

**Department of Business Administration, Finance, Management
and Law**

From the Selected Works of Enrico Guarini

2013

**From Accounting to "Economia Aziendale":
Innovation in the Thought of Gino Zappa (Italy,
1879-1960)**

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Finito di stampare nel mese di luglio, 2013

Tipografia Greco e Greco – Milano

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INTRODUCTION

An interesting issue in accounting history research is the pattern of innovation in the accounting thought and practice ⁽¹⁾. This meaning can be referred to the development of innovation within a single country or language area or the influence exercised by accounting research of some countries upon accounting thought and practice in others. This phenomenon contrasts when compared with other applied sciences where innovation spread rapidly. The significance of a particular research contribution may also differ over time and context. This distinction is an attribute of our discipline, the understanding of which requires consideration of the importance of the *local* legalistic, linguistic and cultural traditions (Carmona, 2004). The country-specific setting is fundamental to understanding the accounting thought and how it is rooted in the local tradition. At the same time, the country setting – especially the non-English speaking - plays a critical role in spreading out - or retarding - new orientations and *stimuli* at the international level. The common English language and the communication tools enable nowadays innovation diffusion in accounting research, but it was not certainly just the same in the past.

Above all, it must be borne in mind that most cited management and accounting theory in the Anglophone literature of the last half-century was preceded by several not-well known research pioneered in different non-English speaking countries (Mattesich, 2008). Indeed, relevant articles and commentaries in international accounting history journals have been mainly fo-

⁽¹⁾ The present contribution presents parts attributable as follows: paragraphs 1 and 4 are attributable jointly to Enrico Guarini and Francesca Magli, 3.3, 3.4, 5.2 to Enrico Guarini, paragraphs 1, 2, 3.1, 3.2 and 5.1 to Francesca Magli, paragraph 6 is attributable jointly to Enrico Guarini, Francesca Magli and Alberto Nobolo.

cused on studies concerning Anglo-Saxon research settings (Carnegie & Potter, 2000; Carmona, 2004; Carnegie and Rodrigues, 2007).

This paper aims to contribute to the understanding of differences in accounting innovation across countries by shedding light on the significance of the research contribution of Gino Zappa (1869-1960) in Italy. In the Italian accounting history tradition, Zappa is considered the scholar that have most contributed to major innovations in academic accounting and management research in Italy in the first half of twentieth century. In Zappa's view the central theme of accounting was income determination which grew out of opposition to the former equity-based fund accounting, identified with Besta (1922). The Zappa's contributions were also originally conceived as the foundation stones of a new discipline - '*Economia Aziendale*' – integrating accounting, production and organization studies, marketing, etc. from a systemic and holistic perspective. Despite some critics, his work was never devalued.

This paper has been organised into five sections with the following Section Two introducing Gino Zappa's relationship to innovation along with the main fields in which he studied it: accounting and business studies. In Section Three, Zappa's main innovations in accounting, being his income based system is discussed along with his new definitions of a business, his new doctrinal division of businesses and his new concept of business economics. Section Four offers a brief review of his main publications whilst Section Five discusses his relationships with the main scholars of his era, specifically the economists of that time and his disciples. Finally, in Section Six we present some final remarks.

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1. Innovation and Zappa's thinking

One of the most important and illustrious Italian business economists who, without doubt, introduced the concept of innovation in his work was Gino Zappa. Outside of Italy, together with Schmalenbach and Limperg, Gino Zappa has been acknowledged as one of the 'accounting heroes' of continental Europe during the first half of the last century (Flower, 1996). His structuralist innovation, even though oriented toward a systemic approach in which the process of innovation, apart from influencing the business and everything involved with it, is also affected by the social, environmental and political contexts inside of which the business entity acts. Gino Zappa studied at the Ca' Foscari University in Venice under Fabio Besta. Zappa then taught at the University of Genoa at the Regio Istituto Superiore di Scienze Economiche e Commerciali from 1906 to 1921, when he began teaching at the Ca' Foscari University in Venice and at the Luigi Bocconi University in Milan (Amaduzzi, 2004:248).

One of the reasons why the innovation process was introduced in Zappa's business economics research may be linked to the time frame of his studies. The concepts of equity and income proposed by Besta, may actually be placed in a timeframe in which the static aspects connected to the measurement of wealth had meaning in that the economic environment in which businesses operated at that time was relatively stable. From this perspective the problems connected to uncertainty just as the distinctions between 'real' and 'monetary,' could therefore be considered of marginal significance. On the other hand, the following period, characterised by hyperinflation, caught the attention of scholars including Zappa, leading to the investigation of the integrity of equity as expressed in real terms and of economic or working capital.

The process of innovation, the common thread in Gino Zappa's research, brought the '*Maestro*' (Zappa) to suggest that significant renovations be made in different sectors of business

economics in Italy and in its link with other disciplines. This vast task of doctrinal renewal and development was undertaken by Zappa beginning in the early 1920s and continued without interruption up to his passing in 1960 (Pezzoli, 1986:123). Gino Zappa's innovations in academic research were in accounting and business.

At the beginning of his scientific career Zappa strongly highlights the '*insufficiency of accounting doctrine*', which '*lingers on the formal method of recording, without penetrating its economic significance whilst often giving accounts and their variations unreal meanings*' (Onida, 1961, p. 339). He introduced the study of '*Reddito*' [Income], the new business concept of '*Azienda*', and the definition of '*Economia aziendale*'. *Economia aziendale*, as proposed by Zappa, is an all encompassing doctrine, which regards business as a complex whole. The doctrine's main features may be summarised in two general points (Cinquini and Marelli, 2007):

- (a) It covers every degree of all forms of socioeconomic institutions, from the level of households, to not-for-profit entities, companies, public businesses and town councils, right up to the state;
- (b) It focuses on the '*Azienda*' (used as a generic term, often translated as 'a concern') as a coherent unity (i.e. inseparability) of 'economic operations' which characterises institutions;
- (c) It aims at the development of those general principles that govern the '*equilibrium*' (i.e. the long-term sustainability) of the *Azienda*.

In his business studies, Zappa analysed business management, organisation and accounting from a systemic and holistic viewpoint. He was an innovator, conceptualising organisation and management as disciplines that should be joined to accounting; the latter could not live separately from business organization and management, otherwise the outcome would have been pure formalism (Zappa, 1927:20). In this perspective, Zappa's

contribution has been characterised as a '*radical holistic approach*' of business studies based on a '*unitary view of the Azienda*' [business, company, enterprise, corporation, concern, etc.] (Zan, 1994). This approach is similar to the German *Betriebswirtschaftslehre*, in which accounting is treated as a major and integral part of business economics (Küpper & Mattesich, 2005). This influence has also been recognised and addressed in research by Italian accounting historians who have examined this issue (Ferraris Franceschi, 1994; Canziani and Rondo Broveto, 1992; Viganò, 1998; Cinquini and Marelli, 2007).

