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MUHASEBE ÖĞRETİM ÜYELERİ BİLİM VE DAYANIŞMA VAKFI
THE TURKISH FOUNDATION FOR SCIENCE AND COLLABORATION OF ACCOUNTING ACADEMICIAN

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MODAV/ AACF
Merkez/ Center Kumrular Caddesi No: 26 06440 Kızılay Ankara
Tel: (0312) 232 33 77 Fax: (0312) 231 71 17

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Prof. Dr. Mehmet OZBIRECIKLI**

Assoc. Prof. Dr. Ilker KIYMETLI SEN***

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ABSTRACT

The present study aims to investigate the main lines of vocational training and ethics education in Turkey from past to today in order to discuss the elements which are likely to play role on the efficacy of ethics education. To do this, first the social and economic rules of Akhism and the Guild System (the Loncas), forming the economic and social infrastructure of Turkish private enterprises in between the 13th – 16th Centuries are investigated. Second, the modern vocational training and ethics education in accounting profession throughout education process from primary school to accounting-related training period are investigated. Then, by considering the International Education Standards for Professional Accountants (IES)-4, the study suggests an ethics education process and compares it to the current ethics education and vocational training process of today's Turkey in order to reveal where we are. Thus, the study emphasizes crucial points and shortcomings in ethics education process and discusses why ideal vocational training and ethics education in accounting profession could not be reached.

Keywords: Vocational Training in Accounting, Ethics Education, Akhism

JEL Classification: M41, M42

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** Mustafa Kemal University, Faculty of Economics and Administrative Sciences, orcid.org/0000-0001-5539-4658, mozbirecikli@yahoo.com

*** Istanbul Commerce University, Faculty of Business Administration, orcid.org/0000-0001-6175-3397, ilksen@ticaret.edu.tr

TÜRKİYE'DE MUHASEBE VE DENETİM MESLEKLERİNDE ETİK EĞİTİM VE MESLEKİ EĞİTİM SÜRECİ: TARİHSEL BİR BAKIŞ AÇISI

ÖZ

Bu çalışma etik eğitimin etkinliğinde rol oynaması muhtemel olan unsurların tartışma konusu edilmesi için Türkiye'de mesleki eğitim ve etik eğitimin ana hatlarının incelenmesi amaçlanmaktadır. Bunun için öncelikle 13 – 16. Yüzyıllarda Türk özel sektörünün ekonomik ve sosyal altyapısını şekillendiren Ahilik ve Lonca sisteminin ekonomik ve sosyal kuralları incelenmektedir. İkinci olarak muhasebe mesleğinde modern mesleki eğitim ve etik eğitimi, ilkokuldan muhasebe ile ilgili mesleki eğitime kadar uzanan süreçte incelenmektedir. Daha sonra, etik eğitimin bulunduğu yeri ortaya çıkarmak amacıyla, 4 nolu Muhasebeciler için Uluslararası Eğitimi Standardı da dikkate alınarak bir etik eğitim süreci önerilmekte ve önerilen eğitim süreci Türkiye'de günümüzün mevcut etik eğitimi ve mesleki eğitim süreci ile kıyaslanmaktadır. Böylece çalışma, muhasebe mesleğinde ideal bir etik eğitiminin ve mesleki eğitimin sağlanamamasına neden olan önemli noktaları ve eksiklikleri vurgulamaktadır.

Anahtar Kelimeler: Muhasebe Eğitimi, Etik Eğitim, Ahilik
JEL Sınıflandırması: M41, M42

1. INTRODUCTION

Ethics is important in the society in many aspects such as accounting, marketing, health care, scientific studies, industry, and throughout our everyday relations. Consequently, we need ethics in our everyday life to live with principles adding values to our life. However, there are many ethical problems in the society we live. The unethical behaviors being encountered in the society and business environment consist of corruption, fraud, misstatement, misappropriation etc. Also there are many regulations and laws to prevent people from behaving unethical. In this context, we should answer following questions. Is it possible that only regulations and laws can prevent people from committing a corruption?

A research study conducted in Turkey (Ural and Ozbirecikli, 2006) shows that the Code of Ethics in Turkey is not adequate to enhance the intellectual capacity of accounting professionals to act ethically because of lack of ethics education in real sense and ethical perception. On the

other hand, unethical norms[*] in accounting profession developed by collaboration between clients and accounting professionals in Turkey such as "*Good accountant refers to one who can accommodate all of the demands of clients even if these demands are not in conformity with laws, ethics principles and regulations*", a lack of a sense of public duty, and economic reasons are the significant factors having prevented accounting professionals from true valuating in making decisions during their everyday professional activities.

