

RESEARCH ON PROFESSIONAL
RESPONSIBILITY AND ETHICS
IN ACCOUNTING

RESEARCH ON PROFESSIONAL RESPONSIBILITY AND ETHICS IN ACCOUNTING

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RESEARCH ON PROFESSIONAL RESPONSIBILITY
AND ETHICS IN ACCOUNTING VOLUME 21

**RESEARCH ON
PROFESSIONAL
RESPONSIBILITY AND
ETHICS IN ACCOUNTING**

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LUCA PACIOLI AND THE ROLE OF ACCOUNTING AND BUSINESS: EARLY LESSONS IN SOCIAL RESPONSIBILITY

Charles J. Coate and Mark C. Mitschow

ABSTRACT

The Franciscan Friar Luca Pacioli is considered the “father of accounting” because of his 1494 publication Summa de Arithmetica, Geometrica, Proportioni et Proportionalita (Summa) which included a section double entry accounting. While accounting systems existed before Pacioli, he introduced double entry accounting as a more efficient means of keeping business records because that would lead to better business operation and profits. Subsequently, double entry accounting systems have contributed significantly to the rise of capitalism in Europe and the developed world.

Pacioli also advocated a moral and social role for accounting, business, and the successful business person whose actions help serve the public interest. This clearly indicated that Pacioli understood business was about more than bookkeeping and profitability.

Catholic Social Teaching (CST) has played a significant role in business ethics for at least a century. Starting with Rerum Novarum, 1891 and

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continuing through numerous Papal Encyclicals (e.g., Caritas in Veritate, 2009; Centesimus Annus, 1991), CST has carefully examined how businesspeople, labor, and capital can cooperate to build a more just and peaceful society that fulfills the entire person. CST thus predates and contributes to contemporary business ethics efforts.

Pacioli's contributions reflect and underlay much of contemporary CST, which is why we believe it is important to examine his social responsibility teaching in the context of contemporary CST principles. The purpose of this chapter is to discuss Pacioli's view of the moral roles of accounting, business, and businesspeople in the context of CST principles, particularly (1) purpose of accounting profits, (2) purpose of business in society, (3) ethical and efficient business practices as they relate to accounting, and (4) the undivided life.

Keywords: Business ethics; Catholic Social Teaching; Luca Pacioli; public interest and social responsibility

INTRODUCTION

The Franciscan Friar Luca Pacioli is credited by many (for an early reference see [Taylor, 1942](#)) to be the “father of accounting.” Pacioli’s 1494 publication *Summa de Arithmetica, Geometrica, Proportioni et Proportionalita (Summa)* included a section on Venetian, or double entry accounting which established a framework for accounting that has endured essentially unchanged for 500 years.

Accounting systems existed well before Pacioli, but his was the first to present the double entry accounting system in book form as an efficient means of keeping business records and computing profits. It is understood that Pacioli advocated the use of double entry accounting because improved records would lead to improved business operation and profits. Double entry accounting systems have been credited as a significant factor in the rise of capitalism ([Most, 1972](#); [Sombart, 1902](#); [Yamey, 1964](#)).

The book keeping and accounting systems taught in the *Summa* were an instrument for both producing and measuring profit. Multiple sections on mathematics were also included as a means of improving decision making. The accounting section then, was used to track and record the resulting data and compute profits.

While Pacioli believed profit was necessary to a successful business, translations of his writing suggest that profit was actually a byproduct of a successful business. Pacioli firmly believed that business had a social mission and the business person (merchant) had a responsibility to contribute to the

public interest. Pacioli encouraged business persons to intertwine the spiritual and secular aspects of their lives by developing a work ethic to achieve business success and a sense of civic responsibility that included charitable activity from business success.

