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Public Accounting Reform from Institutional Theory Perspectives: Case of Turkey

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Abstract

In the literature, it is often found that institutional theory is used as the theoretical framework to explain the development and application of accounting. By means of these studies, it becomes easier to understand accounting as a social and political activity within itself and thus to be able to understand the economic, institutional, political and social environment of the turnover of the practices. In this regard, the main aim of this study is to explain the development of the public accounting system in Turkey with the help of institutional theory. Thus, it is aimed to explain all the dynamics that provide the institutionalization of state account in the national sense, together with the economic, political and social processes of the period in question. It is revealed that the regulatory arrangements directly contribute to the institutionalization of a field, and as a result, how the public organizations directly contribute to the institutionalization process.

Keywords: public accounting, institutional theory, public administration reform

1. Introduction

Historical processes have shown that states, which are powerful central structures in the collection and dissemination of incomes, are more successful in shaping internal and external politics than other states [1–3]. Such a centralization will not prevent the increase in tax revenues, but will prevent the lost income from being lost in middle-man stages. This is the most important influence underlying the search for a transparent and accountable state that continues to increase in importance throughout history. Nowadays, public institutions need to provide a rational accountability in order to be able to sustain an accountable, effective and efficient state structure. For this, there is a need for an accounting system that facilitates

accountability, whether it is a strong and controlled state or a state structure that is maintained at a minimum level of control.

According to Hopwood [4], accounting has a vital role both in organizations-states and in social relationships. Accounting knowledge can affect perceptions, change languages and offer new possibilities for new actions. In this case, accounting also plays an active role in the realization of economic action. Abstracts and objectifications in the field of accounting are created within the economy. For this reason, the economic information that forms also shapes organizational activities, interests and preferences. From Hopwood's point of view, it can be said that there is a close relationship between accounting and organizational theory. This brings about the convergence of the two areas that are seen as far apart. Namely, it is possible that the approaches used in the theory of organization can be used to explain the accounting applications. Especially since the 1980s, this situation is often encountered.

Dillard et al. [5] explains this situation by the failure of the accounting discipline to empirically fail to explain the emerging accounting techniques and systems of theory, such as efficient market theory and theory of power of attorney. According to them, the accounting discipline needs to be re-conceptualized. Also, they add that as a result of this, the questions in the accounting researches have changed and the researchers have started to work interdisciplinary and applied the theories in different disciplines in order to be able to search for better answers to the questions such as how accounting is affected and how it affects. One of the theories that have been used to answer these questions has been institutional theory. Thus, accounting practices and change processes can become more expressible.

In the literature, it is often found that institutional theory is used as the theoretical framework to explain the development and application of accounting [1]. Some pieces of the literature indicate that accounting researchers investigate the development of accounting idea, explain how and why it changes, and discuss the social, economic, environmental and individual factors that influence changes. By means of these studies, it becomes easier to understand accounting as a social and political activity within itself and thus to be able to understand the economic, institutional, political and social environment of the turnover of the practices [2].

In this regard, the main aim of this study is to explain the development of the public accounting system in Turkey with the help of institutional theory. In this chapter, the standardization studies of the accounting system, especially the nineteenth century and the Republican period, which are experienced from the day to the day, are handled, and the transfers to the public accounting system, which is directly affected by the regulations and the conditions of the day, are studied. Thus, it is aimed to explain all the dynamics that provide the institutionalization of state account in the national sense, together with the economic, political and social processes of the period in question. It is revealed that the regulatory arrangements directly contribute to the institutionalization of a field, and as a result, how the public organizations directly contribute to the institutionalization process.

This study more specifically highlights the institutionalization process and institutional isomorphism and legitimization process. On the basis of this—as explained above—is the process of institutionalization that the accountant has as an occupational field and the contribution of this process to the institutionalization of the organizations. Globally, countries in the institutionalization process can adjust their own regulatory accounting systems and standards according to regulations in the actor countries [6]. As a result of this process, accounting specialization is provided. Especially in a sophisticated combination of theoretical knowledge, universality in the global context of a field of expertise, such as accounting, which incorporates analytical power and decision-making capability, offers the advantage of socio-political growth and potential advantage in terms of potential conceptual diffusion in this area [7].

