



Financial Accounting Development and Modernity

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ABSTRACT

Much of the current change has been influenced by the concept of Modernity. Factors such as Capitalism have considered the development of professions such as accounting and auditing to achieve their goals. More than any other phenomenon in new world, modernism has influenced the transformation of human societies. Modernity is the product of social change and has been influenced by social change too. In the present study, the development of accounting has been considered from the standpoint of modernism.

The study collected data from a survey of 183 Iranian accounting faculty member and researchers in 2018. The results of our study show that modernism has influenced the development of accounting through the development of theoretical frameworks, structural concepts in financial reporting, and the political process of financial reporting. Also, components such as rationalism, professionalism, progressivism, Professionalism, unity, materialism, objectivity are important components of modernity that have influenced the development of accounting.

Keywords:

Modernity, Accounting Theory, Capitalism, Conceptual Framework, Political Accounting.

1. Introduction

One of the most important factors influencing the development of accounting in recent decades is the development of Modernity concept. The exploration of the history of accounting in the last century suggests that continuous changes in the business environment and business activities and the advent of Modernity have led to the formation and development of accounting techniques and the growth of financial sciences. Improving the level of thinking and bridging to new world has positive effect on accounting development of society. Modernity is a social, intellectual and cultural development that emerged as a result of the Enlightenment that ended the Renaissance (Koornhof and Villiers, 1999). Phenomena such as corporate acquisitions and mergers and the emergence of multinational corporations and their emphasis on production and distribution methods have created a new form of relationship between ownership and management in the capitalist system. Giddens (1990: 1, in Lotter 1995: 39) suggests that the Enlightenment commenced in the course of the seventeenth century. With the advent of intellectual and economic revolutions, changes in social systems, the transition from the agricultural and industrial age, man has entered a modern era.

Cahoone (1988:1) defines modernity as the ideas, principles and patterns of interpretation, of diverse kinds, ranging from the philosophic to the economic, on which western and central European and American society and culture, from the sixteen through the twentieth centuries, increasingly found itself to be based. This being so, the industrial revolution required investment levels that led to the significant development of financial services and a dramatic transformation of capital markets. Economic developments, especially after the industrial revolution, and the close connection between capitalism and accounting have had dramatic consequences for the lives of societies (Koornhof and Villiers, 1999).

Accounting in the world has a background of 6000 years and the first accounting documents were discovered about 3600 BC. The document of ancient Iran shows that in 550 B.C. (in Achaemenid age), all public incomes and costs were held and kept, soundly and punctually (Mashayekh and Mashayekh, 2013). But Iranian society was changed rapidly after Iranian Islamic revolution. Vary of literature in the field of

financial accounting theory have merely explained and interpreted various accounting methods and concepts. These texts have not talked about the role of Modernity and Postmodernity in the emergence of theoretical accounting concepts, methods, and techniques. Therefore, the lack of sufficient research in this field has motivated the authors of this paper to write about Modernity and its potential implications for financial accounting.

The purpose of this paper is to first introduce the concept of Modernity and its effect on financial accounting and the second goal of this paper is to inform accounting standards setters about the relationship between modernity and financial accounting. Accordingly, the main question address in this paper is: To what extent modernity can be regarded as a phenomenon affecting financial accounting?

The results and insights from this study are expected to bring about the following scientific achievements and added value: First, the results of this paper can expand the theoretical literature on the accounting theory. Second, the evidence from this study will show the extent to which Modernity has affected financial accounting. This topic as a scientific achievement can provide useful information for accountants, academic societies, and accounting standards setters. Third, the findings of this study can offer new ideas for conducting new research in the field of accounting.

2. Literature Review

2-1. Concept of Modernity

Although it was largely Newton and Descartes who provided the philosophical foundations of modernity, the term modernity was first coined by Baudelaire in 1863 in his seminal essay entitled "The painter of modern life" (Montagna, 1997:127). Pippen (1991 :4) argued that the development of modernism had the implications as: Emergence of the nation state (as opposed to the feudal system and the dominance of the church); belief in the power of science (also in respect of the investigation of human phenomena); demystification of life, especially through science; emphasis on individual rights and freedom; development of a free-market economy; general belief in the developmental potential of mankind; and

adherence to Christian values such as tolerance, sympathy, charity and prudence.