Pacioli thus advocated a social role for both business and the business person. This social role clearly included a number of principles found Catholic Social Teaching (CST). The purpose of this chapter is to use Pacioli's teachings and wisdom as expressed in the *Summa* to discuss the social roles of accounting in the context of contemporary CST principles (see U.S. Catholic Bishops, 2013; Catholic Charities, 2012). These principles are succinctly presented in the *Vocation of the Business Leader: A Reflection* (Turkson & Toso, 2012). Pacioli provided a historical foundation for the social roles of both accounting as a discipline and accountants as ethical business persons and citizens.

While Pacioli's contributions to accountancy and capitalism are well known, the social and moral elements of his teachings are less appreciated (see Sy (2005) & McCarthy, Sangster, & Stoner (2007) for exceptions). We thus wish to help fill this gap in the literature by examining Pacioli's contributions to modern business ethics and CST, particularly as they relate to four specific topics: (1) the purpose of accounting profits, (2) the purpose of business in society, (3) ethical and efficient business practices as they relate to accounting, and (4) the undivided life. When we do it becomes readily apparent that Pacioli understood that the business person's role included both a pecuniary and a moral component, that Pacioli's *Summa* was written to address both elements, and that the *Summa* is thus an early contributor to both contemporary CST and business ethics.

The remainder of this chapter is organized as follows. The next section discusses a historical and contemporary view of CST in relation to business. After that we offer a more extensive context of Pacioli and his times, followed by specific lessons from the *Summa*. Finally, we summarize the relationship of these lessons to CST and conclude the chapter. Please note that as neither author is fluent in medieval Italian our analysis relies on translations of the *Summa* by Geijsbeck (1914), Brown and Johnson (1963), and Cripps (1995). As with all translations and interpretations the true perspective of the original writer is sometimes lost and can only be inferred from context.

BUSINESS, CAPITALISM, AND CATHOLIC SOCIAL TEACHING

CST is a doctrine of the Roman Catholic Church that offers universal framework for human development. As a universal framework it must apply to all

social and economic systems and environments. CST has been derived from the Old and New Testaments, which clearly were studied by Pacioli, as well as Catholic Church writings such as Papal encyclical letters. Contemporary CST was initially shaped by *Rerum Novarum* (Pope Leo XIII, 1891) and extended by other notable encyclicals including *Centesimus Annus* (Pope John Paul II, 1991), *Caritas in Veritate* (Pope Benedict XVI, 2009), and most recently *Evangelii Gaudium* (Pope Francis, 2013).

Due to the complexity of these writings, CST is generally organized as a list of themes. For example, Byron (1998) examined a list of 10 themes while U.S. Catholic Charities (2012) offered 10 similar ones and the U.S. Catholic Bishops (2013) considered seven themes. The U.S. Catholic Bishops' themes include *Humanity Dignity*, *Participation* (Family & Community), *Rights/Responsibility*, *Option for the Poor*, *Work and Workers*, *Solidarity* (Peace & Justice), and *Care for Creation*. Coate and Mitschow (2013) note that free market economic systems most directly impact *Work*, *Participation*, *Rights/Responsibilities*, and *Option for the Poor*.

Williams (1993) noted that CST was initially based largely on *Rerum Novarum* with positions consciously developed in opposition to the liberal thought of philosophers such as John Locke. As such, early CST was considered hostile to business and capitalism. However, later works including *Centesimus Annus* (1991) showed an understanding of how markets work and provided a role for capitalism in Roman Catholic doctrine. The church recognized the value of capitalism in contributing to the common good, especially in contrast with other economic systems such as communism or socialism.

Business ethics literature reflected this line of reasoning. Stieber and Primeaux (1991) proposed that *economic efficiency* understood from an all-inclusive behavioral perspective could function as a basis for ethical decision making in business and for personal and social well-being. Primeaux and Stieber (1994) continue this argument by suggesting business has an ethical mandate to maximize profit within certain societal constraints. They recognize that business has a role within a greater society and make their argument in the context of this role.

Nevertheless many contemporary business ethicists still hold to the view expressed by Bayer (1999) that markets do not meet human needs. The problem with capitalism was exploitation of labor by capital. Capitalism is simply incapable of addressing this issue without massive state intervention (Bayer, 1999).