However, this process can occur differently in different countries. Sometimes, the cultural environment [7] and sometimes the economic and political situation of the period (such as the war period) can be decisive in terms of ensuring and maintaining professional development. For example, such an environment can occur which needs a new cost-accounting system—after First World War [8]—or may occur as a result of dual regulations such as the one between the USA and Canada [6]. Or, as it happened in Turkey, it can be done with national reforms which are direct transfers from decisive countries. In this case, it is the subject of observing all of the figures considered. In short, the scope of this work is the public accounting reform in Turkey. Thus, the study evaluates the institutional theory of the public accounting reform process in Turkey from 1800s to 1950s.

2. The conceptual framework of institutional theory

As Dillard et al. defines institutional theory is, in general, a way of thinking about the relationship between formal organizational structures and the social processes that contribute to the development of these structures [5]. On this basis, the phenomenon of institutionalization is defined as the merging of new norms, values and structures with existing norms, values and constructions [9]. This process provides equilibrium and predictability in social relations, and accordingly these relations continue to occur [10]. The main reason for this is that institutionalization is seen as a social process [11]. In short, the foundation of the theory of institutionalization is the tendency of organizations—states to adapt to changing norms and social influences—processes of institutionalization. If they do not, naturally they will lose their legitimacy. This encourages organizations to homogenize their organizational structures and practices [6]. This is the starting point of many studies in the literature that explains the institutional theory.

As is known, the development of this theory involves more than half a century. Özen [12] examines the historical development process, the years of the 1980s were the beginning of the theory; the end of the 1980s and beginning of the 1990s were the years when the differences between the approaches explaining the institutional theory are being questioned and the effects of the 1990s on the organizations of the state and professional organizations as the years in which empirical studies continue. Within the development process of the theory, there are five different approaches that explain the institutional theory in the literature. These approaches are summarized in **Table 1**.

Year	Researchers	Institutionalization approaches	The way of institutionalization	Organizational goal
1957	Selznick	Adaptation tool	By creating values	Balance Legality
1977	Zucker	Formation of social order	By developing joint appropriate and meaningful behaviour together with the environment and transferring them to other individuals	Relevance Legitimacy
1977	Meyer and Rowan	Formation of social order	By creating a shared value system	Legitimacy Increasing resources Continue your life
1983	DiMaggio and Powell	Adaptation tool	Imitating successful organizations	Escaping uncertainty
1987	Friedland and Alford	Affect conscious and normative pressures	Changing corporate environment to protect interests	Follow-up of benefits

Source: Ref. [10].

Table 1. Institutionalization approaches.

Based on the pioneering work that contributes to the formation of institutional theory,¹ it forms the basic thesis of theory, the structures and processes of organizations by adapting them to the institutional environment they are in. In other words, in order for organizations to survive, they need to be productive not only in technical terms but also to legitimize themselves [12]. In order to do this, organizations need to respond to pressures from their institutional environment and adapt their organizational choices to socially accepted constructs or procedures [13]. This finding is the common point in all studies. The main difference in the studies is the form of institutionalization and institutionalization process. The question of these fundamental differences, together with the institutional theory itself, causes disagreements within it. This situation brings to mind the old and new concepts of institutional theory.

The piece of DiMaggio and Powell in these studies is shown as a study explaining the new institutional theory. The most important contribution of this work to the new institutional theory is the clarification of the concepts of isomorphism and organizational domain. DiMaggio and Powell argue that with modern life, organizations—even public institutions—are becoming more and more like each other. This process is expressed as the structural change process that the state and the professions shape as the greatest rationalizers, and as a result, the organizations according to the process are similar to each other [12].

¹For detailed reading, please see Ucma T. (2012). Türkiye’deki Muhasebe Sisteminin Gelişiminin Kurumsal Teori Çerçevesinde Açıklanması, Muhasebe ve Finans Tarihi Araştırmaları Dergisi, MUFAD Yayınları, Sayı: 2, Ocak, S. 145–178.

DiMaggio and Powell [14] call it isomorphism as long as organizations tend to adapt to the same constructs and practices. Isomorphism is often expressed as a similarity in the organizational and institutional context as a term used in mathematics, chemistry and biology [6]. According to DiMaggio and Powell [14], the concept of isomorphism is the best expression of the homogenization process and is expressed as the process of resembling others in a population with the same environmental conditions. It is understood that organizations should change themselves according to their characteristics.