Consequently, it is seen that ethics-related regulations should be supported with education activities. Thus ethics education in real sense may provide contribution in decreasing unethical behaviors. However, it is not easy to teach ethics in real sense. Kranacher (2004) states three key elements of ethics:

- It involves questions requiring reflective choice (decision-making)
- It involves standards of right and wrong (moral principles)
- It is concerned with values (the "greatest good")

Kranacher (2004) states that many people say, "You can't teach ethics." However, what they mean is "you can't teach values." That is why we can suggest it is not easy to teach ethics ***in real sense***. Actually, there are ethics-related courses throughout education process, but they are only courses. In many students' minds, a course may mean a barrier, which should be passed in order to be successful in their academic life. They need to pass it to be successful. If a student see ethics-related course like this, how can a teacher teach true decision-making, moral principles and values in real sense?

The present study aims to investigate main lines of vocational training and ethics education in Turkey from past to today in order to reveal and discuss the elements which are likely to play role on the efficacy of ethics education process by using an education and training model employed in the 13th and 16th centuries in Anatolia as known **Akhism.**

To do this, the study firstly explains social and economic rules of Akhism, which were employed successfully in the vocational training process and trade activities in between 13th and 16th centuries in Anatolia. Then the current ethics education and vocational training process

[*] Norm: Collective expectations that members of social units have; regarding the behavior of each other; rules that guide behavior; rules defining situations and expected behaviors.

in today's Turkey is investigated. Accordingly, the study suggests an ethics education process and compares it to the current ethics education and vocational training process in today's Turkey. In this sense, the study emphasizes crucial points and shortcomings in current ethics education and discusses why ideal vocational training and ethics education in accounting and auditing professions could not be reached.

From the methodological point of view, bibliography method and content analysis method are used. The contents of lessons given at the schools in all levels and ethics-related principles are compared in order to evaluate current ethics-related problems encountered in education system. The secondary sources were used in this study mostly. The findings obtained were written in chronological order. The study is organized as follows. Firstly, explanations on the birth and development of the Akhism, and the relevant information such as social and economic rules and vocational training process are given. Second, the modern vocational training and ethics education in accounting profession throughout education process from primary school to accounting-related training period are investigated in order to discuss relevant shortcomings in the said process. Final section evaluates the differences between the suggested ideal education process and the education process in today's Turkey in order to reveal where we are and what to do.

2. VOCATIONAL TRAINING AND ETHICS EDUCATION IN TURKEY (13th – 16th CENTURIES)

Looking at the business history, it is seen that guilds or (artisan associations) goes back a history of about 2.100 years. They had an important place in the business history because they had rules based on religion and regulating social and trade-related relationships between people. Following explanations cover the theories on the origin of the first guilds (or corporations) in the Western Countries.

It is explained in "Larousse Universal and Larousse du XX e. Sicele" that there were some guilds called as "corporation" in Europe until French Revolution in 1789. The term corporation in dictionary is explained, among other meanings, as "*a group or association of individuals who are the members of an occupation, having a continuous existence independent of the existences*

of its members, and powers and liabilities distinct from those of its members. Those who are the member of a corporation (an association of occupation) may not perform another type of job.

It is known that the first guilds called "corpora officium collegia" were established in the beginning of the Roman Empire period which was the post-Republican phase of the ancient Roman civilization. The number of guilds increased in (Marcus Tullius) Cicero's time (106 BC–43 BC) (www.en.wikipedia.org/wiki/Roman_Empire). He was, among other things, an orator, lawyer, politician, and philosopher. His life coincided with the decline and fall of the Roman Republic, and he was an important actor in many of the significant political events of his time (http://www.iep.utm.edu/cicero/). During this period, guilds had important role on social life.

Guilds of artisans were mentioned in the Royal Assembly in England in the year 779 and then in the laws made in Nantes Church Assemblies in the beginning of the 9th Century. Guilds of traders emerged in England after Norman invasion. It is likely that guilds of traders existed in Normandy before the invasion.

As for Anatolia, first artisan and trader associations were set up under Akhism umbrella. Actually there are many similarities between first guilds in the history and associations set up according to Akhism. Akhism established the fundamentals making up the socioeconomic structure of Turkish private enterprises through its rules. Parallel to first guilds in the history, Akhism had religion-based rules. It is known that both Seljuk Turks and the Ottomans applied the rules of Akhism for centuries as of 1170s. This system gave its place to the Lonca System (Guild system) in the 15th and 16th Centuries. The Gedik System, in turn, replaced the Lonca system in the mid 18th Century. There is no doubt that this transition took place phase by phase since each was exercised in different regions of the state in an intermingled manner throughout the centuries and there is no certainly on the time interval they were adopted. However, it is known that the last one of these three systems, which is called Gedik system, disappeared at the beginning of the 20th Century (1909-1913) (Guvemli 2000, 394; Cagatay 1989, 51).