Modernity is a social, intellectual and cultural development that has come about as a result of the intellectual age that ended in the Renaissance. Modernism is viewed as a unique movement in human history, which represents a break with pre-modernity or antiquity. Harvey (1989) identifies five relatively isolated eras in recent human history as being feudalism, the Renaissance, the Enlightenment, modernism and, finally, postmodernism. Modernism, as Jürgen Habermas wrote in an essay named as “modernity, uncompleted Project” in 1980, is a product of an idea where the individual will be able to Orient everything as he requests and believes he can do everything by using his intelligence (Doltaş, 2003, p.21). Modernism includes a change, transition to fine and beautiful things and also war. Modernism is formed of individuals who are living relationships basis for an intelligence world regularity formed of enlightened individuals and organizations of these individuals (Yıldırım, 2009, p.382). Kahon (1998: 1) defines modernity as the ideas, principles, and patterns of interpretation of various types, ranging from philosophy to economic concepts, and the American, and Central and Western European culture and society from the sixteenth to the seventeenth centuries are founded based on it.

Modernity can be characterized as a “never ending process of internal ruptures and fragmentations within itself.” An avant-garde plays a vital role in modernity, interrupting any sense of continuity by radical changes (Montagna, 1997). Modernity is considered as a unique movement in human history, which shows a gap with pre-modernity or tradition. Harvey (1989) defines five distinct ages in human history: feudalism, renaissance, liberalism, Modernity, and, ultimately, Postmodernity. Modernity was developed from the fifteenth to the mid-nineteenth century in the West and then grew in other parts of the world. From the point of view of sociology, modernity refers to the rationalization of the economic and administrative structures and the structural differentiation of the social world. Modernity represents a constant critique of tradition and of itself, and means Modernity and avant-gardism. Tradition is also defined as the transfer of empirical knowledge in the form of traditional technology and customs or culture from generation to generation for adaptation to the surrounding

environment and the continuity of the life and identity of each society (Papeli Yazdi, 2002: 17).

2-2. Modernity and Accounting

Montagna (1997) believed that Accounting, is a language of capitalism, and a child of the Enlightenment. Following the effects of Modernity on the economy, new disciplines and new methods of accounting were also introduced to control and report information in line with the changes in the economy and society. In fact, the expansion of Modernity and its effects on accounting can be attributed to the development of the capitalist system and the growth of the capital market.

The effects of Modernity in the economy can be seen as the leasing, the purchase and sale of more goods, the prevalence of more patterns of consumption and the transient fads, the increase of training programs for employees and workers in order to adapt them to new methods, change in the provisions of contracts, the increase in the volume of negotiations and legal affairs, more changes in prices, more changes in the form of goods, greater dependence on information and data, and the emergence of specialized organizations.

Accounting is reaching a point where in the history of capitalist relations, significant changes in its body of knowledge are required if it is to survive as a profession (Montagna, 1997:138). He suggests that accountants should face increasing disagreement on the modern assumptions about the fixed meaning of accounts; accurate representation of objective economic reality; and critical perspectives of interpretative, reflexive knowledge in ever-changing systems (Koornhof and Villiers, 1999). The initial growth of the double-entry bookkeeping system and then the emphasis on the supply of information, accounting concepts such as agency theory, joint stock companies, ownership dispersion, the theory of stewardship, information theory and insurance theory, the use of software in the design of accounting information systems, the use of computer software technologies for data analysis in accounting, the use of software in accounting research, and the emergence and development of capital market research in accounting can be considered as some of the effects of Modernity on financial accounting.

Sombart (1919) believes that double-entry bookkeeping is closely related to the capitalist system

and has played a vital role in its emergence and development. In the works of Max Weber, this relationship, the separation of business from the private affairs and the presence of bookkeeping have been emphasized (Anderski, 1983). Sombart (1919) also argues that the capitalist system has created a double-entry bookkeeping system as a tool for self-expansion, claiming the interaction of these two on each other. Thus, the bookkeeping system has been the basis for the development of the concept of capitalism in social systems throughout the centuries.

The role of the scientific method, claims regarding the power of science and the concept of rationality in modernity. These views imply that man has the ability to identify problems, find solutions and implement the solutions to the advantage of all mankind (Koornhof and Villiers, 1999). As Koornhof and Villiers (1999) argued accounting is a modern discipline and that it will continue to be rooted in modernism. However, this does not imply that it is possible to ignore the modifications that may be required as a result of post modern thought.

Quantitative development of accounting in the formation of accounting disciplines, methods, and techniques has been affected by Modernity. This development can be understood as the development and growth of various disciplines in accounting such as Financial accounting, Cost accounting, Auditing, Accounting Information Systems, and so on (Rahnamai Rodposhti et al, 2015). In addition, the emergence of accounting techniques and methods, such as new costing techniques, extensible Business Reporting Language (XBRL), corporate business mix accounting methods, derivative financial instrument accounting techniques can be regarded as the effects of Modernity on financial accounting.