DiMaggio and Powell describe their work as a process of isomorphism. Two types of isomorphism are mentioned in this process. The second one is competitive isomorphism. According to DiMaggio and Powell [14], institutional isomorphism occurs in three mechanisms. These are as follows:

Coercive isomorphism: It emerges from political influences and legitimacy problems. The coercive isomorphism arises from the official or non-official pressures of other organizations and the cultural expectations of the community they are in. These pressures can sometimes be in the form of a force, a means of persuasion or an invitation. Under certain conditions, however, organizations respond to this pressure. In other words, the organization directly affects the behaviour and structure of the organization in many ways around the periphery. For example, legal and technical requirements such as annual reports, budget, financial reporting requirements in a country shape organizations. In this case, the organizations are becoming increasingly homogenous [14].

Mimetic isomorphism: In such isomorphism uncertainty is a force that pushes organizations to imitate. When goals are ambiguous and the environment creates symbolic uncertainty, organizations can model themselves to other organizations. Thus, the uncertainty is answered. The model received does not know that it is sometimes modeled or even does not want to be imitated. As a result, organizations in this kind of isomorphism make themselves more similar to other organizations and thus become more legitimate or more successful [14].

Normative isomorphism: The third source of organizational isomorphic changes is normative isomorphism. It means here that all members of a profession, expressed by specialization, can jointly define the conditions and methods of work and contribute to the legitimacy of the profession and its foundations. Both aspects of the specialization are important in terms of isomorphism. While the educational and cognitive-based legitimacy provided by the universities is mainly provided, the second is the establishment and expansion of professional relations and therefore the dissemination. Universities and vocational training institutions are important for the development of organizational norms [14].

Regardless of what mechanism occurs, institutional isomorphism refers to the cohesion of an organizational practice with other organizations. Institutional environmental structure is one of the main determinants of isomorphic process formation [5], and organizations are becoming isomorphic, that is, uniform, with the institutions of the public institutions adopting them [12].

It is possible to discuss the process of isomorphism in public organizations in terms of public accounting. Even though the theory of organization and the theory of accounting are reflected as far apart, they have an effective role in the rationalization of accounting organizations. It can be shown that the main reason for this is that the accountant is determinative of the legitimacy and transparency of the public organizations. In particular, it is considered that the concept of isomorphism that best expresses the international standardization in the field of accounting, namely homogenization, isomorphism, imitator, normative or compulsive

isomorphic tendencies that arise due to institutional environment structure, causes institutional theory to constitute the theoretical basis of study. This approach, which is included in institutional theory, is expected to facilitate the understanding of the development or formation of the national accounting system, which is specifically described in subsequent parts.

3. Public accounting transformation between 1800 and 1950: reasons, implications and insights

An examination of the transformation in an area based on institutional theory is possible by evaluating the environmental, economic and political factors that emerged during the transformation process. In order to be able to interpret the historical development of the Ottoman reforms on public accounting, it is necessary to examine the aforementioned factors. When the history of public accounting in Turkey is examined, it is known that the history is based on ancient periods of Ottoman. According to information obtained from the accounting historians and the Prime Ministry archives, it seems that the public accountancy in the Ottoman Empire came into existence in the first years of the establishment of the Empire. The Ottoman Empire's first regular taxes based on traditional taxing regulations—*tımar ve zeamet*—were made by Çandarlı Kara Halil Pasha during the Sultan Orhan, the second sultan of the state. According to this method, a land conquered by the Ottoman armies was shared among the state treasury and soldiers; and, in the General Directorate of the Archives, the books, which are still known as the examples of them, are recorded and the taxes are allocated on them. It is possible, however, to find out that the expenses of the empire from the time of its establishment were regularly recorded on the day of the day.

Historical records also include budgetary examples that are not modern. During the reign of Sultan Mehmed IV, Tarhoncu Ahmet Pasha presented the state budget of 1651, which shows the state's income and expenditures and the precautions to be taken due to the budget deficit. Later on, these revenues were recorded in the books called *Ruznamçe* which are still stored in the General Directorate of the Archives, and tax is allocated on them. It is possible, however, to find out that the expenses of the Empire from the time of its establishment were regularly recorded on the day of the day. Historical records also include budgetary examples that are not modern. During the reign of Sultan Mehmed IV, Tarhoncu Ahmet Pasha presented the state budget of 1651, which shows the state's income and expenditures and the precautions to be taken due to the budget deficit [15].