2. Innovations in Zappa's thinking on accounting

In our work we will focus on the analysis of the main accounting and business studies of Zappa and in particular:

- the creation of income system and its introduction in the financial statement;
- the new economic conception of equity;
- the evolution of the concept of *Azienda* and his systemic vision;
- the holistic and unitary view of the business: management, organisation and administration;
- the creation of *Economia Aziendale* as a new unitary science.

2.1 The income system and the new economic conception of capital

On income Zappa asserted that '*it would not be an exaggeration to say that, today, the state of economic opinion on this important issue is deplorably confused and contradictory*', (Zappa, 1937:274, Fisher, 1906:101). The upheavals of the early 20th century (Balkan wars, World War I) led Zappa to reconsider the definition of income he had received from his mentor, Besta, that

is to say, the *'difference between two successive equity assessments'*. These doubts were further fuelled by the exchange of opinions he had with some foreign scholars namely, Fisher, Commons and Schmalenbach (Canziani, 2009). Within the scope of the analysis of income the works of Fisher (1906) on *Income and Capital* and the theories of 'dynamic accounting' developed by Schmalenbach (1926) were particularly influential in orienting Zappa's focus on the income statement. Since then, Italian accounting has diverged from the logic of assets and liabilities underpinning journal entries (Cinquini and Marelli, 2007).

In his book *'Il Reddito d'Impresa – Scritture doppie, conti e bilanci di aziende commerciali'* [*Business Income – Double Entry Accounting, Accounts and Financial Statements in Commercial Businesses*], Zappa gives his definition of income: *'the growth that the capital of an enterprise undergoes over a specific period of time as a result of management'* (Zappa, 1937:277). One might say that *'income provides the dynamic view of that complex business investment, which is expressed statically by capital'*; income being the expression of movement or value flows whilst capital represents the foundation or stock of value (Zappa, 1937:279). This new system involves a change in accounting theory that cannot be centred on net equity, which is a static dimension, as in previous theorisations (Besta, 1922), but must be focused on a dynamic notion of wealth, which is income (Alexander and Servalli, 2011).

Indeed, within the scope of a more dynamic view of business management, Zappa argues that capital is produced by income and not income by capital (Zappa, 1937:82). *'Regardless of how one might wish to conceive of capital, the proper notion of its multiple meanings always and inevitably leads to the consideration of income and its complex and varied flow... Hence, it may be affirmed that, even from the point of view of Economia Aziendale, income flow is the predominant phenomenon in a business's economic life and that income is the alpha and the omega of the science of economics'* (Zappa, 1937:94).

Subsequent to these innovations in the scope of the definition of income, the notion of the concept of capital, being strictly linked to that of income, changes notably through Zappa's teaching. Actually, for Besta, Zappa's mentor, the concept of capital was equity based: capital was placed before income. Indeed, Besta considered profits, from an accounting point of view, as an element of equity (Ceriani, 2007:20). Besta said, *'the excess of income, or profits after expenses, indicates to what extent the amount attributed to the original equity fund has grown during the fiscal year and it must, once the expenses and revenues have been accounted for, refer to the balance sheet set out for the specific purpose of clarifying this amount'* (Besta, 1922, III, :19).

For Besta the positive components of profit were increases in the wealth of the enterprise whilst the negative components were decreases of that wealth. Both the negative and the positive components, therefore, were correlated to the concept of capital and not to that of income. Profit or loss was obtained by the algebraic summing of the *'net changes'* in equity components. So, each new addition to the assets or change towards their increase in value or an increase in receivables or a decrease in payables constituted a positive component; each sale or loss of assets or change towards their decrease in value or each reduction in the value of receivables or increase in the value of payables constituted a negative component. Ultimately, Besta viewed capital from an atomistic and reductionistic perspective, considering it as the set of qualitative and quantitative values taken individually and of the variations that these undergo as a consequence of management, (Siboni, 2005:65).

Subsequent to Besta's work even some of his disciples, namely, Alfieri, D'Alvise and de Dominicis followed his equity based lead in their explanation of the concepts of income and capital. Others, instead, such as De Gobbis and Vianello, began to break away with some signs of innovation toward what would later be Zappa's perceptions. (Ceriani, 2007:25). As De Gobbis said, *'There is no notable difference between what we – Equity-*

based system scholars – call ‘flow of new wealth’ and what Zappa calls ‘growth in the capital of a business’ (De Gobbis, 1931:11). The difference is in the entries understood as flow where the Equity-based system scholars consider the income, expenses and the losses as different flows whilst Zappa, in his concept of income, includes all of the growth that the enterprise obtains over a specific period.

In Zappa's view, capital, on the other hand, appears in its entirety as an aggregate, comprised of complementary factors. In this classically economic sense, capital is not a fund of different though coordinated values, but a unique value, resulting from the ‘*capitalisation*’ of future income. In the systematic assessment of accounts capital appears, nominally, as a fund from which income flows and to which income may regularly be added. Income, formally, appears to be the value than links capital as it is considered at two successive moments (Zappa, 1937:81). Capital is ‘*a fund of values, at a given instant, and is determined in relation to the system of accounting variations that add to it and by which these changes are defined*’ (Zappa, 1937:57; 1957 II). This definition creates the concept of working capital that expresses the dynamics of business management.

According to Zappa, capital is the instrument through which the fiscal year income is determined and interpreted whilst at the same time through which the conditions for the determination of future revenues are set out (Ceriani, 2007:34). Fiscal year income, therefore, does not originate from asset variations but rather, from the costs and revenues recognised numerically during the administrative period with the addition of accrued costs and revenues, presumed products of estimates and predictions, (Zappa, 1937:291).

Positive and negative income components are generated by management. Income components can never be classified or assessed as equity components; however, assessment of equity components necessarily has an impact on the formation of income components (Zappa, 1957, II:733). The link between the

two concepts is even clearer when he says, '*no determination of capital in financial statements may be implemented without combining reliable values with ones that are purely conjectural estimates, sometimes based on entries fallaciously projected not over the short term*' (Zappa, 1957, II:456). Of fundamental importance, the *Maestro* then points out, is the period of time in which the income is generated. Indeed: '*Whilst a given capital is therefore wholly designated by the statement of one monetary value: the fund existing at a given moment, instead what cannot be specified is the income, which is designated by two quantities: a monetary value, and the time lapsed during which it flowed into or out of the pre-existing fund*' (Zappa, 1950:292). According to Zappa, therefore, working capital and income are merely two different expressions used to represent the same management phenomenon.