Currently the most comprehensive view of business' role in CST is likely found in Turkson and Toso (2012). Their Pontifical Council Report (2012, p. 4) states

...when business and markets as a whole are functioning properly, and are regulated in an effective manner...they make an irreplaceable contribution to the material and even the spiritual well-being of human kind.

Further, [Turkson and Toso \(2012, p. 5\)](#) refers to the vocation of the business leader as

...a genuine human and Christian calling. Its importance in the life of the church and in the world economy can hardly be overstated. Business leaders are called to conceive of and develop goods and services for customers and communities through a form of market economy...to achieve their goal...the promotion of the common good.

The positions of [Turkson and Toso \(2012\)](#) are reflected in [Coate and Mitschow \(2013\)](#), who argue that properly functioning free markets support individual human dignity and provide economically efficient outcomes largely consistent with CST. However, [Coate and Mitschow \(2013\)](#) also note weaknesses and failures inherent in free market systems, particularly the difficulty of free market systems to provide an acceptable *Option for the Poor*. They argue business persons as a members of society must recognize personal responsibilities beyond those of a professional business person operating in a free market, including incorporating the entire person into modern life ([Coate & Mitschow, 2013](#)).

[Turkson and Toso \(2012\)](#) preface their discussions with a caution about a *divided life*, which refers to a split between business practice and faith leading to a misplaced devotion to worldly success. Business leaders are cautioned to always see themselves as serving others by contributing to the common good and reflecting an awareness of humanity as a collection of individuals possessing unique human dignity. From a faith-based perspective such as CST, serving others is also seen as serving God.

LUCA PACIOLI AND HIS TIMES

Luca Pacioli (1445–1517) was Franciscan Friar, mathematician, and teacher. He was born to a modest family in the small commercial town of Sansepolcro, which is about 40 miles north of Perugia, Italy. As a young man Pacioli worked in the house of a Venetian merchant, Antonio Romopianisi, learning his business and helping to educate his sons. Pacioli first studied mathematics at a school established by the republic of Venice and was ordained a Franciscan Friar between 1470 and 1477 ([Jayawardene, 1971](#)).

Pacioli's common heritage suggests he likely understood and appreciated the evolving merchant-based economy and society of Italy and Europe. This would include the socially positive impacts of business and education's role therein. Pacioli's membership in the Franciscan order would also have impacted his perspective. At that time the Franciscans had been established for approximately 250 years and the order's traditions would have been substantially influenced by both the Franciscan Rule and earlier Franciscan traditions.

The Franciscan order began at a time when the people of northeastern Italy were realizing their economic independence from the noble class, a process that had been accelerated by the population shortage caused by the plague of the mid-14th century. Flood (2001) documents that the people of northeastern Italy understood business and work as a means to acquire goods and achieve status. Flood (2001) further suggests early Franciscans rejected these social norms and instead viewed the product of work as a means to provide economic growth and self-sufficiency to be shared with less successful members of society. Thus, the Franciscan tradition viewed business and work as a means to improve a lot of society at large, a view that is very similar to contemporary CST and other social justice concerns.

From 1464 to 1514 Pacioli taught at both universities and Abbaco schools in various Italian cities (Sangster & Scataglinibelghitar, 2010). As the traditional (and expensive) means of education, universities were largely restricted to the nobility. Latin was the language of the universities and the education they provided was more theoretical and intellectual. In contrast, the Abbaco schools were practical or professional schools where common Italian was the language of instruction. Abbaco schools flourished in northern Italy during the late Middle Ages and early Renaissance to serve the growing merchant and craftsman classes. Learning in Abbaco schools centered on the Hindu-Arabic numerals (1–9), number place values (e.g., 10, 100), Persian algebra (including zero), and the use of the Abacus; important skills for both aspiring business persons and for Pacioli's new accounting system. As such the Abbaco schools were part of a virtuous economic circle whereby increased commercial activity fueled economic growth that generated a demand for more skilled business and crafts persons (trained in the Abbaco schools) who in turn generated increased commercial activity and prosperity. The wealth produced by these mostly nonnoble business persons also helped enrich the lower classes and contributed to their supplanting the feudal aristocracy. This is very similar to contemporary social justice efforts such as benefit corporations (Coate & Mitschow, 2015).