2-3. Development of accounting in light of modernity

Many researchers wrote about modernity and post modernity (e.g. Montagna, 1997; Koornhof and Villiers, 1999; Hine, 1989) but this practical evidence about modernity and post modernity lack to find. Although some researcher like bryer (2005, 2006) believed that accounting development is under influence of capitalism and industrial revolution. The main focus of our study is about accounting conceptual development.

Crangin introduced the development of accounting in seven steps, ranging from the time of full simplicity to the time of innovation (as cited in Badri, 1995-1996). Over the past 100 years coinciding mostly with the modern era, this development has intensified. Life in an age where scientific reasoning has been developed and there is a general belief in the logical analysis makes it easy to understand the fact that why over the years important resources have been devoted to endless efforts in accounting theory studies and various books have been written on the accounting theory. But the development of traditional accounting theory has not had much success. What the review of works and texts indicates is that the development of ideas and thoughts and the evolution of bookkeeping and its techniques, and an attempt to harmonize standards and procedures are attempts to reach the truth in a modern world.

Accounting as a discipline developed, primarily for the need of control (Green, 1974; Edwards, 1960) and to record and report on financial transactions to investors and other users of financial statements (Edwards, 1996). Over time transactions became more sophisticated with greater demands on this recording and therefore a set of generalized rules was developed (Riahi-Belkaoui, 2004). As business became more sophisticated, the associated accounting practice evolved as well, but in a rather haphazard fashion. As result, the accounting rules became more voluminous and, in general, lacked consistency and coherence (Lee, Bishop & Parker, 1996; Vorster, 2007; Edwards, 1989). Financial accounting standards are used to regulate the interpretation of the accounting data and the generation of financial statements (Camfferman & Zeff, 2009; IFRS, 2011). Financial statements are the result of the financial reporting process, which involves gathering the financial data of a business or entity during a specific time frame, interpreting this data and then reporting the results to the various users of the financial statements (Edwards, 1989; IFRS, 2011).

One of the basic effects of modernity is the change is need of financial statement users. Many of users need information foe decision making, and development of capitalism, come out to creation of new accounting methods and standards. The Conceptual Framework contains a section discussing its purpose and status, the objective of general-purpose financial reporting, qualitative characteristics of useful

financial information and, lastly, the *elements of financial statements*, their recognition and measurement (IFRS, 2011). The challenge to develop a common conceptual framework that is sound, comprehensive, internally consistent, and globally acceptable is not trivial and it is aggravated by the fact that the domain of financial reporting is primarily a conceptual domain. However, the need for coherent financial accounting and reporting remains, thus requiring the fundamental concepts in a conceptual framework to be inherently consistent and unambiguous (Gerber et. Al. 2014).

Furthermore, today's economic and social phenomenon is rooted in political issues. The origin of political issues can also be found in economic and social issues. That is, at the same time, politics creates the economy, and the economy also creates politics. In fact, there is a kind of interdependence between the fields of politics and economics. In other words, there is no distinction between international affairs and national affairs. This causes the national and international borders to become faint (Aghayi & Akbarian, 2011: 3). According to Watts and Zimmermann (1986), the development of accounting standards more than being the product of empirical findings is the result of political actions, as standardization is a social decision. They believe that in a democratic society, the acceptance of a topic is a very complicated process that requires a proper mechanism in the political arena.

We should assume that accounting reports are an instrument for creating, maintaining and legitimizing the political and economic interests of business entities and their managers. The internationalization of setting standards is a complex political game involving the government, policy makers, state institutions, large and international auditing companies, and regulators of corporate rules, such as the Securities and Exchange Commission (Zeff, 2012, Howieson, 2009). One of the reasons for the postponement of adopting accounting reporting standards by the USA is that the standardization supervision has been delegated to the Stock Exchange Commission by the Senate. The commission has also delegated the formulation of accounting standards to a private entity called the Financial Accounting Standards Board (FASB). Given its influence on the FASB, the commission can easily change accounting standards. If the international standards are adopted, this role of the Stock Exchange

Commission is diminished, because the International Financial Reporting Standards Foundation is an institution independent of the US Stock Exchange and is monitored by its own board of trustee. Politicians, state bureaucrats, and all political parties are motivated to increase government-controlled resources. They seek to establish laws and regulations that transfer resources control to the state and wealth to themselves. For this reason, they intervene in the accounting standardization process. Zeff (2012) points out that when the government feels that the proposed standard leads to a reduction in profits and, as a result, reduces government taxes, without considering its effects on the capital market, colludes to reject the proposed standard. By contrast, large corporations subject to this political pressure from governments also enter the game to prevent the government actions and seek lobbying for developing accounting standards. These issues are the main changes in accounting environment, that shaped based on modernity concepts. We divided accounting development in 3 categories: 1) the need of conceptual framework and its reasons, 2) financial accounting purpose and qualitative characteristic of reporting, recognition, and so on, and, 3) political process of setting standards.