The most striking point in this budget, which belongs to the seventeenth century, is the budget deficit. In order to assess the budget deficit, it is necessary to look at the characteristics of the period before this century. The financial problems that could lead to budget deficits in the Ottoman Empire began in the middle of the sixteenth century and continued to increase in the seventeenth and eighteenth centuries, reaching a summit in the nineteenth century that would lead to the demise of the empire. In order to get there from above, external borrowing was done in the empire. This has caused the Ottomans to become a good market in terms of Europe [16]. The process of overcoming the increasing financial strains in the Ottoman

Empire, especially through external borrowing, has been one of the most important triggers of public accounting reform in the empire. Raccagni [17] expresses the process in this period as follows:

"The situation in the Ottoman Empire was favorable to the expansion of French business. The Commercial Agreement of 1838 enabled France and Great Britain to sell their manufactured goods all over the Ottoman Empire without being hampered by customs regulations. The Capitulations were used to its ever-increasing detriment. By the late eighteenth century, members of the religious minorities of the Empire came to establish close ties with their foreign coreligionists, and, by adopting the latter's citizenship, were able to enjoy legal immunities and fiscal advantages denied their Muslim countrymen by the ruling authorities (Raccagni, 1980: 340)".

In terms of being influential on state policies, France plays the most active role in the Ottoman market. However, France's influence over the Ottomans was not only limited with public financial reform but also encapsulated the military and education. Raccagni (1980) expresses this in the following way:

"The Ottoman government often welcomed French assistance. Military and educational reforms were carried on French patterns, often under the supervision of French officers and teachers sent by the Government of Louis-Philippe.¹¹ The leaders of the Tanzimat period (1839-1876), who had been exposed to French influence during their formative years in Europe, resorted to French collaboration in order to counterbalance the influence of Russia and Austria, who had gnawed at Turkish territories for more than a hundred years, and of England, who already had a strong incentive to get a foothold in their realm to secure her imperial communications (Raccagni, 1980: 340-341)".

Although the Ottoman Empire had similar practices with Europe until the eighteenth century, after that date, the greatest cause in the differentiation and influence of Europe is the decentralized tax systems. According to Karaman and Pamuk [3], taxation is the distribution of resources in centralized states in Europe early in the modern era. These states have tried to increase the effectiveness of internal sources with a more efficient centralized tax system and to achieve military success in the international arena. In addition, some of these states have provided a great deal of financial centralization, and since the second half of the eighteenth century, they have made considerable differences both financially and militarily compared to other states. This is because the centralization of income is a financial phenomenon and the differences in this century can be seen clearly in the countries that cannot manage this financial phenomenon.

For example, it is known that in the sixteenth century the Ottomans showed similarities with France in many respects when the European influence in the nineteenth century was assessed on the Ottoman public financial system. Both countries were not very complex and centralized. By the seventeenth century, both the Ottoman and French tax systems had developed at significant levels. War and financial needs have been the driving forces of change in early public funding. In particular, the increase in the wartime financial deficits caused changes in French and Ottoman financial institutions. In this respect, the tax systems applied to centralize both France and the Ottomans in the first half of the seventeenth century appeared in various forms. The system applied as a tax-farming system was effective in the eighteenth century when it was operated in France, but did not find a successful application area in the Ottoman Empire [18].

In the direction of these developments, nineteenth century has been the period of significant changes in terms of financial and monetary policies in the Ottoman Empire. This century was not only the period when the reforms in financial systems took place but also the period in which the results of the different periods of Ottoman financial structure were taken due to internal and external borrowings [19]. The basic statements mentioned were influential in the selection of the period of study focus. This is because the need for reform of the public accounting in the Ottoman Empire came about not in a single century but in the evaluation of the results of more than one hundred centuries. In other words, it is possible to relate the dynamic of the changes that took place in the Ottoman period in the nineteenth century to the problems that have been effective since the fourteenth century [20].

