

**THE HISTORICAL EVOLUTION OF RESEARCH IN ACCOUNTING. NATIONAL AND EUROPEAN CONTEXT**

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**Abstract**

*Driven by the desire to create added value in a very generous but very difficult field of the history of accounting in Romania, and wanting to generate useful knowledge both for the academic and for the practical fields, this article aims to demonstrate the intrinsic link between economic and social development and the development of accounting through historical approach. In this context, history is not regarded as a sequence of facts, resulting in inevitable cause-effect relationships. On the contrary, it is something we have sought to avoid at all times in order to emphasize a procedural approach in which events can be analyzed in an interpretative manner. Given that history means a chain of cause and effect facts, we must draw attention to the fact that this is an ideal situation, from which we start in order to simplify reasoning. In fact, to the extent that the causes could have been objectively known, history would not have been rewritten so many times. For this reason, we prefer to approach history as an essentially discontinuous phenomenon, following major trends, speculations being what ensures the continuity of the historical process.*

**Key words:** *historical development, accounting history, evolution of research.*

**JEL Classification:** *M41, N01, B15*

**I. INTRODUCTION**

The beginnings of accounting are confounded with man's first economic activities. Once man has become an economic entity (homo economicus), there has also been a need to measure and record his economic activity at the individual or community level (Paciolo, 1981). The need for accounting was present both for the owners of power over a community (princes, priests, kings, etc.) as well for those who engaged in trading, in order to measure, to record, to communicate, and to authenticate various economic "facts" or, more generally, social relations. The measuring and accounting methods were very varied, as was the materials on which they were made, starting with bone or stone inlays, with notes on burned clay tablets or papyrus, and then later with accounting ledgers being kept on paper up to the contemporary age characterized by the dematerialization of accounting records by using electronic information processing. We can state that the evolution of accounting, as a social practice, is related to the man becoming an economic being.

The historical approach to accounting can never be complete, either due to the lack of historical facts (especially for remote periods in time), or either due to the very large number of them. It is obvious that there can be no claim to an exposition setting definitive coordinates, but because history is rewritten continuously, both due to the subjectivity of the historian and due to the discovery of new historical facts, as well as the reinterpretation of existing ones, we can reveal aspects of the evolution of accounting that will help to better understand present and future trends. In any case, the subject is inexhaustible, each paragraph, or even subdivisions of paragraphs, requiring distinct and wide-ranging research

Is historical research needed in the field of accounting? Can the study of the history of accounting influence the evolution of current trends in the accounting of economic entities? Is it still necessary to research the past as long as at the international level the priority is the introduction of international accounting standards? And if so, can such a research influence the normalization process?

Currently, in the field of accounting, the study of past periods is conducted internationally within two disciplines: accounting history and comparative accounting.

The sphere of research in comparative accounting implies both an incursion into the present, at the level of the existing accounting differences between countries, as well as one in the past. From these two disciplines, through the phenomenon of hybridization, has resulted a new field of research, the history of international comparative accounting. The need for this research field is explained by P. Walton (1995: 1) as follows: "Anyone wishing to study how current financial reports are being drawn up according to a country's national rules, needs to know how these regulations have evolved over time in order to understand the current situation."

## **II. RESEARCH DIRECTIONS IN ACCOUNTING HISTORY**

Currently, in the field of accounting, the study of past periods is conducted internationally in two disciplines: accounting history and comparative accounting.

The aim of comparative accounting research involves both a current incursion, at the level of accounting differences between countries, as well as an incursion in the past. From these two disciplines resulted a new field of research, the history of internationally compared accounting. The need for this area of research is explained by Walton as follows: "Anyone wishing to study current financial reports drawn up according to a country's national rules needs to know how these regulations have evolved over time to be able to understand the current situation" (Walton, 1995). In many countries, the lack of historical information is often perceived as an impediment to historical comparative research.

By limiting ourselves to the field of accounting' history, there are many concerns, at international level. Approaches are diverse, ranging from traditional ones to postmodernist ones.

But at the level of current research in the field of accounting' history, two main trends emerged: Littleton's School or Traditional Accounting History and New Accounting History.

Littleton's School had as its starting point the evolutionary conception of Littleton, according to which accounting adapts rationally to changes in the economic environment due to the fact that the market selects the most effective accounting practices. This research trend promotes a neoclassical vision of accounting history.