2.1. Akhism

The Turks who came to Anatolia were nomads who got by on animal husbandry. They began to come in the 10th Century. Mongol invasions that began with Cengiz Khan caused the Turks living in the cities such as Bukhara, Samarqand and Tashkent to immigrate to Anatolia. They

were people living in cities and conducting various services and production. However, Turks had difficulties in obtaining necessary raw materials for production and in carrying out their own businesses when they settled the outskirts of cities. Because of this reason, they wanted to live in cities in Anatolia. Therefore, they had an urge to confederate and search for solutions to the problems related to obtaining supplies. In order to meet these needs, a Turk, **Akhi Evran** (1172-1262), who was a leatherworker and settled in the City Kırşehir established a system: **Akhism**.

He set up a web of distribution and production thus making it easier for Turks who lived in cities to settle in Anatolia by combining Turk and Islam in business affairs. It should be mentioned that Rums and Armenians affiliated to Byzantine Loncas (Guilds) had monopoly over handicrafts, particularly trade. In this case, the only way for the Turks to survive and compete with resident merchants and craftsmen was to establish institutions, providing unity and producing durable goods which were standardized. This is the second reason that led to the establishment of Akhism as an institution (Guvemli 2000, 394; Cagatay 1989, 51).

Akhism coming from Turkish traditions is an organized brotherhood in Anatolia related to trade guilds. Akhism provided the Urban Turks with the opportunity to settle in cities in Anatolia and produce goods and services. As the small businesses producing goods and services came together, a system, which provided businesses with the opportunity to build up lines of businesses through the phases of bulk buying of raw materials, production, and distribution of products, was formed. This system also included quality control. Another feature of the system is related to those who work in laborious businesses. Owner of the enterprise is the one who knows the drill best. He is both the owner and the person in command of the business. There was a hierarchical classification among the employees known as *henchman, apprentice, journeyman* and *craftsman*. Akhism embraced the social rules based on religion. It also had rules constituting an economic structure for the entrepreneurs (Koprulu 1972, 96; Ekinci 1991, 9; Simsek 2002, 20).

2.1.1. Social and Economic Rules of Akhism

Ahi Evran's Rules of Akhism are divided in two as follows (Gülvahaboğlu 1991, 248):

Social Rules: *obey the orders of God and avoid interdictions, be hospitable and helpful, embrace people without taking into consideration religion and denominations, don't talk*

against people, resist cruelty and injustice, try to guide people to the straight path, don't have hatred and enmity towards anyone.

Economic Rules: *make do with little, be generous, love and entertain guests, do not cheat and do not lie in trade, help the fair weak over the unfair strong, be accurate, give priority to public interests, consider manual labor as sacred, and do not burgle.*

The main purpose of the Social Rules was to see obedience of religious-based social rules. These rules arose as a natural consequence of the Turkish people's adoption of Islam.

Economic rules arose to manage relations between small enterprises with customers and their environment and these rules were formed far from the capitalist visions of capital accumulation bases. Individuals in artisan class had to obey all these Rules. Otherwise, they would be punished.

There were official documents indicating the socioeconomic conditions of Akhism. These were regulations including rules to be obeyed by Akhism. Regulations including the rules to be obeyed by small enterprises according to the Akhism Rules were called as *Fütüvvetname* (Gürata 1975, 252).

2.1.2. The Akhi Associations

These associations were established satisfactorily. In small towns, all industries were accumulated under one association, but in large towns each industry had its own association. Since Ahi Evran was a leather producer, his association included raw leather, raw leather processors and producers of leather equipment. It is known that these associations spread over Anatolian towns quickly with the same mentality (Ekinci, 1990, 45). Officials in Akhi Associations and their duties are explained below (Yamak 1994, 7):

Şeyh (Sheik): The president of the association. He represents the artisans in the association, supplying and distribution of raw materials for producers, managing the ceremonies of people who became craftsmen, adjudicating the complaints between artisans, or artisan-customers. Şeyh is also called as Ahi Baba (Islam Encyclopedia of Turkish Religious Foundation 2008).