Pacioli was 50 years old and had been teaching for about three decades when he published the *Summa de Arithmetica Geometria Proportioni et*

Proportionalita in 1494. The *Summa* was published in Italian for use in the Abbaco system and was essentially an early business textbook. In addition to the theoretical and practical mathematical sections, the *Summa* also included a 150-page section on business that combined technical accounting knowledge (double entry book keeping) with Pacioli's business wisdom (see Geijsbeck (1914, p. 27 for a list of Pacioli's sayings) including operational and ethical practices that reflected Pacioli's pedagogical and social styles. The *Summa* was republished in 1504 in Tuscany titled *LaScula Perfetta dei Merchanti*, "The Perfect School of Merchants" (Taylor, 1942).

LESSONS FROM THE *SUMMA*

While the technical content of Pacioli's *Summa* is well known, the wisdom and social content therein is less studied. This section provides a perspective on this content relative to four topics that reflect contemporary CST values. These areas are (1) purpose of accounting profits, (2) purpose of business in society, (3) ethical and efficient business practices as they relate to accounting, and (4) the undivided life.

The Purpose of Accounting Profits

Chapter 1 of the *Summa* offers a list of requirements for business success. Each of the three translations provide a similar list although Cripps (1995) offers a more contemporary and concise description.

The most important of these is Cash or any equivalent, to be a good bookkeeper and a ready mathematician, to arrange all transactions in such a systematic way that one may understand each one of them at a glance. (Geijsbeck, 1914, p. 33)

The most important is cash, or some economic power...to be a good accountant or a ready mathematician...all affairs be arranged in a systematic way. (Brown and Johnson, 1963, pp. 25–26.)

offers a more contemporary interpretation as "Cash and/or credit a good accountant, and proper internal control. (Cripps, 1995, p. 1)

Note that each author's translation suggests that the merchant requires cash (or credit), a set of accounting and math skills, an accounting system, and a structure or model to record and organize a business. One purpose of Pacioli's *Summa* is to impart the mathematical knowledge necessary for constructing

accounting and record keeping systems. Implicit in this organization is the ability to compute a profit.

In his second chapter Pacioli address profit. Pacioli enthusiastically embraced the notion of profit as necessary to a successful enterprise:

...rather than being opposed to the notion of business profits, Pacioli's statement seems to indicate his belief that the existence of profit motive should, in fact, be considered axiomatic in a successful business practice – an ingredient necessary for the businessman to “enthusiastically,” and thus successfully pursue his enterprise. (Fischer, 2000, p. 304)

Fischer (2000) goes on to note that according to Pacioli the only two limits on profit are that they be “lawful” (or “honest”) and “reasonable,” a position likely shared by other readers of the *Summa*. The following quotes support this interpretation.

The purpose of every merchant is to make a lawful and reasonable profit. (Giejsbeck, 1914, p. 33)

The end or objective of every businessman is to make a lawful and satisfactory profit, so that he may remain in business. (Brown & Johnston, 1963, p. 27)

...the goal of everyone who intends to be successful is to make a lawful and reasonable profit. (Cripps, 1995, p. 4)

Fischer (2000) further suggests that Pacioli provides no guidance as to precisely what constitutes a “reasonable” profit. However, he discusses profit in terms similar to Freidman's (1962, 1970) mandate for profit maximization. Some take this to suggest that “reasonable” implies an upper bound on profit. However, we assert that the *Summa's* text indicates that “reasonable” actually represents the lower bound of an acceptable business profit.