For the followers of this trend, accounting is the product of a set of technological, social, institutional influences, and teachers are not the only actors, but practitioners and the public power have a role. Thus, accounting is regarded as a discipline at the intersection between science and technology, which cannot be viewed in isolation, but in relation to law, taxation, economy, organizations and social production relations.

However, the approach promoted by Littleton's School was not considered to be satisfactory to all accounting historians because they considered that this "school", built on the paradigm of economic agents' rationality and market logic, ignores the social and political dimension of accounting.

As a result, since the mid-1980s, the British environment has multiplied the critical approaches to accounting history, which have created the trend called "New Accounting History". This research school, supported primarily by the British Magazine Accounting Organizations and Society, rejects the evolving chart of accounting in favor of a multitude of theoretical approaches.

The history of accounting is no longer studied only as a technique influenced by the environment in which it operates, but also as a social and political activity capable of influencing and transforming social relations (Lemarchand, Nikitin, 2009).

These researchers promote a "history of social accounting", trying to show that accounting systems can participate in the development of social order.

In conclusion, it can be argued that the diversity of paradigms reflects the accentuation of the maturity of accounting as a discipline.

## **III. THE EVOLUTION OF RESEARCH ON HISTORICAL DEVELOPMENT OF ACCOUNTING**

The purpose of researching the history of accounting is multiple: the description of the phenomena, the discovery of relations between several phenomena, the explanation of one or more phenomena, the prediction of the phenomena that allow the confirmation of a theory, the influence of future events (Degos, 1998).

### *A. The International Evolution of Research on Historical Development of Accounting*

At international level, there are growing concerns about the study of the history of doctrines and accounting practices. As the "intellectualization" of this field occurred, the interest of accountants and especially of the academic community related to the history of the accounting profession and the scientific approach to accounting highly increased.

The role of research on accounting history can be seen from two different angles of view: microhistory, in which separate views of some historians are presented, and macro-history, in which the behaviors of those involved in the changes in accounting are studied:

In the case of micro-history, the historian may wish to elaborate the historical story in a way that encourages readers to learn the lessons of the past, although it may be more appropriate to consider those lessons as belonging to a historian rather than to regard them as history (Williams, 1999).

At the "macro" level, it is important to investigate the extent to which those involved in changing accounting (not only through national and international regulations but also within organizations) are trying to mobilize rhetoric of progress and improvement and the extent to which it is not necessary for such rhetoric to be produced as if it were something in itself (Napier, 2001).

Since the beginning of the twentieth century, Anglo-American research has been the most advanced in this field. In 1973, the Academy of Accounting Historians, a scientific association with international vocation, dedicated to the study of accounting history, was created in the USA. There are also three English language academic journals devoted exclusively to this topic: The Accounting Historians Journal; Accounting, Business and Financial History and Accounting History.

Although in France the research of accounting history is more recent, being particularly stimulated by the French Accounting Association (AFC), created in 1979, there is a community of researchers concerned with this subject, which is manifested through doctoral theses, articles, studies and participation in scientific events promoting the history of accounting.

It has become a tradition that one of the sections of the AFC Annual Congress to be called the History of Accounting. Although there is no French publication devoted exclusively to the history of accounting, journals such as *Revue française de comptabilité*, *Comptabilité-Contrôle-audit*, *Revue française de gestion*, *Entreprises et Histoire*, give important areas of research on Historical Development of Accounting.

After the Second World War, the emergence of books researching exclusively the History of Accounting. There are numerous studies on accounting history included in different thematic volumes. We can say that since the 1950s, the history of accounting is delimited as a distinct field of research.

In universities from the Western countries, study of Accounting History has become a more or less extensive subject in accounting courses or even an autonomous discipline from the in-depth business management studies. Among Western countries, the study of accounting history is most obvious in the USA.

Considering the need for historical research in the field of accounting, R. Parker notes some gaps in two studies conducted by Previts, Parker and Coffman in 1990, among which we mention that we exclude authors who wrote in a language other than English (with one exception); it appears that a history of accounting existed only in English, especially in the United States, the United Kingdom and Australia; accountancy preceding the 20th century is ignored; there are no references to important works about the history of accounting made by others other than professional accountants; little attention is paid to public sector accounting; the history of internationalization of accounting is ignored (Parker, 1993).