Zappa's theories, set out in his publication '*Il Reddito d'Impresa*' [Business Income], have therefore been embraced in a new accounting approach called the 'Income system' (Cavazoni, 2009). Hence, Zappa proposed a posting system that considered as its primary objective the quantification of the net profit for the period (Siboni, 2005:90). According to this new system there are two large classes of accounts, being the accrued accounts and the income accounts, which, together with the capital accounts class, fully comprise the income system (Zappa, 1937:364). At the end of the fiscal period two schedules should result: one representing the capital structure and the other the income structure. The income statement, called the '*Profitti e Perdite*' [Profit and Loss] account was structured by Zappa as follows:

Table 1. Profit and Loss Account

| Debit | Credit |
|---|---|
| Initial remainders (already suspended costs) | Initial remainders (already suspended revenues) |
| Costs | Revenues |

| | |
|---|--|
| Adjustments (positive: cost or debt adjustments; negative: revenues or receivable adjustments) | Adjustments (positive: revenues or receivable adjustments; negative: cost or debt adjustments) |
| Final remainders (suspended revenues) | Final remainders (suspended costs) |
| Income | Loss |

Source: Zappa, 1937

The Profit and Loss Statement and the Balance Sheet are accounts generated from changes made in the system. They express a periodic summary of the system; there cannot be one without the other. They add to, prove and nearly define one another. The profit and loss account manifests the general correlation of the positive and negative components attributed to the income in a specific fiscal year. The balance sheet gathers the values compiled in the general fund at the end of the fiscal year for the determination of future revenues (Zappa, 1937:372).

This arrangement was in clear contrast with Besta's equity-based system causing the emergence of rivalries between the supporters of each approach. Actually, the system proposed by Zappa represented nothing more than the natural evolution of Besta's system (Giannessi, 1992:45). In Besta's system every administrative event (from both internal and external management) was recognised, whilst with Zappa's method recognition was restricted to external management phenomena and internal documents were used for internal management events.

2.2 Evolution of the concept of business: the business system

During the course of his studies, Zappa developed two different definitions of a business. First of all, he rejected the concept of a business as set out by Fabio Besta: '*sum of events, relations and business related to a given set of assets-capital belonging to a person, a family or any other party from an individual company, including joint stock companies to the state*' (Canziani, 2009:12). Besta's idea for the concept of a business as

an aggregate of operations referring to an equity value does not embrace the aspects of dynamic and organic coordination, which instead Zappa will later include in his analysis (Siboni, 2005:66). Indeed, according to (Zappa, 1927:16), *'Even the accounting department, if it wishes to be fruitful, must give up the idea of having completed a definitive task, it must be stimulated by the fervid dynamism that marks economic life and it must embrace its spirit and relive it inside of itself'*.

After having studied business in detail, *'he consigned Fabio Besta's business to the systemic desire proposed by Cerboni, at the end of the 19th century, in his 1892 publication, Ragioneria Scientifica'* [Scientific Accounting] (Canziani, 2009:16). In his concept of business, Zappa refers to the American Institutional School's notion of establishment as well as to research by Schmoller and Merger, thus developing a more complex definition of a business: an economic institution 'intended to endure' seems to allude to a *'going concern'*, which places Commons at the centre of his system, (Biondi, 2004:21). In *'Reddito d'impresa,'* [Business Income] Zappa highlights a more dynamic conception of business in which Besta's functions and processes (governance, management and control) are taken into another direction and given dissimilar meanings, (Canziani, 2009:12). Zappa analyses the business using a new unitary, dynamic and systemic paradigm, where it is always possible to observe the contextual specifications and the productive sectors, which have at their foundation, nevertheless, very clear and unmistakable standards and regulations of business economics (D'Alessio, 2009:433).

If in the revolution of income, the business was considered an *'ongoing economic coordination in which each element, that is to say, each economic phenomenon, has its own reason for being in correspondence to other elements'* (Zappa, 1950:13), this notion is extended to and completed by that of the 'economic institution intended to endure over time, made up of management (economic administration and its corporate organisms), equity (organised combination of assets and liabilities) and the

flow of events and processes such as economic coordination, that give meaning and life to the business, (Biondi, 2004c:10). This change of notion anticipates a revolution in thinking due to the analysis of the business moving from the sphere of economics to the societal, organizational and institutional spheres represented by the enterprise (Zappa, 1956, 1957 I). For manufacturing he affirms, *'this concept (referring to the business) appears to have been renewed by the new doctrine, which perceives the harmonious economy of the corporate institution, and by its resurgent activity, which reveals the significant industrious evolution of the country's economic reality'* (Zappa, 1956:35).

The business is, according to an evolution of Zappa's thinking: *'the economic institution intended to endure over time, which, for the satisfaction of human needs, orders and undertakes in continuous coordination the production or the procurement or the consumption of wealth'* (Zappa, 1956:37). The business is the central unit in which economic activity is usefully brought together for the convenient realisation of defined objectives which every enterprise necessarily endeavours to achieve (Zappa, 1956:44).

In defining businesses in his publication *'Le Produzioni'* [Production], Zappa often mentions certain characteristics capable of providing companies with enhanced connections with the external environment. In defining the myriad facets of businesses he mentions certain processes that they must implement in order to act in the current economic world such as, transformation, the ability to adapt to changing circumstances in the environment and diligent renewal and coordination. He states: *'Our economy is an operational reality: it grows day by day, building itself up continuously, its structures are always being renewed and restored, it is always transforming its implemented economic processes and it always openly manifests how changing circumstances dictate in what manner businesses need to adapt'*, (Zappa, 1956:39).

The notion of business implies rigorous investigation and constant awareness of the relationships, which, always being new, intertwine with the business phenomena, with market phenomena and with the phenomena generated by markets and businesses, whilst also involving the perception of future performance and trends of those phenomena and relationships, (Zappa, 1956:41). Speaking about business, Zappa asserts that '*nothing in business is stable, nothing in business can escape the lively influx of the moving environment that impinges upon it and dominates it. The inevitable condition of a business's persistence is the continuous change in its factors and the assiduous renewal of the management coordination it pursues*' (Zappa, 1956:148).

In our country, *the systemic approach* to business accounting is commonly traced back to the founder of Business Economics, Gino Zappa (Canziani, 2009:11), yet already previously notable scholars of accounting such as Cerboni, Rossi and Besta had provided a more rudimentary systemic view.

Zappa elicits his own systemic unity and his dynamism for businesses

In his publication, '*Le Produzioni*' [Production], Zappa's reference to the complexity and dynamism in business systems, of which our knowledge is truly scarce, is a constant. Unity, or better yet, continued unity is a characteristic and dominant principle that gathers, into an overall whole, the economic life of both individual businesses and of the broader systems of which they are a part, (Zappa, 1957:II). A business is something more than merely the sum of its parts. The systemic structure called a '*business*' possesses properties that its elements, taken individually, do not; nor can the features of that aggregation be given by a simple composition of the features of its components (Zappa, 1937:14).

Defining a business as an '*ongoing economic coordination*

created and upheld for the satisfaction of human needs' (Zappa, 1927:54) provides a clear specification of the importance of analysing the events that make up the life of a business and of embracing its systemic and dynamic relationships. Zappa also discusses being systematic in *'Reddito d'impresa'* [Business Income], where he affirms that business phenomena must be established in a coordinated and systematic manner for the entire company, specifying that, *'Perhaps, this notion cannot be better represented than by recourse to the concept of system even in the designation of a corporate aggregate, being one individual even though a part of a most diverse multiplicity'* (Zappa, 1937:11). In a not dissimilar manner, in the definition of business, set out by Zappa in *'Le Produzioni'*, as an *'economic institution intended to endure, which, for the satisfaction of human needs, orders and performs in continuous coordination the production or the procurement or the consumption of wealth'* (Zappa 1956:37), he outlines the lasting destiny of businesses, focusing attention on the *'continuous coordination'* of management events (Biondi, 2004c:10).