Pacioli's ideas in chapter two of the *Summa* appear to be relevant to contemporary business activity. Cripps (1995) uses the term “going concern” when discussing the needs for capital (investment wealth), but offers the literal translation (by footnote) of “to carry on doing business in the same way.” The Brown and Johnson (1963) quote above uses the phrase “satisfactory so that he can remain in business.” This suggests that Pacioli's primary goal here may be for his students' businesses to be growing enterprises or at least going concerns, which in turn requires that those businesses earn at least an economic profit that meets the owners' (or investors') opportunity cost. Thus, Pacioli appears to advocate that business existence and expansion is the end and that profit is the measure of whether or not the business endures or grows.

Just as in Pacioli's day, modern accounting serves as an information system to generate, sustain, and compute profit. Pacioli's advice on to his students

is also relevant to contemporary business leaders. For example, in the context of economic profit and the need for sustainable businesses, Pacioli would likely advocate for long term rather than short term business strategies.

The Purpose of Business in Society

Pacioli understood that while a lawful and reasonable profit was necessary for a successful business it was by no means the purpose of a business. To Pacioli business was more than mere economic activity. Consider his teachings regarding the purpose of business from Chapter 35 where he discusses business communication.

After you have sealed the letter on the outside and addressed it, it is the custom of many to mark on the outside your special mark, so that they may know it is the correspondence of a merchant, because great attention is given to merchants, for they are the ones, as we said at the beginning of this treatise, who support our republics. (Geijsbeck, 1914, p. 75)

After sealing the letter, it is the custom of many to place their special mark on the outside. This is to show it is the correspondence of a businessman, for whom there is great regard. As was said at the beginning of this treatise, business men are the one who maintain the republics. (Brown & Johnson, 1963, p. 100)

... place upon it the appropriate stamp which shows it is a business letter and ensure it better treatment, for it is businessmen who are the foundation of republics. (Cripps, 1995, p. 74)

From these quotes, Pacioli's view of the purpose and value of business is clear. Businesses exist to sustain the republics, improve their citizens' well-being, and to promote the public interest. Only profitable, growing enterprises were capable of doing that. In short, profitable enterprises were necessary for human development.

Pacioli recognized the positive role of business in medieval society. Further, he also understood the value of each business' continued existence to various segments of society. CST explicitly recognizes this same value vis-à-vis contemporary society. For example, both *Centesimus Annus* (1991) and Turkson and Toso (2012) clearly demonstrate the contributions modern businesses make to human development.

The Practice of Business as It Relates to Accounting

Pacioli's advice to business practitioners focuses primarily on work and honesty. In Chapter 4, Pacioli offers advice to the business person regarding

attention to detail, flexibility, vigilance, and industry. This advice is meant to apply not only in business operations but also to recording activity. Pacioli cautioned his students to be “ever vigilant,” to avoid laziness and work hard to achieve legitimate business objectives. To Pacioli success, profit and serving the public good were natural consequences of proper business knowledge and ethical business practices. This is why he routinely reminded his students of the Apostle Paul’s exhortation that only those who fought valiantly for the crown would be worthy of it. These observations are also relevant to CST and modern business ethics activities.

Merchants must be honest, by which Pacioli appeared to mean truthful, fair, and scrupulous. This point is reiterated throughout the *Summa*:

Carefully and truthfully describe each item in its turn. Let truth always be your guide. (Brown & Johnson, 1963, p. 30)

Unfortunately there are many who keep their books in duplicate showing one to the buyer and the other to the seller...worse they perjure themselves upon them. (Brown & Johnson, 1963, p. 38)

...never record as a debtor or creditor someone who has not consented...keep your records this way...and get a reputation for false records. (Cripps, 1995)

The references to truth in recording and the avoidance of “false records” are especially interesting. A merchant’s books were assumed to be accurate and they were often used to prove the existence of enforceable contracts, thus imparting a need for care and truth in recording. While this reference applies specifically to recording of inventory and is largely an internal record, Pacioli has a stronger message for recording by debtors and creditors. Here he insists that a clear agreement between parties must exist prior to any accounting entry, for such an entry may one day be used to settle a claim. This has a clear connection to contemporary business practices where complex business transactions make it important to identify the counterparties’ rights and responsibilities.