Nineteenth century was a period when the foreign influence increased due to the policies applied in the Ottoman Empire. Reform Edict (Tanzimat Fermanı-Gülhane Hatt-i Humayunu) was declared on 3 November 1839, in order to manage this perception that occurred in the international arena and to restrict Europe's intervention areas on the Ottoman side. The word reform has been chosen in particular and has been used in order to prevent chaos in the country and to regulate it in terms of the state mechanism. Therefore, between 1839 and 1876, it was defined as the *Reform Era* in the Ottoman Empire [16]. In the Ottoman Empire, innovation movements, which had started at the time of Selim III (1789–1808), and increasingly continued during the period of Mahmut II (1808–1839), did not give much importance to the financial management. However, those movements had been manifested in the military and administrative field. Especially after 1830, developments were seen in this area, and a year before Tanzimat, in 1838 the foundations of the current centralized financial management were established [12].

One of the most important innovations in this period was realized on the tax collection system. In the Ottoman Empire, the greatest failure of the state occurred during the tax collection process. Only certain taxes were collected by the Taxman and linked to a tax collection system called *iltizam*. In this process, Taxman brought his tax obligations to increase his income and sent certain parts of the collected tax to the state [21]. Taxes from foreign merchants, however, were gradually declining—initially as a result of agreements made with the United Kingdom and later with other western countries. In order to prevent this, it was stated that the taxpayers would collect the people according to their income and that the soldiers could only take part in this process as observers [16].

Another innovation in the reform period is related to the budget. Looking at the historical development of the budget, it is not possible to mention a modern budget estimating the general income and expenses of the state before the reform period in the Ottoman Empire. Only income was collected from various sources for specific services. In the reform process of 1839, there is no clear statement of the budget. However, there are explanations about the fact that the expenses are determined by law. For the first time in 1845, the decision to prepare a modern budget is announced in accordance with the estimation and collection principles. In the Ministry of Finance, a decision was taken every year to start budgeting in 1846. A framework has been presented taking Western models into consideration.

After this date, the Finance of Treasury has published annual books called the *Muvazene* (Balance). The first legal arrangement in the name of the budget was realized in 1855 [16]. *Bütçe Nizamnamesi* (the Budget Ordinance) published with the 1856 Islahat Fermanı brought important provisions about the budget. With this regulation, every year the income and expenditures of the state will be determined and a notebook called *Muvazene* will be presented to the Sultan. Even though this regulation has introduced the principles of budgetary technique, a parliament has been given to the commission, instead of a parliament representing the nation who has authority to prepare and approve the budget.

In 1859, the Islahat-ı Maliye Komisyonu (Finance Reform Commission)—consisting of four Turkish and three foreign members—was established and a year later the name of this commission was changed to the Treasury Assembly. The Commission faced great difficulties; hence the desired information about the financial and economic situation of the country has not been reached. However, based on the figures and information gathered in the relevant departments, the first budget could be prepared in 1863–1864. At the beginning of the 1860s, British Hobart and Foster, who came to Istanbul to study the Ottoman state's financial situation on a new debt request, spoke of the necessity of making a realistic budget in their reports. The first budget was set, but the system and necessary organizational structure was not established. The budget has been prepared to allow the state to obtain foreign debt more and to show the financial status of the state to the foreign states. In other words, the first budgets and then the other budgets that follow these budgets have not gained much importance. It was the documents that were approved by the persons who were brought to the administration by appointment and presented to the absolute will of the Sultan.

In 1872, a new regulation was issued in the name of 'Budget Regulation of the State Treasurer'. An important difference brought by this regulation is that the Budget Commission should examine the budget before it is sent to parliament [22]. In 1874, the second legal regulation on the budget was made accordingly. The second regulation, which has the same framework as the first regulation, includes the submission of the budget proposal prepared by the Ministry of Finance to the approval of the Sultan by the Board of Ministers after being discussed in the budget commission. One of the most important ones in the budget regulation during the reform period is to make the Julian Calendar (financial year) for the budget preparation according to the Islamic order [16].