Nakip (oldest officer): Managing the associations if Şeyh is not in charge, supervising the artisans, rigging new craftsmen out in peştemals in the craftsman ceremony, forwarding messages of artisans to Şeyh, supplying the needs of the association.

Kethüda (Warden of the association): also called Kahya (steward) in the Ottoman Era. Preparing artisans certification, trying to solve conflicts between artisans, applying any penalty given to artisans.

Yiğitbaşı (head of religious groups in loncas): Facilitating communication between association and artisans, representing the artisans in court with Kethüda, applying the penalty given to artisans with Kethüda, informing the association about the candidates to become craftsmen, administrating the Orta Sandık,[**] and fixing of prices called as Narh.

Management, established with the members mentioned above, had meetings once every fifteen days, all associations appertained to the big council, and all associations were responsible to the big council.

The explanations above show that associations regarding the socioeconomic rules of Akhism supervised artisans. It is understood that this supervision had obstructive attributes preventing artisans from becoming larger and larger producers. For example, it is obvious that *narh* keeps the profit margin lower and prevents capital accumulation with high profits. Moreover, it can be claimed that daily inspections and relations between artisans prevented the artisans from growing. That is, the relations between artisans did not have ambition to gain more than other artisans.

2.1.3. Vocational Training in Akhism

It is known that enterprises in the Akhism system mostly made their production with manual labor for local requirements. People working in these small enterprises were classified according to their experiences as henchman, apprentice, journeyman, and craftsman. Mostly little children who had just started work were called henchman. Only craftsmen could be the owner of enterprises and new enterprises could be established by people who were craftsmen. Vocational training was given by journeymen and craftsmen in the workplace. Henchmen were children between the ages of ten and fifteen who were sent to work with craftsmen by their families. These children usually worked unpaid or low-paid and became apprentice after two years. While these children's vocational training continued in the work place, they were also

[**] Orta Sandık is a chest in which money paid by artisan to association is protected. Gathered Money was used to cover the cost of the association. In addition, it was used to advance money to artisans who are in need. Moreover, this money could be used to help any artisans for their funeral expenses.

given some courses including literacy, rules of Akhism and religious education in Zaviyes of Akhi Associations. Holding a ceremony after rising from henchman to apprentice was a tradition of Akhism. It is observed on rising from apprentice to journeyman that it was important to embrace the Akhism social rules as well as growing in occupation (Ekinci 1991, 89).

To become a craftsman, it was necessary to work for three years as a journeyman. Within this time, it was necessary not to have been complained by anybody, to fulfill the duties given, to be sensitive about young apprentices, to establish good relations with other journeymen and to be capable of managing a small enterprise, production place or market place by himself or herself. Such a craftsman candidate was taken to management council by Yiğitbaşı and Kethüda.

The journeyman and especially craftsman ceremonies were glorious. These ceremonies were led by Sheik or Akhi Baba other journeymen and craftsmen in the same business, and some government officials such as Kadı (adjudicator) and Müftü took part in the ceremonies. In craftsman ceremony, enterprise owners and workers who established the artisan council paraded with the arts men flag in front (Ekinci 1990, 35).

Table 1. Vocational Training and Socioeconomic Education Process in the Akhism Culture

Building of Ethics Infrastructure	**Education and Vocational Training Process in the Akhism Culture**
	Henchman and apprentice (aged 10-20) (they had to learn vocational knowledge along with social rules)
	Journeyman (aged 20-23) (they had to learn vocational knowledge along with literacy and social and economic rules of Akhism)
	Craftsman (23 +) (after working for three years as a journeyman)
Strengthening of Ethics Infrastructure	**Supportive Factors in the Akhism Culture**
	Role models well-educated throughout education and vocational training process
	Low tolerance level in workplace because of strict social and economic rules of the Akhism
	Non aggressive profit targets and competition in trade culture because of strictly controlled amount of production and pricing of goods
	Economic rules preventing individual ambition from gaining more money than others
	Regularly inspected business owner craftsman to determine if he obeys social and economic rules

Apprentice training was also available for other occupations in the Ottoman Empire. For example, accounting training was also the same (Guvemli 2000, 398). Guvemli states that

accounting education was based on apprentice training along with master before the Reform Declaration (the declaration of Gülhane Hatt-ı Humayunu–Tanzimat Fermanı[***] on 3 February 1839). Any written source on accounting might not have been produced because of accounting education based on only apprentice training along with master. Accordingly, double-entry accounting might not have been known and used widely in the Ottoman era until 1860s, that is, about 350 years after Luca Paciolo (Guvemli 1998, 94).

