

Accounting Historians Journal

Volume 28
Issue 2 December 2001

Article 9

2001

Were Islamic records precursors to accounting books based on the Italian method? A response

Omar Abdullah Zaid

Follow this and additional works at: https://egrove.olemiss.edu/aah_journal

Part of the [Accounting Commons](#), and the [Taxation Commons](#)

Recommended Citation

Zaid, Omar Abdullah (2001) "Were Islamic records precursors to accounting books based on the Italian method? A response," *Accounting Historians Journal*: Vol. 28 : Iss. 2 , Article 9.
Available at: https://egrove.olemiss.edu/aah_journal/vol28/iss2/9

This Article is brought to you for free and open access by the Archival Digital Accounting Collection at eGrove. It has been accepted for inclusion in Accounting Historians Journal by an authorized editor of eGrove. For more information, please contact egrove@olemiss.edu.

Accounting Historians Journal
Vol. 28, No. 2
December 2001

RESPONSE

Omar Abdullah Zaid
INTERNATIONAL ISLAMIC UNIVERSITY MALAYSIA

“WERE ISLAMIC RECORDS PRECURSORS TO ACCOUNTING BOOKS BASED ON THE ITALIAN METHOD?” A RESPONSE

Abstract: Offers a response to Nobes' comment on Zaid [2000]. Focuses on Nobes' interpretation of the arguments presented by Zaid, his contentions about 'pious inscriptions' and the use of the term 'journal'. Calls for broader thinking on the history of double entry bookkeeping and for more research on possible antecedents in the Islamic state.

Four aspects of Nobes' comment will be addressed in this response: Nobes' understanding and interpretation of Zaid [2000]; the requirement to start the books with the phrase '*In The Name of God*'; the use of the term '*Journal*'; and, the readers' understanding of Zaid [2000] as perceived by Nobes.

First, the subject of Nobes' understanding and interpretation of Zaid [2000]. Nobes suggests that: "Zaid would seem to be seeking to identify the influence of the practices of the Islamic State on one or other of the following Italian developments:

1. various pre-double-entry accounting records and reports, or
2. the accounting records and reports specifically related to the practice of double entry."

It will be apparent to readers of Zaid [2000] that neither of these issues were the concern of, or addressed in, my paper. Rather, the paper specifically examined accounting *books* as

Acknowledgment: The author wishes to thank the editor for his constructive comments and suggestions.

Submitted May 2001
Revised August 2001
Accepted September 2001

one of the several components of the Italian Method. The paper did not refer to the 'double entry system'. It appears that Nobes understands the 'Italian Method' as being restricted to the 'double entry system'. The 'Italian Method', as we know it is a more comprehensive practice that should not be restricted to meaning only 'books' or the 'double entry system'. Accordingly, Zaid [2000] was an attempt to examine the influence of the accounting *books* developed in the Islamic state on the accounting *books* used in the Italian republics.

The subject of the 'double entry system' is a separate issue; and requires further research and discussion about 'who' was responsible for its development, and 'where' and 'when' it emerged. At present no conclusive evidence exist as to 'who' developed the 'double entry system'. All that we do know is that it was used in the Italian republics. Although I confirm that at present no evidence has been found that the 'double entry system' was developed by Muslim scholars or others outside (or inside) the Italian republics, the possibility of a direct or indirect contribution by Muslim accounting scholars to the development of the 'double entry system' through their accounting books, accounting systems, recording procedures and reports, cannot be ruled out. This possibility exists given the influence of Muslim traders on the practices of their Italian counterparts. As Wolff observed in the wider context, the condition in Europe at the time of the early use of double entry "was temporarily at a standstill, and we shall therefore not expect to find a visible or appreciable progress in methods of accounting during that period" [1912, p. 54]. This was also suggested by a number of Western scholars and is akin to Nobes' comment "that many of the necessary conditions for the development of double entry (as suggested by Littleton) were established in the Muslim world earlier than in Italy and that they probably moved from the former to the latter".