In this respect, the first law concerning the Ottoman budget was the 1876 Constitution. The state budget was defined on the basis of the provisions of the French constitution. The annual income of taxpayers, the approval of income and expenditures in terms of departments and the annual principles of the budget were included; the Court of Accounts Law and the final account law were adopted [22]: 1876 Constitution (Kanun-i Esasi). Kanun-ı Esasî has given the budget right to the Assembly and the Assembly established by the Parliament and Ayan Parliament. In the Kanun-i Esasî, it is stated that (1) the money cannot be collected from anyone under the name of tax, charge without legal foundation, (2) the state revenues and expenditures will be executed every year after being approved by the Muvâzen-i Umumiye Law and (3) the recognition of income and expenditure as separate items. However, these

principles were not practically applicable until the declaration of Second Constitutionalist Period in 1908, and taxpayers continued to gather with the will of the sultans and spend the places that the sultan approves. Until 1880, there were no institutions related to accounting and auditing in the Ottoman Empire. Because of this lack of organization, an undecided and ineffective tax collection system has emerged, and as a result, the state has lost its high income [23]. This has led to a debated and criticized state mechanism.

The publication of the first law on Ottoman public accounting also took place in this process. The first public accounting law in the Ottoman Empire was dated 1880. This law has been put into practice since 1881 and has been transformed into a system that shows the system of *Kameral Accounting*, that is, income and expense accrual depending on the budget [15]. As it is mentioned above, *Kanun-i Esasi* (The Constitution), which was put into effect with the Second Constitutional Monarchy in 1908, has also established the budget system that has been implemented to this day. Later on, in 1910, the first budget of the *Mesrutiyet* was accepted and a new accounting system without classical budget rules was established. The first public accounting law, which was drafted by the French and Belgian government accounting laws, was enacted in 1910. In the next 2 years after the application of this law, the problems in practice were revealed and the Accounting-Public Law was adopted on 26 May 1927 as a result of a 15-year study of the French, Italian and Belgian public accounting laws. This law not only describes the procedures for maintaining records in the field of public accounting but also contains some rules regulating tax, budget and commercial life with the state [24].

With the arrangement made, since the accounting system in the new system is required to be maintained in the *Kameral System*, it is not fully compatible with the two-sided recording system. In 1923, there was a transition to a new law and budget accounting to be applied according to the bilateral registration system. After the new arrangement, it is worth noting that the features of the books in the American accounting system have been utilized [15]. This law was another important step for a modern and established financial structure and formed the basis of the financial order to be established during the Republican era [22]. In 1928, with the guidelines issued, the accounts used in the public accounting system have been simplified and some kind of cameral dual-sided registration system has begun to be used. With this arrangement, the public accounting system that was started to be implemented was criticized and the system was re-opted [15]. Because, in 1927, with the Accounting-General Law, it was aimed to prepare a budget, to formulate a solid basis for financial affairs by arranging provisions, allocations and form conditions to be included in the budget.

From the 1930s onwards, the influence of the big economic crises experienced by the capitalist system around the world has shifted to the politics of the statist economy, and a change in the understanding of the equivalent budget has been experienced. In this period, the balance of the economy has become more important than the budget. In other words, the budget deficit or surplus of the budget is considered insignificant as long as it contributes to the balance in the economy. New ideologies that affected the whole world after the Second World War also had an effect in Turkey. In this process, social state and understanding of social welfare have gained importance. This approach tried to find its place in the classical budget, but as a result of the change experienced in the country, the reconstruction of the financial landscape came to the forefront [22].

For this reason, the new accounting system, which was started to be used on 1 January 1948, fully adopted double-sided registration and budgetary accounting. However, it is seen that the accounting system still does not include accrued expenses, and modern public accounting is not introduced. A more cash-based budget accounting explains the public accounting system in 1948. For this reason, the issue that is mostly discussed in this period is whether Turkey's state account is composed of a budgetary account. Because if the goal is only budget, then the system used at that time is the *Kameral Accounting* system. However, there are also parties that are separated from budgetary accounting within the system [15]. A more rational public accounting system has been established than in previous periods, but it has not been able to switch to a public accounting system that covers incomes and expenses fully accrued.