Gino Zappa introduced the conceptual scheme of system as the basis of business life and developed, in a lucid and rational manner, a *'theory of business systems'* which, drawn from Aldo Amaduzzi and others, still represents today a common benchmark for nearly all Italian scholars. He looked at different levels of the systems within the scope of business economics: examining the *'system of the economic dynamic of business'* placed side by side with the *'system of all businesses'* and the *'social system.'* He also viewed the *'system of production factors and management coordination,'* the *'system of economic functions,'* the *'system of business production,'* the *'system of costs,'* the *'system of earnings'* and the *'system of income'*, (Zappa, 1937) as explications of the precisely systematic activity of businesses. He furthermore affirmed that: *'the economics of businesses considered as a whole make up a single broad aggregate in which, just as in an out and out system, the different elements necessarily work together with each dependent upon the other'* (Zappa, 1956).

The variety and dynamism of productive phenomena introduce elements of great complexity in business-economics research and in real management: *'The variety of production in businesses is extreme; implemented production volumes are continuously changing; discordant manufacturing processes and their dissimilar combinations follow one another in highly differentiated coordinated series; the quality of the products obtained from individual processes, because of the pressure of changing demand and renewed production techniques, are constantly changing'* (Zappa, 1957:III 62). The result is the continuous call for further and more detailed investigation into the dynamic relationships among the different phenomena in the business system.

2.3 The holistic and unitary view of the business: management, organisation and accounting (Zappa's three-part division)

For the purpose of making the work of businesses more systemic and dynamic (Zappa, 1927), Zappa underscores the importance of:

- a) Placing at the centre of attention the changing coordination of operations or management activities ordered into processes and coordination of processes
- b) Embracing the intertwining of the qualitative and quantitative aspects of business and environmental phenomena, becoming open to input from other disciplines useful for identifying and comprehending the conditions for the enduring operation of businesses (Zappa, 1927:52)
- c) Developing specialist knowledge of functions (management, organisation and accounting) and sectors (Zappa, 1927:54)

Elaborating this last point further, Gino Zappa underlines that even in its unity, *Economia Aziendale* may be broken down

into three doctrines (not sciences) that enable the study of the aspects of the business's dynamic reality. These doctrines may be identified as subsystems of the more vast 'business' system and may be divided into:

1. '*Gestione*' [Management and operations]: the set of economic decisions and operations coordinated for the achievement of the corporate purpose;
2. '*Organizzazione*' [Organisation]: the combination of personnel and equipment, broken down into structures and procedures for efficient corporate management;
3. '*Ragioneria*' [Accounting]: the set of instruments, operations and methods used for measurement, reporting and interpretation of corporate events (Zappa, 1956).

Zappa goes on to say: '*the accounting system should be based on knowledge about business phenomena: it is therefore necessary that its doctrine contain three complementary orders of investigation: a) the doctrine of accounting, even in its links with business statistics, b) the doctrine of management and c) the doctrine of the organisation of business economics*' (Zappa, 1927). Having ascertained the limited fields of exploration wherein business disciplines of the time were confined, Zappa broadened the horizons of investigation, creating among them an unbreakable bond. In his hypothesis, knowledge of the management and the organisation cannot be separated from that of the measurement of the phenomena considered, just as the accounting requires that the management and the organisation describe and interpret the business-economics input underlying the financial statements and the data that are subject of internal entries.

This new trend in research in 1927 permitted that '*the doctrine of accounting be placed or replaced side by side with the doctrine of management and that of the business organisation*' (Zappa, 1927:20). Management and organisation varied among

the different businesses, according to his thinking, only from a technical-technological point of view, yet their issues in economic terms were the same. The bond that made the unitary study of the three disciplines within the field of business economics possible was therefore represented by the single purpose (precisely, it being economic) pursued distinctly by the three subjects, with the objective, however, of achieving lasting economic balance for the business in a unitary manner (Siboni, 2005:87). The science of *Economia Aziendale* deals with the organisation and management of enterprises, but only under the profile of economics. Indeed, it examines, interprets and judges the configuration, the structure and the changes inside of the business aggregate, regarded as both an organisation of structural factors and as a system of operations, investigating it, nevertheless, only in so far as the economic problems that arise therein are concerned (Onida, 1951:13).

2.4 'Economia Aziendale' – a new unitary science

Economia Aziendale, with Zappa, became an independent science within which accounting represented one of the moments inside of the business administration (D'Atri, 2005:1). Hence, Zappa, clearly diverged, even though causing him some torment, from the position of his mentor Fabio Besta, by founding a new way of conceiving accounting, which then became a division of a vaster scientific discipline, called Business Economics. Zappa dismantled the accounting inherited from his predecessors and teachers, Bellini, Cerboni and Besta, inverting the subject of study, moving it from the capital to the income, breaking up the theory of the assessment of financial statements and refusing Germanic historicism, Paretism and Keynesianism. He erected a new omni-comprehensive and organic science on top of accounting founded on business, actually, on all businesses and on their systems, as an alternative to Social Economics – following the German doctrine and the suggestions of Cer-

boni and Zorli – (Canziani, 2009:17). Gino Zappa organically defined the content, the essential nature, the method, the procedural rules and the instruments required of Business Economics. Some innovative features in Zappa's *Economia Aziendale* were: its realism in identification of businesses, its dynamism pertinent to their reality, its synchronicity with the dynamics of the general economy, its capacity to create relationships and interconnections among different economic players and its systematic nature, (Canziani, 2009:18).

The revolutionary nature, or its lack thereof, of Zappa's construct is a recent historical issue. The contrast of opinions sees his vision as being on one hand revolutionary and on the other part of a continuum. Both views cannot coexist in that whilst the first, which finds its historiographic foundation in Kuhn (Cushing, 1989), tends to interpret the formative process of business economics by highlighting elements of discontinuity as compared to previous academic schools of thought, the second views history as a progressive alternation of events, which develops without great rifts, preferring to speak of the evolution of thought as compared to that of the previous era, (Antonelli and D'Alessio, 2011:114).

In whatever manner one might consider Zappa's innovations, he introduced two extraordinary innovations in the study of business economics, through its analysis within the scope of the economy and as a science:

1. In Zappa's conception of *Economia Aziendale*, it is not a discipline in its own right but should be placed within the scope of the science of Economics, as a special branch of this subject, aimed at the study of the existential conditions and the manifestations of the life of socioeconomic institutions (Zappa, 1927, p. 54). Zappa explicitly assigns *Economia Aziendale* the task of setting in motion a new and distinctive comprehension of economic phenomena: those phenomena, which, even though they may not be revealed by only the study of Business Economics, they

however, *'find in businesses their most widespread and conspicuous expressions'* (Zappa, 1956:172). Essentially, Zappa's conception of *Economia Aziendale* proposes additions and contributions to the comprehension of more far reaching phenomena, such as the actual operation of open economic systems and production flows, consumption, savings and investments, to which the participating and active business is subject.