2-4. Related Studies

On the subject of modernism, little practical researches have been done. In particular, the issue of modernity is less important in countries that are in the traditional stages of sociological development. In this regard, we also refer to the few studies that have been conducted in this field. almost no empirical studies have examined the effect of modernity on accounting or auditing changes, some accounting theorists, such as Breyer (2006; 2005), in their theoretical and conceptual articles, comparatively investigated the history of accounting development in the United Kingdom. Montagna (1997), on the other hand, argues that management accounting developments are more dependent on modernism. The results of Koornhof and Villiers (1999) also show that accounting development is more about postmodernism than modernity. It is accepted that postmodernism does not necessarily replace modernism entirely. Rather, it represents a modification of modernism.

This issue has not received much attention among Iranian Accounting researchers, and of the few authors and their works in literature, we can mention the

following: Rahnamay Roodposhti et al. (2015) investigate of the modernism variables on development of management accounting techniques in Iran. Research results showed that management accounting as a science has evolved when firms entered in modernity era, and arise of the management accounting techniques are resulting of entities activities in a modern environment.

Also, Rahnamay Roodposhti and Nejad Toolami (2016) based on philosophical, sociological and economic analysis, addressed management accounting ontology emphasizing on performativity and actant-network theory and its three applications in the field of social responsibility, professionalism and accountability. their results showed that Management accounting finds identity in network intelligent processes and in real networks cannot ignore the major role of virtual and position inevitable elements of "power and ideology".

Therefore, we hypothesized as follow:

Hypothesis 1: *Accounting development as conceptual framework is affected by Modernity.*

And based on the above argument, *conceptual model* is this research is:

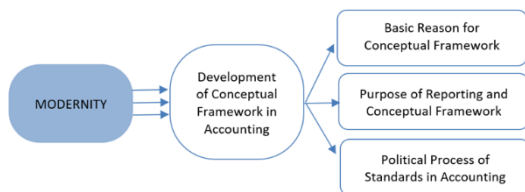


Figure (1). Conceptual Model of Research

3. Methodology

The method used in this study is a survey method with an experimental design approach, as the needed data were collected through field methods including questionnaires in the form of one-dimensional case study. The research population includes faculty members, accounting professors, PhD student of accounting. However, the sample size was determined as 183 persons.

For the sake of the reliability of the study and robustness of the statistical results, 250 persons were included in the research sample. On the other hand, for each research hypothesis, three items were developed with close responses that were scored using a five-point Likert Scale. Also, some items addressed the

respondents' personal information. The reliability of the instrument was assessed through Cronbach's alpha coefficient. If the Cronbach's alpha value is more than 0.7, the instrument has an acceptable reliability (Sarmad et al., 2006: 169). To do this, at first, 30 questionnaires were distributed randomly among a number of respondents in the research sample. The questionnaire contained 5 general items and 3 special items were used to test each hypothesis (47 items for 3 hypotheses). Cronbach's alpha value was calculated to be 0.80, which confirms the reliability of the questionnaire used in this study. Therefore, none of the questionnaire items was deleted. Finally, the questionnaires items were modified and finalized based on the opinion of the experts and the suggestions made by a number of members of the different groups in the research population in several stages. Therefore, it can be said that the questionnaire possessed the desired validity.

The statistical method used to convert the collected data to the required data is a one-sample student t-test. This test has been developed to compare the mean of a variable in a given population. Of the 250 questionnaires that were distributed among the respondents, 190 questionnaires were collected back and 7 questionnaires with incomplete or wrong responses were excluded from the final sample. Therefore, only 183 questionnaires were used for final data analysis. Various components of modernism have been defined, but among them Rationalism, Unity, Evolutionism, Objectivism, Traditionalism, Materialism, and Professionalism are the main. For accounting development around conceptual framework, 1) Basic reason for conceptual framework, 18 question, 2) purpose of reporting, 21 question and 3) political process, 8 question were used.

4- Results

Given that the sample size is greater than 30 persons, according to the central limit theorem, one sample t-test can be used to test the research hypotheses. Hence, one-sample t-student test was used to test the hypotheses. This test has been designed to compare the mean of a variable over a population. Given that the significance level for all items is smaller than the standard error value of 0.05 ($P < 0.05$), it can be suggested that the null hypothesis is rejected at 95% confidence level.

The results of factor analysis of the components of modernism in terms of the nature of the theory and its underlying logic are shown in the standard and significant state in Figures 2 and 3. In this study, since we did not have a standard questionnaire in assessing objective variables, for measuring of the impact of modernism on financial reporting development, we attempted to extract questions through content evaluation in research and the effects and changes of accounting and auditing standards. And then, before final distribution, extract from the community of experts and researchers and faculty members in the fields of accounting and auditing and financial management, after measuring statements credit, the final distribution was made.