The Ottoman financial organization can be examined in two ways as the central finance and the autonomous provincial finance. This binary system is generally supported by external treasury, but in special cases, some transfers can be made in the interior with the permission from the sultan [25]. One can say that this financial system is operated by a budget tradition and there are about 50 budget examples from that day [26]. Unlike today's budgets, these budgets do not have the income item in detail, but they cover the costs in detail [25]. When the nineteenth century came, the integration of the western world began to transform the economic and financial life of the Ottoman State and all the dynamics that regulated them. In general, the public financial system, in particular, the budget system, is at the forefront of transforming areas.

Briefly, Turkey is one of the late countries in terms of modern budgeting and application of techniques. The passage of budget preparation, reparations and control rights to the national representatives became possible only after the great difficulties and delays in the late nineteenth century [27]. Reform movements have started in Tanzimat Term but these have remained in the administrative and military areas. Today's centralized financial management can be called beginning at that time. Although reforms have introduced financial management provisions such as taking gore tax for heroic financial power, bringing in the salary system, converting the Sultan's treasury and expenditures to state treasury instead of the bargaining and dues methods, there has never been a mention in the budget of the financial power [28]. Moreover, as it is stated above the development of accounting principles in the era of the Turkish Republican (1923-present) can be understood from various historical perspectives. From 1923 onwards, there have been several attempts to develop well-established principles in the accounting system.

The most important factor in the transformation between 1923 and 1950 is the establishment of the Republic of Turkey. In this period, most of the state regulations were aligned with the practices of the developed Anglo-Saxon and Continental Europe. Besides, in the period between 1950 and 1980 (1980 was the beginning of the economic liberalization in Turkey), it is seen that Jewish Professors such as Fritz Neumark, who fled from Hitler's Nazi Germany and took refuge in Turkey, constitute the public financial system. In the post-1980 period, a standard accounting system was introduced. After 1980, an understanding of performance management, aimed at improving management performance, including items such as efficiency, effectiveness, frugality, service quality, performance measurement, etc., has become a key element in many countries' reform programmes—Turkey is one of them. In the performance management framework that characterizes the results-based management system, it has become important to maintain public accounting efficient and to increase aggregate accountability for all public account and public accounts together with it.

4. Conclusion and discussion

In this study, it is aimed to explain the transition period of the public accounting system of the Ottoman from the nineteenth century to the first half of the twentieth century within the frame of institutional theory. In the Ottoman Empire, which had a similar financial system to many European countries until the middle of the eighteenth century, there was a need to analyse the budget deficits caused by internal and external borrowing in the midst of a financial crisis. The process specified in line with this requirement initiated a serious reform process in the Ottoman Empire and triggered the need to maintain the tax collection system and public accountancy. There are various reasons behind the lack of a centralized tax collection system in the Ottoman Empire. According to Balla and Johnson [18], the main reason for this is that taxmen (tax collectors) are more heterogeneous due to the breadth of the Ottoman land.

In other words, the different ethnic and religious roots of tax collectors in the Ottoman Empire hinder the centralization of the tax collection system. According to Karaman and Pamuk [3], factors such as difficult terrain conditions, differences in capital distribution and low urbanization rates made tax collection difficult compared to the smaller and more urbanized Western European countries in the Ottoman Empire. The differences in per capita national income have also caused difficulties in total taxation. In addition, wrong money policies applied in the Ottoman Empire also caused the acceleration of the effects of the process. Because foreign borrowing in the Ottoman Empire was first taken in 1854 during the Crimea War, the type of money called Kaime entered into force in 1840 and was abolished in 1862. When it came to 1861, internal and external debts were realized at 1/8 of the state expenditures [16]. The stated reasons have led tax incomes to not be able to generate the income mechanism of the state well and therefore to follow their expenses effectively.

Various improvements have been made in order to get out of this process. Ozekicioglu and Ozekicoglu [16] summarize the improvements in five basic topics. The first one is to maintain records more regularly. The second is to prepare a detailed budget. The third is the improvement of the money system. The fourth is the simplification of the tax system and the centralization of the financial centre and the improvement of the treasury and the budget. The fifth amendment is to make arrangements for the establishment of banks and similar financial institutions on 18 February 1856 in order to understand the banking sector. There was also a need to establish a state bank. Thus, the negative effects on the value of the money were tried to be prevented by the mechanism of the state bank. Each remedy made was aimed at balancing budget deficits with money and financial policies. It can be said that the most useful point of view for monitoring the financial transformation process in the mentioned Ottoman period is to evaluate the state budgets and the changes made in this area.