The above explanations show that the person who would become a business owner as a craftsman in the future had been trained according to the socioeconomic rules of Akhism. Obeying these rules would be inspected after the establishment of a new business area. It is understood that this person had to obey socioeconomic rules throughout his business life.

Table 1 illustrates education and vocational training process in the Akhism Culture. It is seen that the vocational training and socioeconomic rules of Akhism were interconnected. The system provided an ethics infrastructure and supportive factors for working environment with employees by earning values.

2.1.4. Dissolution of Akhism

It is seen that Akhism developed according to the Turkish-Islamic perception. Because of the Islamic aspect of the rules of the organization, the rules were unlikely to be embraced and applied by non-Muslim Ottomans. For this reason the social side of Akhism based on religion had to be changed. This was possible after the system turned into the Lonca system. After the Lonca System, non-Muslim artisans became a part of the Lonca system.

How did this change happen? After the discovery of America in the late 15th Century, overseas trading started in the 16th Century; economic development in the West Europe increased the need for raw materials. Anatolia became an important raw material supplier for these countries. This increased the raw material prices and small enterprises belonging to Akhi Associations were not able to produce goods at the controlled price if buying expensive raw materials.

[***] Tanzimat Fermanı (The Reform Declaration): after the death of Mahmud the Second in 1839, Abdulmecit reigned. Abdulmecit declared a decree that reorganized the establishment of the state. Mustafa Resit Pasha, drafter of the decree, announced this decree on 3 February 1839 in Gulhane before the Sultan, ambassadors and the public. In the decree, the Sultan indicated the need of passing new law for a better administration of the state.

This situation also caused goods to be imported from Europe. Because in the Western Europe, production techniques were also developed and capital based production opportunities had started to be created. As a result, small enterprises which operated with the Akhism Rules were not able to produce and sell products. Muslim and non Muslim traders who had capital accumulation which excluded them from the Akhism Rules also started importing and selling products. Against all these evolutions that did not create the opportunity for capital accumulation, enterprises belonging to Akhi associations could neither realize large production, nor increase competition capabilities, nor have new techniques, and at the end they were forced to close down.

The difficulties in the application of the socioeconomic rules of Akhism continued in the 16th Century. However, the functions of small enterprises continued. In this situation a new organization model was inevitably required: The Lonca (Guild) System.

2.2. The Lonca (Guild) System

With inspiration from the words "loggia", which is Italian and from "loge", which is French, it is pronounced ***Lon-ja*** and means "room" and then "Guild of Tradesmen" (Ergin 1995, 161). It is understood that, through the 16th Century and in the first half of the 17th Century there existed a transition from Akhism to the Lonca System as a way of excluding the socioeconomic rules of "Akhism" as a result of the economic developments; non-Muslim Ottoman merchants, foreign merchants and Turk merchants were working together during the increase in the export of raw materials and increase in the import of finished goods. During this working together, it is seen that the word "Lonca" started to be used in Turkish literature (Islam Encyclopedia of Turkish Religious Foundation 2008). Indeed, Gerber (1998, 49) identified that the word "Lonca" was used for the Loncas of Bursa firstly in 1042 Hegirah (the year 1632-33 according to the Gregorian calendar). In the documents at the state archives in Istanbul, it is seen that the word "Lonca" was mentioned for the first time at the end of the 17th Century in 1697 in the Atik Complaint Book (Prime Ministry Ottoman Archive, Atik Complaint Book, 111).

2.2.1. Transition from Akhism to the Lonca System

In the period of transition from Akhism to the Lonca System, through the 17th Century, it is observed that religion-based social rules weakened, but religion-based economic policies continued. In the beginning, Muslim and non-Muslim Ottoman populations were located within the Lonca; later the Lonca of Turkish Masters and the Lonca of Armenian and Greek Masters seperated. However, comparing the Lonca layout and Akhism, the Lonca System brought together the small businesses that were widespread throughout the Ottoman empire. But it did not show a dramatic change in the economic basis and within the understanding of the framework of Ottoman statecraft, those small businesses operated within the economic framework of "Akhism". (Gurata 1975, 84). This case shows that at the end of the Akhism system, the Ottoman Empire could not reorganise itself according to the developments in Western Europe: that is to say, the rules leading to the formation of capital accumulation.

It is seen that quality of production and pricing of goods in the small business enterprises that are the members of the Lonca were strictly controlled. This control mechanism is a feature that encourages production within the neighborhood. However, the Loncas prevented enterprises from producing more than the need of their district. That is to say, it provided that production was done according to the demand. In this context, small enterprises that were a part of the Loncas had no chance to raise capital, conduct wide scale production and get a hold of new techniques, just as was the case in the Akhism System. This particular effect survived about seven centuries.

