Board. I live in Kitakyushu-city of population one million. It is located midway between Shanghai-China, and Tokyo-Japan.

The significant powers in Far East include China, Japan, and Korea. As for South Korea, it incorporated global rules from 1997, when Korea experienced a sudden financial crisis. After that, Korea took decisive actions to change old conventions and rules. Changes include full adoption of IFRS. South Korea has achieved significant economic growth since then.

South Korea put forth collective effort after its liberation from the war, and left away from Japanese-type foundations. And it quickly revived its economy. And they are already familiar with the new thought framework of IFRS.

From a Japanese perspective, Chinese and Koreans appear to make quick actions in decision-making. In contrast, it is generally believed that Japan takes too much time in making critical decisions.

I believe not only the Japanese but the most professionals in Far East are eager to adopt world class accounting rules. I feel, on the other hand, the number of accounting historians who study Asian accounting history is gradually decreasing.

### **II. Japan and World War II**

As it was in the 15<sup>th</sup> century Italy, consummated by Luca Pacioli’s “Summa Arithmetica”, we have a renowned Japanese who brought double-entry book keeping theory into Japan for the first time. His name was Yukichi FUKUZAWA, and he translated a book entitled “Common School Book-Keeping” published in New York in 1871.

Starting from the introduction of double-entry book keeping, Japanese encountered notable progress in practices, these typically being implemented in the banking industry. In wartime, conspicuous advancements were made in cost accounting to make weapons. If Japan’s foreign policy had had anything equivalent to the core value of double-entry bookkeeping, perhaps the terrible miscalculations of World War II could have been avoided.

In April of 1945, the Okinawa became a horrendous battlefield. The fate of Japan had already been determined but Japan then could not make the timely decision to surrender. And the citizens of Hiroshima and Nagasaki bore the terrible consequences.

The lesson from the pacific war must be left to the historians of a different type, but some says that the Japanese memories from victories in preceding wars deteriorated the quality of decisions, and innocent people’s lives were lost.

After the War, the Japanese Commercial Code, originally instituted in 1899, came to seem old-fashioned. Japan was forced to deal with various complexities on its way to introduce new systems.

### **III. Japan - After World War II**

You may recall Pulitzer Prize winning book, John Dower’s “Embracing Defeat.” Some people who survived the chaos of destruction became leaders in newborn Japan. They were destined to create new Japan different from the old imperial Japan.

In September 1945, a US occupation army general located his office in the middle of Tokyo. Under his control, Japan began to implement new market regulations and auditing rules in a rush.

In the post-war period, Japanese legal systems and even the shop signs of restaurants came to have American twists or tastes. In the stock market, compliance with the new Securities Act became important since the old “Zaibatsu” conglomerates had been ordered to dissolve.

At present, the Japanese legislature imports significant US legislation usually with delay of five years. The Sarbanes and Oxley Act of US had been

grafted into the Japanese Securities Act in 2007, with its Section 404 for more than 3,000 listed corporations. After all, Japan is a faithful follower of US, today.

Quite recently, we have had fraudulent accounting cases at the company “Olympus” and the quality of auditing became a point of contention. Expectations gap, again, looms. We are trying to enforce high quality audits by raising the bar of professional skepticism.

#### **IV. Japanese Accounting Legislation and its System**

In the wake of the 21<sup>st</sup> century, Japan was trying to accomplish convergence with the IFRS, and as for the auditing, to adopt global standards with the name of “Clarity.”

However, because of the disaster of East Japan Earthquake in 2011, Japan decided to postpone the timing of IFRS full adoption. The reason for this was the cost burden of implementing IFRS to companies suffering damages from the great earthquake.

The Nikkei stock average has become utterly sluggish in the past several years, and the ruling political party changed last December. New prime minister, Shinzo ABE, has launched policies to ease the money market. Manufacturers and Exporting industries are hoping to keep the Japanese Yen a bit weaker. The Japanese stock market has suddenly boomed to record high percentage growth during the last half year, but again it is becoming very unstable and volatile in these days.

#### **V. Characteristics of Japanese Accounting Research**

When I first studied accounting at the graduate school of Waseda university in Tokyo, the textbook assigned was, “An Introduction to Corporate Accounting Standards” written by Paton and Littleton. Then, I recall my advisers started to peruse “A Statement of Basic Accounting Theory” of American Accounting Association. Since then, Japanese researchers began to study state of the art research results obtained in US, and have gradually departed from retroactive insights.

Now, the accounting academicians are expected to look back into history more extensively. Knowing history is intriguing. We get thrills in thinking about “why” things happened, though thinking “if it hadn’t happened” is rarely useful.

Today, evidence based-on empirical research is prevalent. But we should remember that the discipline of accounting inherently has aspects of “art”. We need the connoisseurs to dig out historical heritages from beneath the soil. In whatever style we choose, easy-way-out cherry picking is to be avoided. Only persistent labor will guide us up to the bosom of truth.

## **VI. Conclusion**

In Japan, by the Great Earthquake of 2011, twenty thousand people died. The death toll is not mere numbers but Japanese should remember it with thousands of smiles of children with lovely little eyes. People there have fears of Tsunami, high waves of the ocean, but I never have heard the victims’ say that they curse the sea. It is because human beings are ruled by fate, and are destined to return to nature.

Today on this same earth, the continuity of life may suddenly be shattered somewhere by absurd violence. One would have an ever-lasting chain of rancor. Isn’t this a shameful situation of human beings?

To show the locus of accounting thoughts, we are expected to understand that accounting is an uninterrupted endeavor to touch the relics of human spirits and pride. One may die but one’s achievements never die. The next generation has the privilege of inheriting the legacy of its predecessors’. This cycle allows us to appreciate generations as the beautiful flow of a natural stream.

For this week with my comrades in Istanbul, I have been very lucky person to witness this conference, sharing views with the New Horizons on Accounting History. We are now expected to monitor, to document, and to devote ourselves, to bravely face up events to come.

I hereby say thank you to my esteemed colleagues whom I deeply respect, and thank you to my friends sharing experience in this hyper-connected one world.