Table 1 presents the results of factor analysis of the components of the field of theoretical nature and underlying logic from the perspective of modernism. Cronbach's structural and alpha reliability methods have been used to test the reliability of research variables. The CRM and Cronbach's alpha were calculated for questions that were a good way to explain each variable. As shown in Table 1, the combined reliability value (CR) and Cronbach's alpha for the research variables are more than 0.7 and close to 0.7, and thus the reliability of the research variables can be obtained.

Based on the structural equations, the samples and items were evaluated methodologically and then the t-test was used for the final test. The final stages of the work are divided into two parts, the *first* part evaluating the overall impact of modernism on financial accounting development and the *second* is subgroups using the components of modernism for sensitivity tests. These components include Unity, Rationalism, Evolutionism, Objectivism, Traditionalism, Materialism, Professionalism. In table 1 we summarized our testing results, if the average opinion in this Especially if the average score of the Likert scale is smaller than 3, the hypothesis is rejected, otherwise the related hypotheses cannot be rejected. Therefore, one t-test is used to test the hypothesis.

The results of factor analysis of the components of modernism from the perspective of goals, qualitative characteristics, cognition, measurement and presentation of information in the theoretical framework of financial reporting in standard and significant mode are shown in Figures 4 and 5. The

factor load and AVE measurement of the questions (MAT1, MAT 3, MAT4, MAT 5, MAT8, OBJ7, RAT5, RAT6) was less than 0.4 and these questions are not a good measure to explain their variables, so they should be from the collection. Deleted the questions and re-tested the factor analysis for the remaining questions.

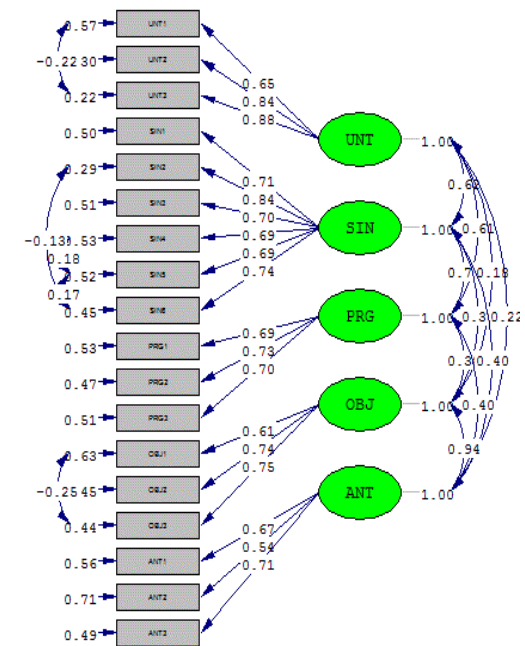
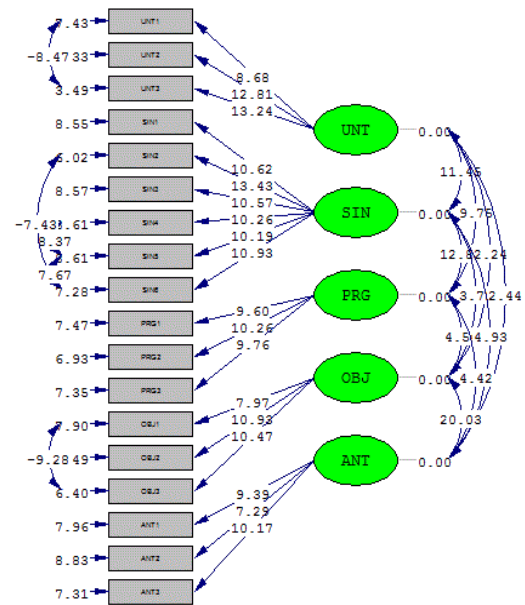


Table 1. result for overall modernism concept factor analysis

Cronbach Alpha	CR	AVE	SD	T Statistic	FL	Q	Variable
0.763	0.837	0.634	0.58	8.68	0.65	UNT 1	UNITY
			0.29	12.81	0.84	UNT 2	
			0.23	13.24	0.88	UNT 3	
0.873	0.872	0.553	0.5	10.62	0.71	SIN 1	RATIONALISM
			0.29	13.43	0.84	SIN 2	
			0.51	10.57	0.7	SIN 3	
			0.52	10.26	0.69	SIN 4	
			0.52	10.19	0.69	SIN 5	
			0.45	10.93	0.45	SIN 6	
0.744	0.750	0.5	0.52	9.6	0.69	PRG 1	Progress
			0.471	10.26	0.73	PRG 2	
			0.51	9.76	0.70	PRG 3	
0.667	0.744	0.494	0.63	7.97	0.61	OBJ 1	Objectivity
			0.45	10.93	0.74	OBJ 2	
			0.44	10.47	0.75	OBJ 3	
0.671	0.677	0.415	0.55	9.39	0.67	ANT 1	Anti-Traditionalism,
			0.71	7.29	0.54	ANT 2	
			0.50	10.17	0.71	ANT 3	