It is seen that the organizational structure of the "Lonca" system: the names and mission of the employees in enterprises and also the names and mission of those who manage the system of "Akhism" did not change so much. The Lonca system maintained its tasks in a different way from Akhism. The similarities to and differences from Akhism can be listed as follows:

Similarities to Akhism: the titles of the workers in the entrepreneurs, on-the-job education, the existence of people such as the Kethüda and Yiğitbaşı, the ceremony for titles for henchmen and craftsmen (masters), obeying the price determined (narh), maintaining the moral principles of the trade, solving problems between the customers and tradesman and within the tradesman and lastly obeying the traditions.

Differences from Akhism: giving the birch as a punishment for crimes, having stricter rules

such as dismissal, supporting the masters who fell poor, lending debt with low interest rates, accepting donations, behaving more seriously while collecting the dues, and - in contrast to the individual decisions in Akhism (Akhi Baba) – using the responsibility of the board of the directors for almost everything.

Certainly, the Lonca system had stronger financial and administrative conditions than Akhism had. The system of control was similar, but the punishment after analyzing the results of the control was different. On the other hand the financial situation of the organization was strong. The Lonca could meet the needs of the tradesmen according to changing situations in time. At the same time, the policy of state control of the Ottoman Empire was being pursued. Although a liberal economic system was being practiced in western European countries and there were trade relations with the European countries, there was no significant change in this mentality of state control. In accordance with this mentality, there was control over profit margins of the small enterprises to protect the consumer and thus the tradesmen could not become a large entrepreneur and the capital accumulation could not be realized.

The development of the Lonca system, which had begun in the 16th Century, was pursued in the 17th Century. In fact, this system had its strongest period during the 17th Century. Evliya Çelebi writes that there were 1,100 Loncas in Istanbul alone at that time and these had 260,000 members (Guvemli 2000, 71). The large number of these Loncas was due to local production and an inability of the tradesman to sell his products in another neighborhood. This situation both prevented competition and the enterprises' from becoming larger.

We can claim that the structure of the Ottoman State controlling the production and distribution of goods had an effect on this situation's occurrence. It is possible to see this reality, which had not changed for centuries, in the work of R. Mantran who made studies in Istanbul in the 17th Century (Mantran 1962, 412). According to Mantran, large-scale industrial enterprises were directly established by the state in the Ottoman era. There were 29 state craftsmen enterprises in Istanbul and more than 10,000 apprentices, journeymen and craftsmen working for these enterprises (approximately 300 people in each enterprise). There were 80,000 workers in 25,000 private enterprises (3-4 people in each workplace). These workplaces of the private entrepreneurs were affiliated to 1,100 artisan unions. The expressions both illustrate the statist

structure of the Ottoman State, and that private enterprises which consisted of small workshops were directed through unions. These unions were probably the guilds of that time.

On the other hand, there were 148 Loncas in the 16th Century (Gulvahaboglu 1991, 181-182). For instance; tailors, water sellers, shoemakers, boot makers, fruit sellers, goldsmiths, imams (priest in a mosque), flower sellers, weavers of goat's-hair articles, locksmiths, seal makers, bow makers, quilt makers, maker of mirrors, silk producers, violin makers, bakers, watch makers (maker, seller, or repairer of clocks or watches), tanners, knife makers, rowers, ceramic makers, those who gives injections, mattress makers, caulking, town criers and inviters (someone who invites people to something shouting loudly publicly), dyers, coffee makers, ink makers, engraving, dancers, paper makers, butchers, greengrocers, pickle makers, cook and seller of shish kebab, cooks, porters, stationery sellers, basket makers, bird sellers, dress makers…

The book of Amnon Cohen's (2003) from the University of Jerusalem, titled "Loncas in the Jerusalem of the Ottomans", mentions the system of Loncas in the 17 th Century in Jerusalem, a city under the Ottomans at that time. In this book, Cohen describes - by giving the example of the Loncas in Jerusalem - how much the Lonca system pervaded throughout the Ottoman Empire and how they came to a very strong position. Cohen summarizes the workings of 45 Loncas from among nearly 60 Loncas which existed in Jerusalem. And he analyzed the decisions of the courts about the professions. Cohen examines the Loncas from a social viewpoint. Cohen describes the Loncas as the ancestors of non-governmental organizations (NGOs). Cohen points out that there were 900 enterprises, which were members of the 60 Loncas. In addition, there were over 1,000 workers, trying to present the effectiveness of the Lonca system, in a city, which had a population of nearly 10,000. Cohen argues that this system was still in effect in the 18th Century in Jerusalem. He argues that there was an administrative regulation of the state about reinforcing state authority over the people through the channel of the Lonca System.

