ISSN 1808-057X
DOI: 10.1590/1808-057x201990310

EDITORIAL

Thirty years of *Accounting & Finance Review*: past, present, dreams for the future

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1. INTRODUCTION

The **MSc in Accounting of the School of Economics, Business Administration, and Accounting (Faculdade de Economia, Administração e Contabilidade – FEA USP)**, a pioneer in Brazil, was created and began to operate in 1970, after a major reform in the structure of the **University of São Paulo (Universidade de São Paulo –USP)**. **José da Costa Boucinhas** was the head of our department. Some years later, the course was renamed as **MSc in Accounting and Controllership**, at the initiative of the then coordinator **Stephen Charles Kanitz**, who planned to change it, a few years later, to **MSc in Controllership and Accounting**. Was it a matter of status? In that case, it has worked!

The **Ph.D. in Accounting** began in 1978 – then, there was not another MSc program in the area in the country, yet. New MSc programs only emerged in other Brazilian institutions in the 1980s, also encouraged and supported by the **Department of Accounting and Actuarial Science (Departamento de Contabilidade e Atuária – EAC)** of the FEA USP and the **Foundation Institute for Accounting, Actuarial Science, and Financial Research (Fundação Instituto de Pesquisas Contábeis, Atuariais e Financeiras – FIPECAFI)** – such as that of the **Pontifical Catholic University of São Paulo (Pontifícia Universidade Católica de São Paulo – PUC-SP)** and that of the **Getulio Vargas Foundation (Fundação Getulio Vargas – FGV)** in Rio de Janeiro (later transferred to the **University of the State of Rio de Janeiro – Universidade do Estado do Rio de Janeiro – UERJ**). At the time, the authors of this Editorial were head of department (Sérgio de Iudicibus) and coordinator of the program (Eliseu Martins), with **Antonio Peres Rodrigues Filho** presiding the FIPECAFI (which had been created at his initiative, in 1974).

No one asks how a Ph.D. program was created already having Ph.D. holders? Doctors coming from where, if this 1978 Ph.D. program was the first in Brazil? To understand this, we need to know that before 1970 the Ph.D. studies were directly offered by the university unit's congregation (the FEA, in this case) and the subjects were addressed individually and directly along with the professors; there was no 'course' or classrooms, but a rather lonely 'Ph.D. thesis process;' sometimes, only advisors looked at it. Thus, before the Ph.D. course was created, the authors of this Editorial and many other colleagues were already Ph.D. holders, educated under the old regime.

Our MSc and Ph.D. program participated, despite its area is Accounting, in the creation of the **National Association of Graduate Studies and Research in Administration (Associação Nacional de Pós-Graduação e Pesquisa em Administração – ANPAD)**. First, because it was the only course in Accounting in the country; and, second, because our coordinator was Stephen Kanitz, always innovative. With this, we managed not to feel so lonely and gained much experience. In 2006 the National Association of Graduate Programs in Accounting (ANPCONT) was founded with 13 Accounting Graduated Programs.

2. THE LACK OF THIS REVIEW

Until 1989, there was no journal, no academic review participated in the evolution of this MSc and Ph.D. program or any other in Brazil, although the education of masters and doctors in the **Department of Accounting and Actuarial Science** of the FEA USP was already significant and a few other MSc programs already exist. Academic literature in Accounting existed in the form of dissertations and theses, but only a few articles were published in non-academic reviews, in scientific congresses, or in Administration journals. It is worth highlighting that there were a fair number of papers written for congresses. Somehow, they died there.

Certainly, people were already talking about the creation of a journal for our graduate program at the FEA USP. **José Carlos Marion** was the most incisive supporter of this idea. However, resources were scarce, both in the department and in the FIPECAFI – clearly, the lack of this review made it hard to achieve academic growth in our area.

3. THE REVIEW IS BORN

It was only in October 1989 that the so-called **Caderno de Estudos** of the Department of Accounting and Actuarial Science of the FEA USP, funded by the FIPECAFI, was born from a fruitful partnership that continues to this day. Originally printed by offset, with format, title, and cover page inspired by a modest (by today's standards) French review of the time. And it was published with spiral binding. Everything aimed to make it as cheap as possible.

The head of the department was one of the authors of this Editorial (Sérgio de Iudicibus), the coordinator of the MSc and Ph.D. program was **Alecseo Kravec**, and the president of the FIPECAFI was the other author of this Editorial (Eliseu Martins). The first editor of the **Caderno de Estudos**, **Jacira Tudora Carastan**, was another great enthusiast of these and other causes; unfortunately, she left us too early.

As a pioneer among the academic accounting journals in Brazil, Jacira Carastan worked tirelessly and gracefully for 12 years, collecting the articles, participating in the selection process, promoting editorial adjustments, taking care of printing, and also of the distribution – free of charge, sending at least one copy by post to all of the Accounting schools in the country.