2. The theoretic accounting approach set out by Zappa is the result of a systemic conception of business. *'No one can validly negate the tendency of business economics to achieve a scientific structure'* (Zappa, 1956:3). He, starting from previous approaches, among which there was that formulated by Besta, proposed a broader concept of Business Economics, which still today represents an Italian peculiarity, and which has some analogies with the traditional German *Betriebswirtschaftlehre* (Business Administration) and its notion of *Betrieb* (operation) (Alexander and Servalli, 2011).

In 1926, for the inauguration of the academic year at the University Ca' Foscari of Venice, Gino Zappa gave his celebrated keynote address *'Tendenze Nuove negli studi di Ragioneria'* [New Trends in the Study of Accounting], being the founding manifesto for *Economia Aziendale*, which he defined as a unitary science that studies *'the conditions of life and the manifestations of the existence of the 'Azienda'* [business, company, enterprise, corporation, concern, etc.], which is investigated as an economic coordination of elements implying dynamic processes (Alexander and Servalli, 2011). In this publication, Zappa launches an exciting challenge: the creation of a *'unitary science with vast content'*, which tends *'to bring together into an overall whole, generally ordered by principle, the study of the economics of business in its multiple and complex manifestations'* (Zappa, 1956:3). His address laid the foundations for *Economia*

Aziendale, as a discipline above all capable of bringing together, into a unified whole, the research on the subject of accounting, management and organisation.

Already the groundwork for *Economia Aziendale* had been set out by Zappa in *Tendenze Nuove negli studi di Ragioneria* [New Trends in Accounting] (1927) and in *Reddito* [Income] (1937), but, above all, in *Produzioni* [Production] (1956-57) and in the *Aziende di consumo* [Consumption Businesses] (1962), where it emerges as a discipline aimed at ensuring economic, civil and social progress.

This need emerges both:

- a) In relation to the centrality of the business relations between institutions and within the same: ‘no enterprise, even though economically independent, can be feasible without taking part in multiple and continuous relationships with other businesses of the most diverse classes, without the necessity of having either direct or mediated connections with the broad and articulated system made up of all of the companies in the country in which the business operates (Zappa, 1956:166);
- b) In relation to his distancing himself from the hypothesis of *homo economicus* and from the theories constructed on it, in which the person (of the business) is not only the carrier of material needs but also spiritual, moral and social needs: the person ‘as operator of the business is not motivated by only utilitarian motives’ (Zappa 1962:687). ‘The aim of business institutions is their own preservation and the development of the energies of the people who act in them. In businesses the interests of individuals are brought together and specific self-interest is moderated for the common good’ (Zappa 1956:38);
- c) The mission of a business is one that every enterprise should implement with responsibility and in harmony with its myriad interlocutors, with a view toward the

good of the business. The result is that the functional objective of a business can never be reduced to a single aim (such as profit or growth or the consent of specific interlocutors), to which every other goal must be subordinated, but will always be a synthesis of a multiplicity of interrelated, interconnected objectives. The totality of these objectives makes up the '*common good of the business*' '*The enterprise is the active centre of fertile harmonies, in which the adaptation of the parties to the whole is alive and the link that binds every occurrence to the purpose for which the enterprise was founded is uncompromising*' (Zappa, 1956:166).

3. Zappa's main publications

As is shown below in the table, Gino Zappa wrote, by himself and with associates, forty books and journal articles. His most famous works were, however, the keynote address '*Tendenze nuove negli studi di ragioneria*' of 1927, '*Il reddito d'impresa*' of 1937 and '*Le produzioni*' of 1956-57.

In his keynote address '*Tendenze Nuove negli studi di Ragioneria*' given in 1926 on the occasion of the inauguration of the academic year at the University Ca' Foscari of Venice, Zappa sets out the broad outlines of his renewal of business-economic research. The paper was published the next year in 1927. It is this speech that virtually marks the official beginning of the new course of business-economic studies in Italy.

In 1937 he published, in its definitive edition, the fundamental text, '*Il Reddito d'Impresa – Scritture doppie, conti e bilanci di aziende commerciali*' [Business Income – Double Entry Accounting, Accounts and Financial Statements for Commercial Businesses]. This work comprises three books, two of which, dedicated to his logical and epistemological foundations, had already been released in 1920, with the third added in 1929, which was dedicated in the strict sense to the accounting system (i.e.

the income accounting system) (Biondi, 2004b:4).

Having ended his university teaching, notwithstanding the blindness that struck him in the final ten years of his life, he worked untiringly on a publication of vast breadth '*Le Produzioni nell'economia delle imprese*' [Production in Business Economics] (1956 and 1957). Specifically his thought came together in the construction of the discipline of Business Economics, which enriched the economic study of contributions arising out of an intimate knowledge of companies and their administrative issues, (Canziani, 1987). Gino Zappa's other works are shown in Table 2 and there is evidence of his wide interests embracing the study of business economics applied to different socioeconomic institutions.

Table 2. The publications of Gino Zappa.

| Year | Title | Translation |
|------------------|--|---|
| 1910 | <i>Le valutazioni di bilancio, con particolare riguardo ai bilanci delle società per azioni, Milano</i> | Assessment of financial statements, with particular regard to joint stock company financial statements |
| 1915 | <i>Le operazioni del credito commerciale, Genova</i> | Commercial credit operations |
| 1920-1929 | <i>La determinazione del reddito nelle imprese commerciali. I valori di conto in relazione alla formazione dei bilanci. Roma</i> | Determination of income in commercial businesses. The value of accounting in the drafting of financial statements |
| 1923 | <i>Bilanci di imprese commerciali. Note e commenti. Milano</i> | Financial statements of commercial businesses. Notes and comments |
| 1923 | <i>La tecnica amministrativa delle imprese industriali, Milano</i> | Administrative procedures for industrial businesses |
| 1926 | <i>Le tecnica dei cambi esteri. Teoria e pratica dei pagamenti internazionali. Società Editrice Libreria, Milano</i> | Foreign exchange procedure. Theory and practice of international payments |
| 1927 | <i>Tendenze nuove negli studi di ragioneria, Milano</i> | New trends in accounting studies |
| 1928 | <i>La disconosciuta limitatezza delle rilevazioni di conto sistematiche in 'Rivista di Ragioneria e Studi affini', Padova</i> | The unknown limitation of systematic account measurement, in Journal of Accounting and related studies |