Pacioli insists that business persons must protect their reputation. Recall that in Chapter 1 he placed a great value on the word of the merchant as a cornerstone of republics. Pacioli reserves his harshest criticism for merchants who keep two set of books and “perjure themselves” based on these books. This reference refers to the medieval practice whereby merchants would settle their debt and claims by showing their books.

The modern corollary to this can be seen in many contexts. Large events include fraudulent financial reporting (such as Enron) where top managers manipulate financial information to enrich themselves at other stakeholders’

expense, while smaller examples may include employees padding their expense accounts. Pacioli's disdain for knowingly settling any transaction in unfair means clearly applies to all such contemporary cases.

The Undivided Life

As a Franciscan Friar, Pacioli saw business as part of an ordered life which was all offered up in service to God. Pacioli makes many references to God and faith in the *Summa*.

Consider the following quotes from Chapter 1.

In the great republics nothing was considered superior to the word of the good merchant, and oaths were taken on the word of a good merchant. On this confidence rested the faith they had in the trustworthiness of the upright merchant. And this is not strange, because, according to the Christian religious, we are saved by faith, and without it, it is impossible to please God. (Geijsbeck, 1914, p. 33)

In the business world nothing is considered more important than the word of a reputable businessman. Promissory notes are honored and accepted based on businessman's reputation. Confidence, faith in reputable businessmen is what makes the market effective. This is not really strange, for the faith of a Christian in God works in much the same way to make religion effective. (Cripps, 1995, p. 1)

Here Pacioli has linked the need for capital, the most important element of business success, to faith, the most important element of religion. This link is reflected in the modern world, where investment and credit decisions still rely on a high degree of "faith" between the counterparties.

Pacioli suggests business persons should begin their books with the name of God and keep His holy name in their minds throughout the day (Brown & Johnson, 1963; Geijsbeck, 1914). This practice as explicitly stated below was to clearly link the practice of business with the faith-based purpose of business.

Therefore, businessmen should begin their business records with the date AD marking every transaction so that they always remember to be ethical and, at work, always act mindful of His Holy name. (Cripps, 1995, p. 4)

Even more directly, in Chapter 4, Pacioli reminds the business person of the role of faith in business by reference to the reading Mathew 6:33 "seek first the Kingdom of God, and his righteousness, and all else shall be given to you."

In analyzing the role of profits we should also consider the opposite pole, a loss. Pacioli addresses this issue in Chapter 34 where he describes the year end closing (and computation of profits) process.

If losses are in excess—from which state of affairs may God keep everyone who really lives as a good Christian. (Geijsbeck, 1914, p. 73)

If the loss exceeds the profit (may God protect each of us who is really a good Christian from such a state of affairs)... (Brown & Johnson, 1963, p. 97)

If a loss has been sustained, and God protects good Christians from such an eventuality.... (Cripps, 1995, p. 71)

Note that two of the three quotations read as a prayer and not an assertion. This illustrates the faith-based significance of profitable businesses to society. Just like their medieval counterparts, modern businesses must first generate a profit if they are going to contribute to the public interest.

The *Summa* is primarily a technical textbook for business, but it also includes numerous passages of practical and social advice that apply to contemporary business professionals. We argue that from Pacioli's perspective this practical and social advice is as important as the technical content. Notably, the *Summa* offers the following quotes related to charity in a religious context, with no direct connection to business practices.