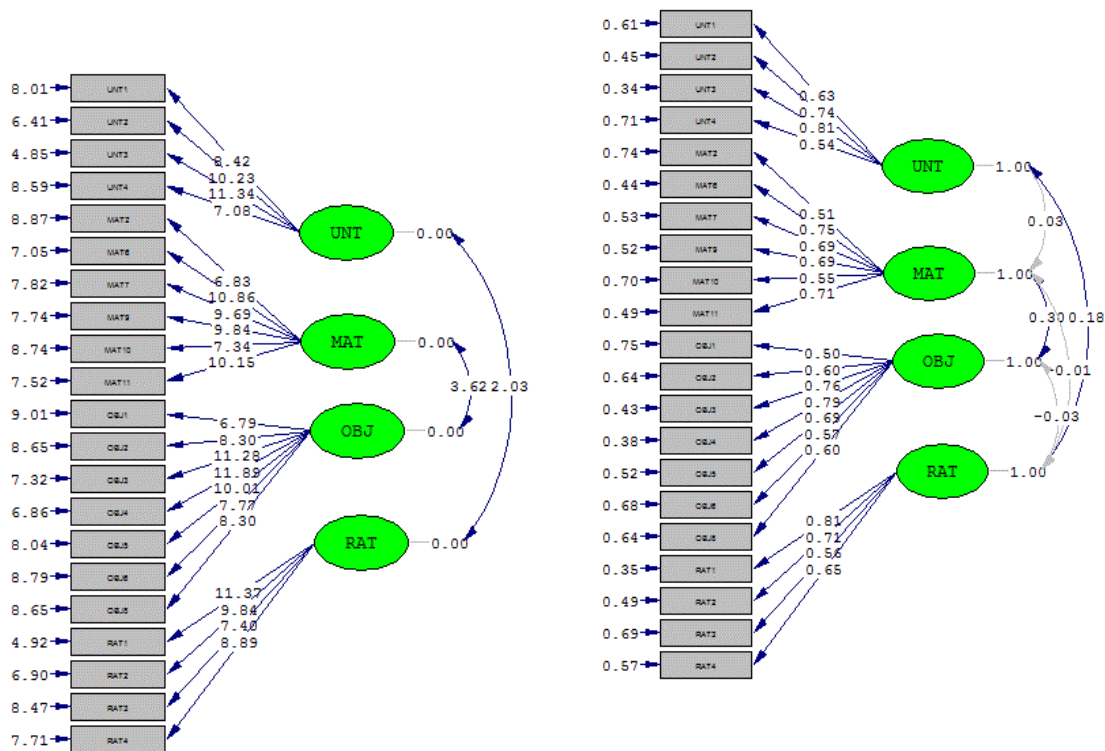


Table 2 presents the results of factor analysis of the components of the field of objectives, qualitative characteristics and measurement in the theoretical

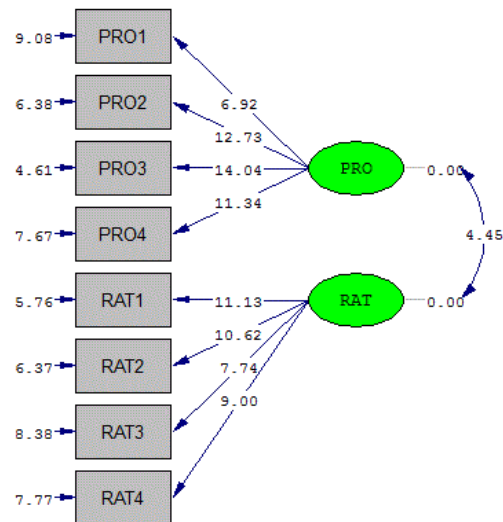
framework of financial reporting from the perspective of modernism.