As Nobes mentions in his comment, "Zaid does not suggest that he is offering evidence that any of the Islamic records were kept in double entry". This statement would appear to conflict with his earlier contention that "Zaid would seem to be seeking to identify the influence of the practices of the Islamic State on one or other of the following Italian developments: 1. various *pre-double-entry* accounting records and reports, or 2. the accounting records and reports specifically related to the practice of *double entry*." (emphasis added). If the object of Nobes' comment is to explore whether developments in accounting and trade in the Islamic state contributed to the development of

'double-entry-system', my response is that neither a direct or indirect relationship between developments in the Islamic state and the emergence of the double entry system can be ruled out. This was also the opinion of a number of Western scholars including Littleton.

A second issue addressed by Nobes concerns his statement that "pious inscriptions can be found in Italy throughout the centuries leading up to the appearance of double entry . . . they were applied to other documents, not just accounting". I agree with Nobes' statement that "pious inscriptions" can be found in and outside Italy before and after Pacioli's documentation of the double entry system in the Italian republics. But the question that should be raised is whether the use of 'pious inscriptions' was a general requirement or was optional? According to Nobes this was not a mandatory requirement. According to Al-Mazendarany [1363] it was an *explicit mandatory requirement* that the accountant starts the accounting books with the phrase "In the Name of Allah, The Most Gracious, The Most Merciful" and the same was later suggested by Pacioli in 1494, whether the person is a pious accountant or not.

A third issue addressed by Nobes is the use of the term 'Journal'. Nobes states "the English word "journal" derives from the French '*journal*', related to the Italian "*giornal*", and that it goes back (like the English word "diurnal") to the Latin adjective "diurnalis" and the ancient Latin adjective "*diurnus*" (both meaning diurnal or daily). In ancient Rome, a diary or day-book was "*diurnum*". This pre-dates Islam by many centuries". In Zaid [2000] reference is made to the word "Zornal" and the current equivalent "Journal" not as an 'abstract' word but as associated with accounting as suggested by Pacioli. Of course, the words "Journal" or "Zornal" and "Jaridah" existed for centuries before Islam but the important issue is not the words themselves but their use and meanings in the context of accounting. This is the same as with many other words such as the word/name "Mohammad". This word was used before Islam but it was only after Islam that it became exclusively associated with Muslims. The words "Jaridah", "Journal" and "Zornal" were similarly associated with accounting although they could be used and have meanings in different contexts. The issue here is the closeness of the meaning and use of the word "Jaridah" with the meaning and use of "Zornal" and "Journal". It would be useful if Nobes could show whether the word "Zornal" was used in an accounting context in the Italian republics before the Renaissance and in the practice of accounting documented in

Pacioli's book. The focus should not be on the "abstract" word but its meaning and use as an integral part of practice as is the case with "*Zornal*" or "Journal" and "Accounting".

A fourth issue raised by Nobes is "the readers' understanding" of Zaid [2000]. Nobes offers comments such as: "readers might infer", "Readers might well infer", and "might mislead readers". What may be inferred reflects Nobes' personal opinions and understanding of the history of double entry book-keeping. It would not be conducive to academic debate if Nobes assumed that all accounting historians were to think in the same direction and interpret Zaid [2000] in the same way as himself. This narrowness of view is further suggested when Nobes states "it is vital to establish this because a mass of literature would be overturned if Zaid had proposed and provided support for interpretation 2".

In conclusion, the author appreciates Nobes' comment as a constructive contribution to the ongoing debate and unresolved questions concerning 'when' and 'where' the double entry system was developed and 'who' initiated its development.

REFERENCES

- Al-Mazendarany, M., (1363), *Risalah falakiyyah Kitabus Siyakat* (Istanbul: Ayasofya Library, MS No. 2756), In Turkish.
- Woolf, A. H. (1912), *A Short History of Accountants and Accountancy* (London: Gee and Co.).
- Zaid, O. A. (2000), "Were Islamic Records Precursors to Accounting books Based on the Italian Method?" *The Accounting Historians Journal*, Vol. 27, No. 1: 73-90.