Table 2 summarizes the transformation process of the Ottomans which was prepared in line with the explanations made in this study. **Table 2** also maps each reformist regime to the type of institutional theory involved. The type of institutional theory in the table is designed taking into account the structure and the reasons for the reformist arrangements made. This is because DiMaggio and Powell [14], who point to the isomorphism approach in institutional theory, tend to show the social and economic cohesion of states—especially those with ambiguous

Date	Underpinnings of the reforms	Reason(s)	Application area	Type of institutional theory
Between seventeenth and nineteenth centuries	The necessity of reformer developments	Decentralized tax system, wrong monetary policy, Internal and external debt increase	Military system	Coercive isomorphism
		Ottoman turn into an open-bazaar in terms of European market	Education policies	Mimetic isomorphism
			Financial system	
1839	Reform Edit (Tanzimat Fermanı)	To reduce the Western influence in the Ottoman Empire	The foundations of current centralist financial management have been laid	Coercive isomorphism
				Mimetic isomorphism
				Normative isomorphism
1856	Royal Edict of Reform (Islahat Fermanı)	Publication of the Budget Ordinance: the need to keep the state's income and expenditures annually and the need to make budget-related adjustments	Financial system	Coercive isomorphism
				Mimetic isomorphism
				Normative isomorphism
1859	Finance Reform Commission (Islahat-ı Maliye Komisyonu)	The commission formed by the French and English members due to the regulatory reforms in the reform period to activate the tax system and to achieve the desired result in the prevention of the economic crisis	Financial system	Mimetic isomorphism
1872	Government Budget Ordinance (Devlet-i Aliyenin Bütçe Nizamnamesi)	It is a budget law prepared in line with the need to develop and renew the tax system in line with the proposal of the Reform Commission. Based on the provisions of the French constitution, the state budget was defined and presented in 1876 constitution	Financial system	Mimetic isomorphism

Date	Underpinnings of the reforms	Reason(s)	Application area	Type of institutional theory
1880	Publication of Public Accounting Law	The First Public Accounting Law: The Kameral Accounting System has been adopted in line with the influence of the developed Western States of the time	Financial system	Mimetic isomorphism
1910	Establishment of a First Budget and a new accounting system during the Constitutional Period	The first law, inspired by the French and Belgian Public Accounts Act, is the state budget	Financial system	Mimetic isomorphism
1927	General Accounting Law	France, Italy and Belgium Government Accounting Laws were taken into account again. And the problems of the first law have been tried to be solved	Financial system Trade laws	Mimetic isomorphism
1948	Transition to Double-Sided Recording Accounting System	Acceptance of a state accounting system that is compatible with capitalist new world order under Anglo-Saxon influence	Financial system	Coercive isomorphism Mimetic isomorphism Normative isomorphism

Source: This table is adopted from the related literature by the authors.

Table 2. Historical evolution of the public accounting reforms in Turkey.

aims and unreliable performance measures. In order to ensure the institutionalization of the states, the first of the manifestos constitutes a large proportion of specialized knowledge and adapts to them [13]. From this point of view, it is also easy to understand the transfer processes that are living in the national sense. It seems that isomorphic tendencies prevail in applications which are based on responding to the uncertainty that is at first economic and social in nature, that is to say those which are shaped according to the institutional environment.

Thus, the effects of ambiguity are reduced and the required application environment is prepared for the future. The level of uncertainty in such practices constitutes a driving force in terms of imitation [29]. There can be many reasons for the ambiguity that exists. The most important dynamics of the uncertainty that betray Turkey are the need to make adjustments in the decentralized tax collection system, the economic downturn after the war period, the reformist practices, economic policies, the declaration of the Republic and the industrialization efforts of the capitalist system. Turkey has tried to overcome the effects of this environment primarily with French, later German and American systems. Regulations in Turkey show that the actively taking part in the state takes place on the basis of coercive isomorphism. However, the regulations are the same as the transfer. In the later period, the emergence of the standardization phenomenon as a necessity in the whole world, and the phenomenon of globalization that accelerates it, manifests itself in the practice of sometimes coercive and sometimes normative isomorphic tendencies for a country that is trying to achieve political harmony within the global system.

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