| | | |
|------------------|--|--|
| 1935 | <i>Tecnica della speculazione di borsa, Milano</i> | Stock market speculation procedure |
| 1935 | <i>Fabio Besta, il Maestro, Venezia</i> | The Maestro Fabio Besta |
| 1937 | <i>Il reddito di impresa Scritture doppie, conti e bilanci di aziende commerciali, Milano</i> | The business income. Double entry accounting, accounts and financial statements in commercial businesses |
| 1946 | <i>La nazionalizzazione delle imprese. Brevi note economiche, Milano</i> | Nationalisation of businesses. Brief economic notes |
| 1949 | <i>Elementi di computisteria, ragioneria e pratica commerciale. Libro secondo, Milan, 1949 (in collaborazione con i Professori Lino Azzini e Giuseppe Cudini)</i> | Elements of business mathematics, accounting and commercial practice. Book Two (in collaboration with Professors Lino Azzini and Giuseppe Cudini) |
| 1950-1951 | <i>La tecnica della speculazione di borsa Parte Prima. Le operazioni elementari di borsa, in 'Rivista dei Dottori Commercialisti, Milano</i> | Stock market speculation procedure. First Part. Elementary Stock market operations, in Journal of Certified Accountants |
| 1951-1952 | <i>I problemi odierni dell'industria italiana, in 'Bollettino del Servizio di Studi Economici' del Laboratorio di Politica Economica dell'Istituto Universitario di Economia e Commercio di Venezia</i> | Today's problems in Italian industry, in Economic Studies Service Bulletin of the Laboratory of Economic Policy of the Venice University Institute of Economics and Business, Venice |
| 1951 | <i>L'inflazione del credito e la moneta di banca, in 'Bollettino del servizio Studi Economici', del Laboratorio di Politica Economica dell'Istituto Universitario di Economia e Commercio di Venezia</i> | The inflation of credit and bank money, in Economic Studies Service Bulletin of the Laboratory of Economic Policy of the Venice University Institute of Economics and Business, Venice |
| 1951 | <i>Elementi di computisteria, ragioneria e pratica commerciale. Libro primo, seconda edizione, Milan, (in collaborazione con i Professori Lino Azzini e Giuseppe Cudini)</i> | Elements of business mathematics, accounting and commercial practice. Book one, second edition, (in collaboration with Professors Lino Azzini and Giuseppe Cudini) |
| 1951 | <i>Computisteria, seconda edizione, (in collaborazione con i Professori Lino Azzini e Giuseppe Cudini), Milano</i> | Business Mathematics, second edition, Milan, 1951 (in collaboration with Professors Lino Azzini and Giuseppe Cudini) |
| 1951 | <i>Ragioneria generale, seconda edizione, (in collaborazione con i Professori Lino Azzini e Giuseppe Cudini), Milano</i> | General Accounting, second edition (in collaboration with Professors Lino Azzini and Giuseppe Cudini) |
| 1951 | <i>Ragioneria applicata alle aziende private, (in collaborazione con i Professori Lino Azzini e Giuseppe Cudini), Milano</i> | Applied bookkeeping for private companies, (in collaboration with Professors Lino Azzini and Giuseppe Cudini) |

| | | |
|------------------|---|--|
| 1951 | <i>Complementi di ragioneria applicata alla aziende private: Le associazioni in partecipazione – Le imprese divise (in collaborazione con i Professori Lino Azzini e Giuseppe Cudini), Milano</i> | Components of applied book-keeping for private companies: Joint ventures – Business spin-outs, (in collaboration with Professors Lino Azzini and Giuseppe Cudini) |
| 1951-1952 | <i>Le partecipazioni e i finanziamenti a lungo termine e di gruppo nelle banche miste, in 'Rivista dei Dottori Commercialisti' Milano</i> | Long-term and group shareholding and financing in mixed banks, in Journal of Certified Accountants |
| 1951-1952 | <i>La continua unità e l'autonomia economica dell'azienda, in 'Rivista dei Dottori Commercialisti', Milano</i> | [Continued unity and the economic independence of businesses, in Journal of Certified Accountants |
| 1954 | <i>La nozione di azienda nell'economia moderna, in 'Il Risparmio', Milano</i> | [The notion of business in modern economics, 'Savings' |
| 1954 | <i>Ragioneria applicata alle aziende pubbliche Primi principi (in collaborazione con il Professor Arnaldo Marcantonio), Milano</i> | Applied accounting for public companies. First principles, (in collaboration with Professor Arnaldo Marcantonio) |
| 1956 | <i>I risparmi, gli investimenti e le produzioni di impresa, in 'Il Risparmio', Milano</i> | Savings, investments and business production, in 'Savings' |
| 1956 | <i>Le armonie, i dissensi e i contrasti fra i fattori della produzione e tra i suoi organi nelle imprese I nuovi ordinamenti del lavoro tenacemente perseguiti, in 'Rivista dei Dottori Commercialisti, Milan</i> | Harmony, dissent and contrasts among production factors and its bodies in businesses. New systems of tenaciously pursued work, in Journal of Certified Accountants |
| 1956 | <i>Esercitazione di ragioneria generale da svolgere (in collaborazione con i Professori Lino Azzini e Giuseppe Cudini), Milano</i> | Exercises in General Accounting, (in collaboration with Professors Lino Azzini and Giuseppe Cudini) |
| 1957 | <i>Le produzioni nell'economia delle imprese, Tomi I, II, III, Milano</i> <i>Il pensiero di Gino Zappa sugli odierni problemi economici e finanziari dell'industria italiana, in 'Banca'</i> | Production in business economics, Volumes I, II, III The thinking of Gino Zappa on today's economic and financial issues in Italian industry, in 'Banker' |
| 1958 | <i>La dinamica dei processi economici e delle altre coordinazioni di gestione nelle imprese, in 'Rivista dei Dottori Commercialisti', Milano</i> | The dynamics of economic processes and of other management coordination in businesses, in Journal of Certified Accountants |
| 1958 | <i>L'ipotesi del costante nella dottrina e nella gestione d'azienda in 'Il Risparmio'</i> | The hypothesis of the constant in enterprise doctrine and management, in 'Savings' |

| | | |
|------|--|---|
| 1959 | <i>Le condizioni e le circostanze di instabilità delle gestioni di azienda in 'Rivista dei Dottori Commercialisti', Milano</i> | The conditions and circumstances of instability in business management, in Journal of Certified Accountants |
| 1959 | <i>La perturbante instabilità dei mercati e delle gestioni di azienda in 'Rivista dei Dottori Commercialisti', Milano</i> | The unsettling instability of markets and of business management, in Journal of Certified Accountants |
| 1959 | <i>Nuove condizioni e circostanze dell'instabile gestione di azienda, in 'Il Risparmio'</i> | New conditions and circumstances of unstable management of businesses, in 'Savings' |
| 1959 | <i>La ricercata stabilità delle economie dell'azienda e dei mercati, in 'Il Risparmio'</i> | The sought after stability of businesses economies and markets, in 'Savings' |
| 1959 | <i>La nozione di sistema; le sue vaste applicazioni; i diversi sistemi nell'economia di ogni azienda, in 'Il Risparmio'</i> | The notion of system; its vast applications; the different systems in the economics of every business, in 'Savings' |
| 1960 | <i>Il divenire sociale, in 'Il Risparmio'</i> | Business evolution, in 'Savings' |
| 1960 | <i>La popolazione, i suoi movimenti e la sua economia, in 'Il Risparmio'</i> | The populace, its movements and its economy, in Savings |
| 1962 | <i>L'economia delle Aziende di consumo, Giuffrè, Milano</i> | The economy of consumer businesses |

4. Zappa's relations with other scholars

4.1 His relations with the economists of his time

Economics, in the early 20th century suffered from the insufficiency of certain notions such as capital, income and cost. Even though these notions were in many ways involved in the theoretical investigation of the economy and as explicitly acknowledged by authoritative economists (Cannan, Loria, Pantaleoni, Jannaccone, Menger, Fisher, Marshall, Hobson and others), there seemed to be a need to align them to with the current notions found among the business people and the awareness offered by commercial accounting of that era (Onida, 1961, vol. III).