Today, we can classify accounting history as a hybrid discipline resulting from the recombination of fragments from other older disciplines such as accounting, economics history, auxiliary disciplines of history, and other social disciplines.

Hybridization is a process encountered in social sciences that also affects accounting as social science. This "hybridization" is more than a synthesis of knowledge in different fields related to a particular subject, as it has as a goal the formation of a new "subdisciplinary", as is the "accounting history", to produce new information (ie scientific progress) in the areas in which it resulted, enhancing the "science" of information conveyed by accounting, history, or other areas of social science.

Progress in accounting history can be supported through three main research directions:

- Encouraging transversal research, history demonstrating interdependence between different disciplines;
- Development of comparative studies of accounting history;
- Encourage research from the historical perspective of management sciences, which also includes accounting.

For historians, interdisciplinary dialogue is "an imperative in front of which historiography cannot go without the risk of deepening into stagnation and isolation", being important that "the results of the approaches at the confluence of history with the other socio-human disciplines be presented in a understandable form for other historians as well as for other socio-human subjects so that the acceptance of interdisciplinary approaches increases over time" (Murgescu, 2000).

#### *B. The Romanian Evolution of Research on Historical Development of Accounting*

Beginning with the second half of the 20th century, accounting history has been individualized as a distinct research area and has become an inexhaustible area of study, especially for Anglo-Saxon literature.

Unfortunately, in our country the research of accounting history did not enjoy the same attention. In Romania, the research of the accounting past was carried out in several directions, but it was not given a significant dimension. We have to make it clear that the majority of authors who have researched the accounting

history pursued an international dimension. They were concerned about the accountancy profile in Romania, in an evolutionary form, a small number of specialists, including: C.G. Demetrescu, D. Rusu, I. Ionascu and D. Calu.

The first systematic concerns related to the history of accounting appear with the development phase of Romanian accounting, after 1900. In 1932, D. Voinea publishes his doctoral thesis, "Phases of Accounting Evolution", in which he deals with the evolution of accounting, especially from Italy, France and Germany. Then, in 1947, C.G. Demetrescu publishes "The Critical History of Accounting Literature in Romania" where he presents for the first time both a synthesis of the evolution of Romanian thinking and the incidence of foreign influences.

Although the stage of "socialist realism" (1947-1990) meant a regress in Romanian accounting, by disconnecting it from the international circuit of ideas and politicizing the theoretical approaches, there are still some notable achievements that concern the history of accounting. First of all, the work of Professor C.G. Demetrescu, after a period of "settlement" of Romanian accounting in the "new context", resumed his concerns regarding the research of the past of accounting, finalized by the publication in 1972 of the book "History of Accounting" (Bucharest, Scientific Publishing House). Having a rich foreign literature (in French, Italian and German) and being a good acquaintance of the Romanian accounting literature, C.G. Demetrescu carries out this work of accounting history from the Romanian landscape, following an evolutionary scheme: accounting in slavery, in feudalism, in capitalism, and in the problems of contemporary accounting. A special section is reserved for the presentation of the Romanian accounting evolution. Within each temporal structure, a contextual analysis is made by countries, with a chronological presentation of the facts that marked the practice and the doctrine of accounting. A distinctive note of the paper is that the author carries out a critical appreciation of various works and theories in the "scientific" approach of accounting.

Another notable achievement is the translation of Luca Paciolo's work "Double Entry Bookkeeping" by Professors Dumitru Rusu and Ștefan Cuciureanu (Junimea Publishing House, Iași, 1981). The authors mention: "We transcribed and translated Luca Paciolo's Accounting Act after the second edition, Venice, 1523, M. Eminescu University Central Library, Iași ...". The paper is accompanied by an introductory study, and two other studies ("Spread of Accounting after Paciolo" and "The Beginnings of Romanian Accounting Thinking") and an afterword that represents real contributions to the research of accounting history. Through this work, the Romanian researcher has the opportunity to approach the first text of the accounting literature in the author's language, the medieval Italian, as well as in Romanian, being a "material and historical" support of any analysis of the accounting evolution.