...never forget to attend to religious meditation, through this you will never lose your way, and by being charitable, you will not lose your riches. (Geijsbeck, 1914, p. 37)

Time is not lost by religious meditation any more than wealth is lost by charity. (Brown & Johnston, 1963, p. 34)

...gifts to charity are not wasted, nor good works, nor gifts. (Cripps, 1995, p. 9)

Clearly, Pacioli considers charity to be both a responsibility and perhaps even a necessary “investment” for the business person. In the early Franciscan tradition friars frequently had occasion to remind society (and especially its more prosperous members) of their charitable duty. Geijsbeck's (1914) quote above best represents Pacioli's teaching in this context. Religious meditation helped the business person understand the role of their business in society and in their personal relationship with God. In this context riches are likely not material but spiritual in nature. Sharing material riches reinforced the relative values of both types of riches and prevented the dilemma of serving two masters.

While contemporary business people do not generally share their medieval counterparts' religious sensibilities, they appear to have similar ethical

dilemmas. One example involves income disparity. Pacioli may have attributed such a disparity to superior ability, education and work effort, but he also would likely have considered these attributes to be gifts from God that should be used in the public interest. As was the case 500 years ago, this produces a responsibility for generosity on those who benefit from such a disparity.

PACIOLI AND CST

While Pacioli's contributions to accounting are widely recognized, his impact on contemporary CST is not. As a Franciscan friar, Pacioli viewed all human activity, including economic activity, as a form of service to God. His *Summa* is replete with instruction and exhortations on how business persons are to conduct themselves morally in their economic lives. In short, Pacioli understood trade to be the business person's vocation and as such is intimately entwined with contemporary CST themes such as *Work, Participation, Rights/Responsibilities, and Option for the Poor*.

To Pacioli *Work* is one of the elements of any successful business. However, Pacioli viewed work in a more universal context as a practice of persons in business rather than in terms of a living wage or the right to unionize as it is often viewed today. These comments are not meant to suggest that Pacioli lacked respect for workers, as his repeated exhortations to fairness and honesty show otherwise. However, as the product of another era we cannot expect Pacioli to completely reflect modern sensibilities in those areas. Our point is that for Pacioli work went beyond "earning one's daily bread." It constituted the business person's vocation and as such necessarily implied that other societal responsibilities must naturally follow.

Pacioli places a responsibility of *Participation* on commerce or business. He considers business a means for merchants to fulfill their responsibilities to society. When operated efficiently and ethically businesses provide the means for all members of society to economically participate in that society and enjoy the products of their labor. This was true for merchants in 1500 and it remains so today.

Turkson and Toso (2012) cautions business people against viewing their economic activity as something distinct from their personal or religious life. Pacioli also rejected the *divided life*, both on theological grounds and because of the important role that business people played (and still play) in society. In short, Pacioli saw good business behavior as an offering of one's vocation to God and a service to the public good.

Pacioli clearly saw charitable activity, the Renaissance equivalent of CST's *Option for the Poor*, as an essential element of ethical business behavior. One of the reasons the *Summa* described profits as necessary is because it was those profits that allowed the merchant to be generous. Thus, a responsibility to (or option for) the poor is deeply imbedded in Pacioli's teachings.

SUMMARY AND CONCLUSION

Pacioli has long been recognized for his contributions to business. His *Summa* was the foundation of education in double entry bookkeeping and led to Pacioli being named "the father of accounting." Since (as noted in the introduction of this chapter) accounting was essential to the development of Western capitalism, we believe Pacioli made an immense contribution to modern society and the public interest.

While Pacioli's contributions to modern economic life are well known, his importance to contemporary CST and business ethics is not. The *Summa* consistently examines many ethical issues and dilemmas facing his students that are still relevant to modern business persons. Furthermore, Pacioli's teachings regarding these dilemmas both predate and support many of the solutions expounded in both CST and other social justice efforts.

Our contemporary economy is very different from that of renaissance Italy, and what constitutes moral behavior has changed greatly in 500 years. Nevertheless, the *Summa* remains relevant to modern business professionals. It reminds us that social responsibility has been a focal point of accounting since its inception. Accountants have always been expected to behave honestly, to record events fairly, and to remember that they have a responsibility to the public good. As such, we believe that Pacioli can fairly be described as "the father of accounting ethics."

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