2.2.2. Dissolution of the Lonca System

The Lonca system started to weaken in the early 18th Century. Some causes of that were incidents of extortion (especially from enterprise owners and non-Muslims) and activities of despots who were mostly retired soldiers and wanted to appropriate the workplace.

Moreover, it was observed that the Lonca officials themselves were extorting money. Edhem Ruhi Öneş published this imperial edict, which he got from Reşat Ekrem Koçu (Ones 1985, 60):

The judgment to the Istanbul Kasha, non-Muslim tailors in Istanbul who applied to the council of ministers and complained about Kethüda Ismail and his son Yiğitbaşı Hail. They had threatened them saying: "I will make you pull oars in the navy" and they behaved cruelly towards the non-Muslim tailors extorting money such as lamb money, festival money and feast money which are illegal and out of Islamic law. They increased their cruelty day after day, they bastinadoed the artisans who had not given the money and had beaten some artisans up. Kethüda Ismail and Yiğitbaşı Hail must be prevented from behaving so to the tailors and must be provided with a means of avoiding such contrary behaviors (Hijri 1177, A.D 1764).

This imperial edict shows that the Lonca system was increasingly degenerating. This degeneration includes despots wresting the enterprises from weak or non-Muslim traders. In this situation, the enterprise owner wanted to attorn the enterprise to his son or journeyman and requested governmental assurance. The government gave this assurance, which concluded that the traders (Hijri 1140, AD 1727) owned the enterprise. This date is accepted as the transition of artisan organizations to the Gedik system. With this legitimate arrangement, it was accepted that artisans had rights to use the workplaces, which they rented (Islam Encyclopedia of Turkish Religious Foundation 2008). In the Ottoman Law, Gedik means tenure based on privilege and monopoly. In addition, for an artisan organization that means the right to use the building that an artisan works in, and to continue working there (Meydan Larousse, vol.5, 1971). As the cities grew and urban population increased some other issues started to appear about the Gediks. For example: in the city, prices of the enterprises related to Gedik system increased; tenants started to assign their workplaces and take an assignment fee. Eventually there became a need for a new kind of organization instead of the Gedik system and finally the Gedik System was ended by regulation in 1913. In the late 19th Century, Turkish enterprises started to learn modern skills. Within the Republic Era, artisan unions were established and have fulfilled many small enterprises' requirements (Guvemli 2000, 71).

3. ETHICS EDUCATION AND ACCOUNTING-RELATED VOCATIONAL TRAINING IN MODERN TURKEY

Under this topic, the main lines of education process are drawn in terms of ethics-related courses and education process beginning from elementary school to vocational training on accounting profession.

3.1. Ethics Education at the Elementary and Secondary Schools in Turkey

At the elementary and secondary schools in Turkey, moral and religion based courses are given. These courses have the contents including religious expressions and examples of good and bad behaviours of people. However, the said behaviors are expressed and matched with only the concepts “sin” and “meritorious”. It is not wrong in respect to religious expressions, but it is not clear enough why any behavior is sin.

Can this kind of ethics education help them be conscious of consequences of bad behaviors? Can this kind of ethics education help them learn how to act ethically, how to act in accordance with moral principles, and how to true valuate in making decisions about any action they encounter in their everyday life?

Consequently, children need to know why and when any behaviour is considered as “sin” or “meritorious”. In addition, they should discuss harmfulness and consequences of bad behaviors and link between their behaviors and public interest and sensitivity to social responsibility. Otherwise, they never think about consequences of their behaviors, and they learn only the terms “sin” and “meritorious”. Yet it is crucial to make students be conscious of consequences of bad behaviors in order to shape their value judgment. They will need values to learn how to true valuate when making decisions about any action they encounter in their everyday life and business life in the future.

3.2. Ethics Education at the Universities (Business Schools) in Turkey

There are 101 Business Schools at the State Universities, and ethics-related courses are given at 63 of 101 Business Schools of the State Universities (62%). On the other hand, there are 48 Business Schools at the Private universities, and ethics-related courses are given at 29 of 48 Business Schools of Private Universities (60%). Totally, there are 149 Business Schools in

Turkey and ethics-related courses are given at 92 of 149 Business Schools of the Universities (61.7%).

As shown in the Table 2, Ethics-related courses given at undergraduate level are given mostly (40 of 103 Courses – 38.83%) to students at the 4th grade.