At the time, the articles were almost fully normativist, conceptual, dissertative. And the themes dealt with had something to do with the present day? The great issue of this publication is related to the quality of its contribution (Carmona, 2011).

Let us look at the articles published in issue No. 1 of the then **Caderno de Estudos**:

1. "Lucro contábil – crepúsculo ou ressurgimento?" [Accounting profit – twilight or resurgence?] (Sérgio de Iudicibus)
   - A response to an article by 2 distinguished professors from the FGV, i.e. "O crepúsculo do lucro contábil" [The twilight of accounting profit] (published in the **Revista de Administração de Empresas**, of the FGV). Let us think quickly: has Accounting been in its twilight or has it resurfaced, lately? Is this theme current or not?
2. "A importância e a responsabilidade da gestão financeira na empresa" [The importance and responsibility of financial management in the company] (Ângela Cheng and Márcia Martins Mendes – then students)
   - What an unmodern subject, is not it?
3. "Avaliação do impacto do novo texto constitucional nas alíquotas de contribuições sociais e previdenciárias" [Evaluating the impact of the new constitutional text on the rates of social and social security contributions] (Welington Rocha – then student)
   - Taxes and charges have changed, the percentages too, but the comparison model, simple and effective, has not.
4. "Até onde caminham juntos a Contabilidade e o Direito?" [How far do Accounting and Law go together?] (Marcelo Coletto Pohlmann – then student)
   - Wow, is this subject current or not? Even today, there are groups of accountants and lawyers, many with double degrees, who discuss this link, and the issue has been increasingly discussed on both sides. Take, for instance, some groups that are virtually only devoted to this field Accounting/Law: the

> Grupo de Estudos em Direito e Contabilidade (GEDEC – FGV Law School – Escola de Direito da FGV); the Grupo IBDT/FIPECAFI (Brazilian Institute of Tax Law – Instituto Brasileiro de Direito Tributário – and FIPECAFI); and, well before these, the Diálogos FEA/São Francisco (FEA USP and USP Law School – Faculdade de Direito da USP) – at least, these are the ones we know. In fact, this subject is more and more current, do you agree?

Now, let us look at the articles published in issue No. 2 of the **Caderno de Estudos** (do not worry, reader, we will not cite all those published so far...):

1. "Contabilidade *vs* fluxo de caixa" [Accounting vs. cash flow] (Eliseu Martins)
   - The poor students of this author must read it and 'memorize' it to this day. At least the author thinks that, despite everything, it remains current...
2. "Custo de oportunidade: conceitos e contabilização" [Opportunity cost: concepts and accounting] (Anísio C. Pereira, Dauro R. Redaelli, Benedito F. de Souza, and Joshua C. Imoniana – then students)
   - The problem with this subject is that it remains absolutely current, but without an accounting solution aimed at the accounting reports with external purposes until today... but those who were students of Armando Catelli (and his followers to this day) will remember the GECON – Gestão Econômica de Empresas!
3. "A Contabilidade e a Teoria da Informação" [Accounting and Information Theory] (Antonio Zoratto Sanvicente – professor of Business Administration)
   - Is there any doubt about the topicality of discussing the very objective of Accounting – information?
4. "Contabilidade da atividade imobiliária" [Accounting for real estate transactions] (Clara P. Mosimann, Getúlio A. de Abreu, Marcelino F. Carvalho, and Watner V. Dantas – then students)
   - The issue is so current that during 2018 (and the consequences continue in 2019) there was been the biggest debate on it between some of the regulatory bodies of Brazil.

4. AND THE JOURNAL GROWS

First major physical evolution of the Journal: the issues No. 10, 11, and 12 (1994-1995) were bound with clamps instead of a spiral (excuse us, please...). From 1996 to 2000, finally the issues began to be printed in a print shop, but still using the same name until the issue No. 23. In 2000, after the early death of Jacira Carastan, **Lázaro Plácido Lisboa became** the editor, who would say in the Editor's Letter of issue No. 25 that the Journal was renamed as **Accounting & Finance Review [Revista Contabilidade & Finanças]**, published by the FIPECAFI/FEA USP:

> [...] [this is] only the new name of the **Caderno de Estudos**, published and distributed free of charge since 1989.

In fact, many were the initiatives of Lázaro Lisboa, who genuinely internationalized the Review, a novelty that he really dreamed of and anticipated:

> [...] we received from the Editorial Board the task of, in a first step, to publish the articles presented abroad, in English, in both languages (Portuguese and English), side by side, in different colors.

Today, this sounds like a joke, but then, it was a great innovation; moving on:

> [...] [we] will implement[,] in the year 2002[,] an international review, indexed to renowned international reviews, with a body of consultants and a new Editorial Board consisting of experts from several countries.