Gino Zappa was one of the [Italian] scholars of that time who more than any other had significant relationships with contemporary international economists. He occupied himself with

the development of certain themes on business economics that he held dear, explained hereinafter.

The relationship between economics and Economia Aziendale

Some scholars against whom Zappa measures himself, especially in the 1930s and 1950s, and whom he will consult whilst writing *Produzioni* were Veblen and Commons, major exponents of the ‘American Institutional School’ (Biondi, 2004c:12). With them he discusses mainly the relationship between industry and business, which according to Veblen is one of mere opposition whilst Zappa goes beyond such opposition with his analysis of goodwill (Zappa, 1957 II:605).

The relationship between economics law and ethics

Here he analyses the relationships among economics, law and ethics, as viewed from the assumptions of institutional economics (Zappa, 1962, III:695) as developed by Commons. Like Commons he is interested in the analysis of the institutions and their relationships with the justice, credit and financial systems, their will to overcome the separation between real and monetary and their will to interpret economic activity over time. Even within the scope of the analysis of the concept of enterprise Zappa refers to the notion of institution from the American Institutional School, alluding to the ‘going concern’ in his definition of business as one that ‘endures over time.’

The capital – income relationship and their respective definitions

In particular, the role of Fisher has to be highlighted with his work on ‘The nature of capital and income’ (Fisher, 1906) and the influence of Schmalenbach’s thoughts about a dynamic perspective in the balance sheet (Schmalenbach, 1926), which emerges in the central position ascribed to the income statement. In fact, stating a renewed approach both to the *Azienda* and to the accounting system, Zappa, like Schmalenbach, considered income as the most important aspect in the economy of the

Azienda (Canziani, 2007:120). With Pantaleoni, an important 20th century economist, he approaches the concept of value-capital and the concept of capital as 'economic aggregate.' After having accepted the notion of capital as a value, Zappa refuses however, in contrast to Pantaleoni, to align liquidation financial statements with operational financial statements: in his opinion, account reporting for an ongoing enterprise should consider other criteria. Furthermore in their work, Pareto, Pantaleoni and Menger discuss the complementary character of assets taken as a whole whilst only Pantaleoni from whom Zappa drew inspiration, spoke of business capital as an 'economic aggregate' (Biondi, 2004b:6). Zappa accepts this definition of economic aggregate in order to go beyond those accounting doctrines that tend to consider business capital as '*a set of exchange values that are however assigned to its individual elements*' (Zappa, 1937:128). It is the dynamic of income, as Pantaleoni points out, that that makes up business capital, to such an extent that the latter virtually ceases to exist, outside of that dynamic (Biondi, 2004b:24).

The concept of dynamics

The dialectic between Pareto and Pantaleoni stimulates Zappa's reflections on the analysis of economic dynamics (Biondi, 2004a:6). The accent placed on the concept of 'economic aggregate' as much as the analysis of the 'second level dynamic' are at the base of the theory of business dynamics of the enterprise, understood as a 'perpetually unsettled system', in continuous transformation as cited in the '*Erotemi*' by Pantaleoni. Zappa abandons the marginalist theory about distribution, for a unitary, organic and dynamic theory of business income, making accounting the language capable of expressing, even though only in a limited manner, the business as an '*ongoing economic coordination*' (Biondi, 2004b:1). Zappa founds the fundamental classification of his income system on Pantaleoni's intuitions on dynamics (Biondi, 2004a:4) (Biondi, 2004b:11). Aside from Pantaleoni, Zappa draws also from the work of

Clark (Clark, 1923) for the study of the concept of dynamics, specifically for costs of production, also stigmatising limits and deficiencies from the point of view of accounting (Biondi, 2004b:12). Shumpeter's contribution is also fundamental for the development of Zappa's theoretical structure through the dynamic of 'credit' and more in general with the idea of 'money as a system,' (Caprara, 1985).

The economic role of accounting

Zappa's accounting education provided him with greater appreciation for Pantaleoni's specific attention to accounting issues than he had for other important economists, (Walras, Marshall or Fisher). It was precisely with Pantaleoni that Zappa began to question the economic role of accounting, that is to say, if accounting could be deemed neutral as compared to the make up of the business and the economic system (Biondi, 2004a, 2004b).

The dynamic reformulation of the concept of a business

Zappa's elucidation of a business is redefined and further developed in his publications after his research for the text *Dinamica* of 1909 by Pantaleoni, where the latter develops a new definition falling within the concepts of *homo economicus*, *homo ethicus* and *homo religiosus* (Biondi, 2004b:8). In addition Zappa places Shumpeter's idea in relation to his own notion of a business: 'as the businessperson is often qualified so is the business enterprise as a party, that is to say, the person or the group of persons who in the company exercise control or at least the party in whose interest the operations of control are undertaken. The businessperson represents the driving force or active component of the business: the person who presides over the ordering of ever new productive combinations' (Zappa, 1957 cifr 65:424).

The business viewed as an unsettled economic system

An additional concept Zappa developed on his opposition to Pantaleoni's statics and dynamics, concerns the notion of a contrasting system being precisely that of balance. According to Zappa the system of business economics can never rest in a state of balance. In business there is nothing but a series of dynamic positions, incident forces and transformations, which never lead back to previous positions. In other words, a business is a perpetually unsettled economic system (Zappa, 1937:48). The coordination of an business is therefore continuously subject to changes. Even for the business, living is transforming; truly, in the aforementioned changes lie the very same manifestations of the life of the enterprise. Yet these coexist in a continuous becoming and die if separated from the whole (Zappa, 1937:11).

4.2 Zappa's relations with his disciples

Gino Zappa had a key role in the development of Business Economics, not only as thinker, but also as leader. In his research work he established collaborative relationships with his disciples, becoming their watchful, careful and caring guide. This work was just as important as his work as a scholar. Actually he dedicated much of his personal energy and resources precisely to this work of guide to his disciples. Not only was he the conveyor of a profound renewal in the discipline of economics but he was also the founder of the Italian School of *Economia Aziendale*. He chose to 'to build a school and to dedicate his body and soul to the preparation of his disciples' (Coda, 2002:3). He dedicated himself intensely to the University, training a succession of intrepid disciples, to name a few, Ugo Caprara (class of 1922); Pietro Onida (from 1927 to 1933), previously student and assistant of Zappa's at Ca' Foscari; Teodoro D'Ippolito (from 1924 to 1939); Pasquale Saraceno (from 1930 to 1933); Arnaldo Marcantonio (from 1929 to 1934); Ermanno Bettini (from 1921 to 1928). Subsequently there was, Napoleone Rossi (from 1938 to 1950 collaborator and professor beginning

in 1951), Carlo Masini (from 1943 to 1949, collaborator and professor beginning in 1950), who took over from Zappa in his professorship at the Bocconi University. Then there was Giordano dell'Amore, Aldo Amaduzzi and Lino Azzini, who was the student closest to Zappa during the 1940s and 1950s (Biondi, 2002:18). There was also Ettore Lorusso, Giorgio Pivato, Tommaso Zerbi, Luigi Guatri and Tancredi Bianchi, who generated a great deal of research in the field of business economics.