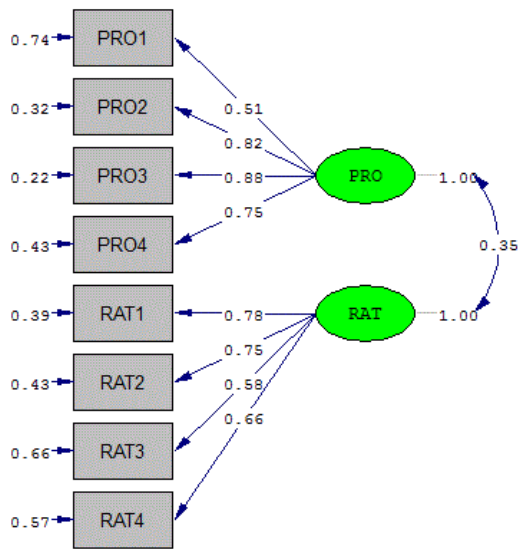
Figure (5) Significance Analysis

Table 2. result for overall modernism concept factor analysis

Cronbach Alpha	CR	AVE	SD	T Statistic	FL	Q	Variable
0.76	0.778	0.473	0.60	8.42	0.63	UNT 1	Unity
			0.45	10.23	0.74	UNT 2	
			0.34	11.34	0.81	UNT 3	
			0.71	7.08	0.54	UNT 4	
0.806	0.816	0.430	0.74	6.83	0.51	MAT 2	Materiality
			0.44	10.86	0.75	MAT 6	
			0.52	9.69	0.69	MAT 7	
			0.52	9.84	0.69	MAT 9	
			0.70	7.34	0.55	MAT 10	
			0.50	10.15	0.71	MAT 11	
0.790	0.835	0.425	0.75	6.79	0.50	OBJ 1	Objectivity
			0.64	8.3	0.60	OBJ 2	
			0.42	11.28	0.76	OBJ 3	
			0.38	11.89	0.79	OBJ 4	
			0.52	10.01	0.69	OBJ 5	
			0.68	7.77	0.57	OBJ 6	
0.781	0.780	0.747	0.64	8.3	0.6	OBJ 8	Rationalism
			0.34	11.37	0.81	RAT 1	
			0.50	9.84	0.71	RAT 2	
			0.69	7.40	0.56	RAT 3	
			0.58	8.89	0.65	RAT 4	

The results of factor analysis of the components of modernism from the perspective of the political nature of the standards and the theoretical framework in the standard and meaningful state are shown in Figures 6 and 7.





As can be seen in Figures 6 and 7 above, the factor load and AVE measurement related to the items are more than 0.4, and these questions are a good measure to explain their variables. Table 3 presents the results of factor analysis of the components of the political scope of standards and the theoretical framework of financial reporting from the perspective of modernism.

Table 3. result for overall modernism concept factor analysis

Cronbach Alpha	CR	AVE	SD	T Statistic	FL	Q	Variable
0.814	0.835	0.567	0.74	6.92	0.51	PRO 1	Professionalism
			0.33	12.73	0.82	PRO 2	
			0.23	14.04	0.88	PRO 3	
			0.44	11.34	0.75	PRO 4	
0.781	0.789	0.486	0.39	11.33	0.78	RAT 1	Rationalism
			0.44	10.62	0.75	RAT 2	
			0.66	7.74	0.58	RAT 3	
			0.56	9	0.66	RAT 4	

Table 4. result for modernism component

Factor	Component	T-statistic	Sig.	Result
The basic logic	Unity	25.288	0.000	Confirm
	Rationalism	12.050	0.000	Confirm
	Evolutionism	5.657	0.000	Confirm
	Objectivism	25.886	0.000	Confirm
	Anti-Traditionalism	23.450	0.000	Confirm
Purpose of financial reporting	Unity	20.384	0.000	Confirm
	Materialism	26.618	0.000	Confirm
	Objectivism	44.983	0.000	Confirm
	Rationalism	33.838	0.000	Confirm
Political factors	Professionalism	23.007	0.000	Confirm
	Rationalism	23.838	0.000	Confirm

As shown in Table 4, the test results of the components of the first level, i.e. the effect of the components of modernism, including unity, rationalism, progress, objectivism and anti-tradition on the underlying logic of the theory, show a significant level (sig) for all. The above components are equal to (0.000) and since this value is less than 0.05, so the null hypothesis is rejected at 95% confidence level, which means that it can be said that there is a significant difference between the average responses related to the components of modernism including unity. The development of concepts such as rationalism, unity, progressivism, objectivism and anti-traditionalism has all paved the way for the development of accounting theory and its theoretical framework and changes, the purpose of financial reporting and political factors.

As shown in Table 5, the test results of the overall components of modern financial reporting, show that the significance level (sig) for the above components is equal to (0.000) and since this value is greater from 0.05, so the null hypothesis cannot be ruled out at 95% confidence level. Considering that we have studied the components of modernism, we have examined the modernism in general and its results are shown in table 5.