How many dreams!

A good part of them were implemented, although taking more time than initially planned.

It is worth mentioning the **Edição Comemorativa dos 25 Anos de Doutorado em Controladoria e Contabilidade** [Commemorative Edition Celebrating 25 Years of the Ph.D. in Controllership and Accounting], published in October 2003, as well as the **Edição Comemorativa dos 70 anos da USP** [Commemorative Edition Celebrating the 70 Years of the USP], which came to light in June 2004, and a **Edição Especial em Atuária** [Special Issue in Actuarial Science], and another one addressing the **60 Anos de Contabilidade na USP** [60 Years of Accounting at the USP], both published in 2006.

There were also **30 Anos de Doutorado em Contabilidade** [30 Years of the Ph.D. in Accounting], in 2007, and the **Edição Histórica** [Historical Edition], in 2014, concerning historical accounting research. Over his 9 years in charge of the **Accounting and Finance Review** (from issue No. 24 to 48), Lázaro Lisboa has solidified Jacira Carastan's work, genuinely internationalizing the review and including it in indexing bodies. This upgrade was amazing.

As we said, the texts were basically normative, presenting, at most, the development of some applied mathematical model; for instance: the analysis of balance sheets, but without empirical studies using statistical resources with some sophistication. Discussions on some very specific model emerged, such as James A. Ohlson's.

The papers with a strong dose of empiricism and the use of more sophisticated statistical methods of correlation analysis began in the mid-2000s; in a short time, these studies have become the great majority of publications.

Sérgio de Iudicibus, followed by **Alexsandro Broedel Lopes**, pioneered and encouraged the development of this research methodology among us. Today, we see that, perhaps, they have pushed the pendulum too far and there is some difficulty in positioning it in the right place.

However, like all elderly people, we end up talking more about the past than about the present. So, not to change the rule, let us hurry our brief account.

In 2009, **Gilberto de Andrade Martins** took over the editor position, and he adopted a change in the size and format of the **Accounting and Finance Review**, as well as in print quality. During the 2 years of his work (from issue No. 49 to 56), the editor went on with the process of including the review in indexing bodies.

5. THE CONTEMPORANEITY

In 2011, **Fábio Frezatti** took over the editor position of the **Accounting and Finance Review** – and he is there until today. In 2012 (issue No. 58), finally came the full bilingual edition! Fábio Frezatti radically changed the review's management, something which is not realized by those who do not know the 'backstage' of scientific publication: he brought associated editors by line of research, organized ad hoc editors also by line of research, prepared very interesting and careful reports on performance, in addition to budgets and achievements, created awards for the most prominent reviewers, included the review in the bases SCOPUS and COPE, etc.

Methodological and ontological plurality are expected in the international scientific publication environment (Sharma, Shepherd, & Bagby, 2017) and this was a key aspect to be perfected in the review, which could only be put into practice relying on the availability and support of authors, reviewers, and editors.

6. LITTLE ANALYSIS AND BIG REQUEST

We said that from the beginning, in 1989, until 2004, there was a prevalence of normative, opinion-driven, and descriptive articles, many of them derived from theses and dissertations from the EAC of the FEA USP – often with conceptual creations and relevant contributions to the Accounting Theory.

From 2005 onwards, empirical studies that could undergo statistical treatment began to emerge and they quickly took precedence. As we have said publicly on several occasions, in congresses, meetings, classrooms, and even in this space: we have worked for almost 15 years with articles lacking empiricism, or with empirical articles, but lacking more robust methodological/statistical approach. Opinions, suggestions, conceptual discussions, and theory. We recognize that many of us fail by taking too much time to move on to 'positivism.' As we said, we only woke up when Sérgio de Iudicibus started to use this methodology in his subject 'Advanced Accounting Theory,' followed by Alexsandro Broedel Lopes' approach and, from then on, this line was encouraged by a whole set of adherents.

On the other hand, within the last 15 years we have made another mistake: professors, Ph.D. students, MSc students, and even undergraduate students are exaggeratedly devoted (in our opinion) to the 'positivist' line, i.e. based on verification, checking, (in)validation of hypotheses, etc., virtually without creating new theories, new approaches, change proposals for recognition, measurement, and disclosure of accounting information, as well as new tools useful for managerial accounting. And even the critique on what exists in this field does not seem to be attractive.

Maybe we will have a more complete scientific world in the coming decades: creating, testing, criticizing,

modifying; creating, testing, criticizing, modifying, etc.? That is: normativism followed by positivism followed by normativism...

We know the efforts, including on the part of Fábio Frezatti and the ad hoc editors, in order to collect essays. And we know how hard it has been to achieve this goal.

Is this world more difficult? Does it require more concentration and more studies? Does it need more creativity? Is it riskier to submit ideas to criticism from everyone? Do we spend more time to get a good material?