The work of his disciples, which added greatly to the direction, diffusion and development of Zappa's thinking and research, cannot be ignored. Research into business economics continued thus to be developed over time by his disciples and collaborators, *'who produced numerous publications: over two hundred in the Bocconi University and the University Ca' Foscari of Venice book series alone'* (Masini 1966:1). In this way, in the track laid down by the *Maestro*, his disciples contributed to the promulgation and development of his ideas, giving energy, through the decades, to the construction of independent schools of thought (the Milan School, the Tuscan School, the Genoa School and the Neapolitan School²).

The commitment to research and free thinking characterised the personal relations between Zappa and his first disciples and from there, the following disciples, until the cultural dimension of his school, discerned as not just as a set of specialised learning, but rather as a way of conduct and a style of relations based on the sharing of thought, reciprocal respect, freedom of mind, and a high standard of ethics, became second nature.

Within their works his disciples carried on Zappa's cultural

² A part of the Milan School included Zappa, the founder, and his closest disciples, namely: Onida, Amaduzzi, D'Ippolito, Dell'Amore, Pivato, Caprara, Zerbi, Masini, Guatri, Rossi, Cudini, Lo Russo and Tancredi Bianchi; the Tuscan School included: Ceccherelli, Giannessi, Riparbelli, Ponzanelli and Caramiello; the Genoa School: Giovannini and Cassandro and the Neapolitan School: De Minico and Amodeo.

approach. Masini, in his definition of business in '*Lavoro e Risparmio*' [Work and Savings], discusses '*an institution that is discerned as an aggregate of personal and material, elements, factors, energies and resources. It endures. Its endurance is dynamic, both because of its internal phenomena and because of its external relations with its environment*', bringing together the business's dynamic aspect and that of its being an economic aggregate (Masini, 1980:8). Pietro Onida, in his publication, '*Le discipline economico aziendali*' [The disciplines of business economics] (1947) deals with the logical and scientific problems of the purpose and method of the subject of business economics, which Gino Zappa had introduced in his new discipline, whilst Aldo Amaduzzi, in his publication '*L'azienda nel suo sistema e nell'ordine delle sue rilevazioni*' [The Azienda in its system and in the matter of its accounting] (1957) developed the centrality of his concept of business, of business economics and accounting, which he culled in Gino Zappa's classroom in Venice (Amaduzzi, 2004:252-255).

5. Final remarks

Over his entire professional life as a scholar, Zappa shaped his fundamental role in the processes of change and renewal that daily permeated his scholarly work and which originated the development of new or newly expanded upon conceptions. Zappa's critical and innovative thinking is evident in the introduction to his new '*Sistema del Reddito*' [Income-oriented Accounting] and in his new and dynamic conceptions of income and capital, seen as flows and the capitalisation of future earnings; in his new definitions of business, in which the enterprise manifests itself as an economic aggregate; in his systemic and holistic vision, bringing together the dynamic aspect of its being a continuous organic and economic coordination; in his division of the business into management, organisation and accounting, that is to say, three doctrines capable of analysing its dynamic

nature; in his creation of the science of *Economia Aziendale* [Business Economics] as a special branch of economics as well as an evolving science that studies the life of a business.

Each one of these concepts was studied by Zappa from an evolutionary and systemic viewpoint; the evolution brings progress and modernisation of his knowledge inside of his new systemic reality, rather, inside a vision of a set of elements coordinated among themselves with unity. Zappa developed these conceptions because of his capacity to observe, develop and pursue change and innovation. This being his objective, first of all, was highlighted by his relations with the economy and, in particular with certain economists (Pantaleoni, Merger, Fisher, Schmalenbach, Schumpeter, Veblen, Commons, Clark, Marshall) who spent many years studying the dynamics and the role of the business in the economy. Yet, it was also because of his relationships with his disciples who appreciated his critical ability and dynamic spirit with which he moved forward in his research all the while involving them as well.

In corroboration of what has been said we can conclude with the words that his disciples used to define their *Maestro*: he was a ‘profound innovator’. Indeed, Masini qualified him as ‘*a profound innovator in the studies of Accounting, who with scientific address and with rigorous method unified areas at one time considered almost autonomous*’ (Masini, 1980); just as Napoleone Rossi called him a ‘*profound innovator and authentic scientist, who opened up to those of his closest disciples who had intimately penetrated his thinking*’ (Amaduzzi, 2004:250).

After reading this Italian ‘hero worship’, at the end of the paper one may argue why the holistic Zappa’s thought, hence the Italian *Economia Aziendale*, has not been so influential in management and accounting research at international level? The many differences between the Anglo Saxon and Italian culture may have led to a ‘rejection’ of this holistic and innovative vision of Zappa’s accounting system, too different from the Anglo Saxon culture. Yet, relevant changes in the business have oc-

curred compared to when *Economia Aziendale* was first developed, which have led academic research to look for specialization rather than one holistic view of business.

What the current process of accounting harmonization has already shown is that the heritage of different conceptual and theoretical structure and frameworks undermines any simplistic effort to harmonize the existing varieties in a single system. FASB and IASB have developed conceptual frameworks focusing on the 'asset and liability view' as reflected in the balance sheet (the equity-based accounting perspective introduced by Besta). The IASB model is to a certain extent affected by the Anglo-Saxon accounting traditions. This is essentially due to the predominancy of Anglo-Saxon countries in the standard-setting process.

There will also continue to be a theoretical and epistemological battle between reductionist approaches (such as the dominant Anglo Saxon one) and the more holistic ones (the main Continental traditions (Zan, 1994)). So, why insisting on giving importance to the thought of Zappa?

The recent financial crisis has shown dramatically what the effects of absence of holistic view of accounting and the firm are in the economy and society. Albeit specialization is important, we think that a more holistic view of the firm is still relevant and it should be emphasized in management and accounting research.

The aim of the scholars is not the solution of the problems of the world but rather knowledge. The ability to Zappa to continue to seek and to merge theory with scientific facts in order to develop constructive theories, also useful for practical purposes, should be taken as a model (Canziani, 2009:37).

This knowledge heritage, able to accentuate the cultural and historical differences of nations, should not be overlooked but emphasized in order to transmit to future generations, besides the knowledge, critical skills to build and analyze, both theoretically and methodologically, the business economics thought.

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