Table 5. result for overall modernism concept

Factor	T-statistic	Sig.	Result
The basic logic	23.902	0.000	Confirm
Purpose of financial reporting	51.240	0.000	Confirm
Political factors	29.169	0.000	Confirm

6. Conclusion and Discussion

The results of our study show that modernity has influenced the development of financial accounting and its components. Although Iran is one of the developing countries and a large part of the financial reporting process in the country, follows international accounting and reporting practices. Accounting has been constantly changing, and the development of accounting practices is based on environmental changes and environmental needs has also changed financial reporting. Much of this change is influenced by the thinking style of societies. Accounting as a product of the social system strives to meet the needs of this spectrum.

In the case of the first part, *the effect of the components of modernism on the development of the underlying logic for the conceptual framework in financial reporting*, our results show this in Iran 5 factor has the main influence of development of accounting theory and conceptual framework; those are Unity (25.288), Rationalism (12.050), Evolutionism (5.657), Objectivism (25.886), Traditionalism (23.450). All of these factors show the changing environment of mental thinking in Iranian society and its effect on accounting conceptual framework. Unity versus pluralism is one of the results that Iranian society has taken in the new era. Although this change is taking place more rapidly in the world over the last 300 years, it can be said that the tendency towards unity has led to the emergence of unique professional organizations in the world and in the country. the postmodern world is prone to pluralism, but modernity is striving to achieve a unified world society. However, it can be argued that unity will be the focus of power in certain institutions or organization that have their own implications. But in the transition from tradition to modernism, traditional societies prioritize the existence of unity to achievement of the goals of that mechanism. The strength of internal organizations such as the Audit Organization as a standard setter is one of the symbols of unity in the profession.

The development of rationalism and the development of belief have been two other factors

influencing the development of the conceptual framework and logic underlying it. In fact, attention to the concepts of intellectual philosophy in Iranian society in the last century and the tendency to think and rationalism has increased significantly. The results of our study seem to document the fundamental theory of thinking development and the rise of rationalism in accounting society. However, this cannot be overstated, Also, objectivism versus subjectivism is a sign of society's entry into the rationalism, and its consequences are a focus on knowledge-based institutions in accounting. Our findings on the logic of developing the conceptual framework show that the development of anti-traditionalism is one of the stages in the entry of the professional community into the modern world.

In the case of the *Purpose of financial reporting* factor like, Unity (20.384), Materialism (26.618), Objectivism (44.983) and Rationalism (33.838), are the main. Our argument is that the internationalization of setting standards is a complex political game involving the government, policy makers, state institutions, large and international auditing companies, and regulators of corporate rules, such as the Securities and Exchange Commission. It can be stated that accounting and the environment have a mutual impact on each other.

Much of the research results are worth pondering at this point, the *political process* in accounting literature to compile accounting standards has been repeatedly confirmed. Political power and political influence had a significant impact on standardization. Our results show that the political nature of accounting standards (general component) and professionalism (Professionalism) and rationalism (Rationalism) have also affected the development of accounting. It seems that professional accounting organizations, under the influence of politics, formulate accounting procedures and standards, and the changes applied to accounting standards are more to the liking of political powers. Institutions such as taxation are one of the most powerful legal institutions that can influence the relevant legal procedures in accounting and financial reporting. Indeed, research has shown that economic,

cultural, and political development, and its surroundings, the development of the capital market, and the amount of private sector investment are the preconditions necessary to adapt to and have access to a proper reporting environment. These factors can considerably contribute to the transition from tradition to Modernity in accounting and from Modernity to Postmodernity.

Also, the general results of our study in the second stage as a complementary test showed that modernism (general components) affects the logic of the conceptual framework development, (23.902) the goal of financial reporting (51.240) and the political process of accounting development (29.169). What is clear in the present study is that the environment and its dynamics have led to the emergence of Modernity and the acceptance of its concepts in the accounting profession in Iran. However, given the dramatic changes in recent decades, Modernity, has created significant changes in the global arena and various professions, especially accounting. Our review shows that Modernity and its concepts have influenced the development of bookkeeping and its formation and all recent development. Considerable accounting studies have proven that accounting changes with the changes in the business environment, and the need for change in financial information will lead to the improvement of accounting. In other words, the development of accounting that is not possible in vacuum, but the impact on the environment have made accounting systems to be affected by the various factors in different countries and different cultures.

In overall, our research shows that modernism affects the development of financial reporting, there are limitations to deriving and generalizing the results. Among them is the research tool, which is our researcher-made questionnaire, which was evaluated among professors and thinkers of the profession for reliability and validity. Furthermore, due to the lengthy process of receiving the questionnaires, large part of the statistical population of the target did not have a proper cooperation with the researchers. Also, the mental and psychological aspects and other issues of the respondents were not considered in the research.

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