It is expected that, through critical analysis, we manage to identify and prioritize relevant issues – and that is our great motivation.

We do not slow down and keep provoking our authors, reviewers, and readers to promote this third phase, which will surely be much richer by completing the knowledge generation cycle: creation, testing; creation, testing... We have an urgent need to **take the pendulum**, which oscillated from one end to the other, **to find its equilibrium point**.

7. AND THE THIRD PHASE, HAS IT STARTED?

It is hard to start this third phase!

There is a whole environment favoring the maintenance, for some time, of the almost total predominance of empirical studies with quantitative approach, mainly statistical. The journals adopt strict standards regarding the methodologies that should be used; they only progress and gain status as the Coordination for Improvement of Higher Education Personnel (Coordenação de Aperfeiçoamento de Pessoal de Nível Superior – CAPES), initially with the noble intent to establish a minimum methodological order, gradually formed, by means of a synergy mechanism along with reviewers, a mentality that an article lacking quantitative approach 'is not scientific!'

Most reviewers push for this type of approach. It is worth noticing that, on the other hand, when people tried to increase the knowledge degree among the Accounting professors and students, at the FEA USP, the idea was not, primarily, to increase the incidence of positivist articles, but, at least in what refers to Sérgio de Iudicibus' work, i.e. learn how to apply quantitative methods to business management – mainly. In fact, it was not possible to stop the overwhelming advance of using quantitative methods in articles submitted to journals, congresses, etc., since this was a virtually worldwide phenomenon, inspired by the U.S. reviews. And, last but not least, historically, some papers named as positivists have shown very high quality, since the 1960s, notably in the United States of America (USA).

8. THE APPEAL OF QUANTITATIVE METHODS

Accounting and financial scholars have reversed the meaning of variables: although their disciplines express socioeconomic realities in numbers, they thought or pretended to think they could quietly work with numbers and that the final research results would still express social or economic realities and phenomena!

After all, the results are valid only up to the sample size, the statistical expressions are elegant, then we are going to act as people do in exact sciences or quite similar to natural sciences, in which, obviously, the quantitative study of cause and effect is what we are looking for!

The problem is that, once we get to the answer, the doubts that arise are so many that it is necessary to conduct so many studies based on the doubts!

And this has a good and a bad side: it generates more papers, but shows some inadequacy.

So, it is better to work with social variables – perfect! This deserves applause!!!

But it is much harder to work with this kind of variable, because social variables interpenetrate one another and much experience is needed so that the analysis is not disturbed by the effects of one variable on the others. Or correctly taking them into account (the effects) – recalling that social variables can be expressed in quantitative or qualitative terms!

9. THE GREAT BEAUTY

If the standard of journals was more welcoming to non-quantitativists, there would be a wide range of papers that could be assessed: qualitative research with defined independent variables, but social ones; in-depth conceptual papers, historical research, empirical articles on the social and institutional aspect of the Accounting sector, essays, in-depth studies using the case study method; finally, a myriad of opportunities for expanding the research fields and methods, just as in Europe, for instance. To do this, however, a commitment is required so that our **Accounting & Finance Review** takes the lead more openly and decisively and does not mind the criticism that may arise in the beginning. Another detail consists in encouraging theoretical research, besides those in Accounting, also in Finance and Actuarial Science. We have also seen, in fact, few articles on Finance, in its deeper conceptual aspects. Fortunately, the Journal already accepts analysis in essays. Perhaps we could begin to admire the great beauty that Accounting, Finance, and Actuarial Science can offer through essays. Certainly, under the impact of changes in the **Accounting & Finance Review**, other journals might broaden their acceptance parameters.

However, there is another very important point: researchers need to be encouraged to enter this field. Journals are a somewhat passive entity, at most it can encourage; active is the researcher, who must even take the risk of participating in this 'innovation.' And, today, we know that almost nothing actually having such a beauty reaches the journal. We are in a vicious circle: papers are not produced because the journals do not receive them; and the one that is willing to receive them does not publish anything because the good scholar seems to have given up this task.

10. *"AND THE SHIP SAILS ON"*: THE NEXT 30 YEARS

What is expected, in short, is rather a major opening to increase the quality of subjects addressed than the excessive refinement of the methodology adopted. Accounting, Finance, and Actuarial Science are very significant knowledge areas: the theoretical structuring of Finance, based on Economy and taking a hungry look at the market, needs greater freshness and vitality; as the theoretical structuring of Accounting requires much more than that, it needs a profound revolution to adapt to the world of digital companies and face the world of artificial intelligence and technology by daring to make a bigger leap in responsible subjectivism.

Basically, the message of the first and humble article published in the first issue of the then **Caderno de Estudos** determines the exact dimension of the challenge: generalizing, *Accounting* – twilight or resurgence?

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