Moreover, the research of the Romanian accounting was a priority for Professor D. Rusu, materialized also by publishing a collection of books entitled "Fra Luca di Borgo and the Doctrines of Accounting in the Romanian Economic Culture" (collectively written by Prof. Dumitru Dumitru Rusu, Junimea Publishing House, Iași, 1991). Although this work appeared after 1990, it is a synthesis of researches on the history of Romanian accounting carried out by authors and published in various variants until 1990.

To all these, can be added also the studies regarding the evolution of accounting included in various accounting works (for example, Traian Tămășan has a chapter titled "Qualitative Steps in Accounting Evolution" in the book "Scientific Basics of Accounting", Scientific Publishing House, Bucharest, 1973; another chapter "Considerations on Accounting Evolution" is presented in the book "The Basics of Accounting" by Gheorghe Enache, Scientific and Encyclopedic Publishing House, Bucharest, 1977 etc.) or articles published in specialized journals.

After 1990, Romanian accounting has entered a new phase, both as a social practice, in business management, and as a scientific approach. But one of the less explored sides is the study of accounting history.

The origins of accounting are confused with the origins of human civilization. Of course, people have felt the need to highlight their wealth since ancient times, but we must not confuse this with modern accountancy. The evolution of human society calls for more and better organized accounts, carried out according to clear rules and methods, which can be easily understood by more and more people. Over the years, experience shows us that when there is chaos and confusion in things, things are not going well. Without efficient control, businesses, even states, were failing. Thus, over time, the need for permanent knowledge of the values movements has been felt more and more. Reflection in the monetary expression of both the existence of the patrimony, its movement, its transformation and the appearance of the results from the economic operations is done with the help of accounting.

Today, accounting has evolved to another stage of knowledge, a process driven by profound changes in the economic sphere, under the inertia of the globalization process. Because today we are facing irreversible and interest-driven processes in the accounting field, such as: globalization of economies, development of transnational companies, increasing stock market capitalization, development of capital markets and the emergence of new financial products, accounting, as social science, modeled and perfected in such a way as to

meet the information requirements of the moment.

Improvement involves change and accounting has evolved over time as an open system, responsive to changes in the political, economic, social and cultural environment

In the future, the design of an accounting "road", it is strongly related to the political and economic evolution. As long as the phenomenon of globalization will persist, the future in the accounting plan will be in line with international accounting standards. However, imposing another theory on a political-economic plane could disrupt this trend. Will cosmopolitanism be able, for example, to persist or resume some "traditions" in some accounting systems? This is currently just a challenge for the future.

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#### **IV. CONCLUSIONS**

The research issue should be approached with caution because history is dependent on the existence of evidence available and what is an important element of generating changes in a particular country may be irrelevant in another reference system.

Internationally, it is well-defined the view that each generation must rewrite history according to its specific problems and aspirations, and to our generation, one of the key issues is globalization.

The origins of accounting are confounded with the origins of human civilization. Of course, as people have felt the need to highlight their wealth since ancient times, we must not confuse this with modern accountancy. The evolution of human society calls for more and better organized accounts, carried out according to clear rules and methods, which can be easily understood by more and more people. Over the years, experience shows us that when there is chaos and confusion in records, things are not going well at all. Without proper recordings and a control as efficient as possible, businesses, even states, failed. Thus, over time, the need for permanent knowledge of the fluctuations of the values has been felt more and more. The reflection in the monetary terms of the existence of the patrimony, its movement, its transformation and the results from the economic operations is done with the help of accounting.

Presently, accounting has evolved to another stage of knowledge, process driven by profound changes in the economic sphere, under the inertia of the globalization process. Since today we are facing irreversible and interesting processes in the accounting field, such as: the globalization of economies, the creation of transnational companies, the increasing of stock market capitalization, the development of capital markets and the emergence of new financial products, accounting, as a social science, modeled and perfected in such a way as to meet the information requirements of the present.

Improvement involves change and accounting has evolved over time as an open system, responsive to changes in the political, economic, social and cultural environments.

Designing of a "roadmap" for accounting in the future is dependent on the political and economic evolution. As long as the phenomenon of globalization will persist, the future of accounting will be in line with international accounting standards. However, imposing another theory of the political and economic fields could disrupt this trend. Will, for instance cosmopolitanism, be able, for example, to persist or resume some "traditions" in some accounting systems? This is currently just a challenge for the future.

Accounting history helps us know who we are, where we come from and how we are here (Oldroyd, 1999).

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