Table 2. Allocation of Ethics-Related Courses According to Academic Years

Undergraduate Level	**Academic Years – Grades**									
	1st year		**2nd year**		**3rd year**		**4th year**		**Total**	
	n	%	n	%	n	%	n	%	n	%
State Universities	4	5,88	10	14,71	23	33,82	32	46,38	**69**	100,00
Private Universities	4	11,76	16	47,06	6	17,65	8	23,53	**34**	100,00
Total	**8**	**7,84**	**26**	**25,49**	**29**	**28,43**	**40**	**38,83**	**103**	**100,00**

As shown in the Table 3, as far as we have determined, there are 52 ethics-related courses given at the Business Schools of Turkish Universities. Most of these ethics-related courses, especially courses called as Business Ethics, Business Moral, Business Ethics and Values, Business Law and Ethics, Ethics in Business Management, Business Ethics and Social Responsibility, Ethics and Social Responsibility in Enterprises, Business Ethics and Corporate Social Responsibility and so on have similar contents. For instance, descriptions of the said courses generally cover the topics as follows:

Relationship of ethics and philosophy, sociology, economics, law and management; code of ethics for students of management, economics and political sciences; honesty and social responsibility in management, health and safety in the workplace, discrimination and employment, ethical leadership, impact of marketing operations, misleading and deceiving advertising, product information and promotion, consumer protection, disadvantaged consumers ecological conscientiousness.

Table 3. Ethics-Related Courses Given at the Turkish Universities

-Accounting Ethics -Accounting Profession Law and Ethics -Accounting Profession Legislation and Professional Ethics -Akhism and Professional Ethics -Business and Professional Ethics -Business Communication and Ethics -Business Ethics -Business Ethics and Corporate Social Responsibility -Business Ethics and Social Responsibility -Business Ethics, Social Responsibility and Corporate Governance -Business Moral -Enterprises Moral -Business Moral and Ethics -Business Moral and Governance -Business Moral and Social Responsibility -Business Moral and Social Responsibility of the Manager -Commercial Law and Ethics -Corporate Social Responsibility and Business Ethics -Enterprises Moral-Ethical Culture -Ethics -Ethics and Morality in Daily Life -Ethics and Professional Ethics -Ethics and Social Responsibility -Ethics In Business World -Ethics in Akhism and Business Moral -Ethics in Businesses -Ethics in Information Society -Ethics Principles and Moral Behavior -Foundations of Contemporary Europe and Modern Ethics	-Human Rights and Ethics -Intercultural Communication and Ethics -Law and Ethics -Management Ethics -Management and Ethics -Management Ethics and Corporate Social Responsibility -Management Ethics and Social Responsibility -Managerial Ethics in Organizations -Marine Business Ethics -Marketing Ethics -Marketing Moral -Organizational Ethics -Professional Ethics -Professional Responsibility and Ethics Science and Ethics -Security in Information Technology and Ethics -Social Consciousness and Ethical Values -Social Responsibility and Ethics -Social Responsibility and Ethics in Business -Social Responsibility and Ethics in Enterprises -Social Responsibility and Professional Ethics -Society and Ethics -Understanding Ethics

According to descriptions of the above-mentioned courses, we can admit that ethics-related concepts in business life are given to the students of the Business Schools of 92 Universities. This may help them be conscious of consequences of unethical behaviors in business life and match unethical behaviors with values, if values were taught them before coming to university. That is, university education is not (may not be) considered as first stage of ethics education. If an university student does not have ethics infrastructure (basic knowledge about moral values, ethics and attitudes) coming from his/her pre-university education, it is not easy to teach him/her how to be conscious of consequences of unethical behaviors, how to act ethically, how to act for true valuating in making decisions during their everyday professional activities.

On the other hand, in terms of accounting ethics-related courses, as seen from Table 3, there are only three accounting ethics-related courses given at only three universities: “Accounting Profession Law and Ethics”, “Accounting Profession Legislation and Professional Ethics”, and “Accounting Ethics”. Accordingly, we can easily claim that accounting ethics-related courses are almost not given at the Turkish Universities. This is an important shortcoming from accounting-related education point of view.

Each topic in business ethics has significant role on ethics education. However, we should consider role of accounting staff on numbers of financial statements and stakeholders’ interests. In this sense, ethics-related courses looking at the ethics problems from accounting point of view are needed to be added to the curriculums of business schools. These courses should include the topics expressed in the International Education Standards for Professional Accountants (IES)-4 as follows:

IES-4 expresses the professional values, ethics and attitudes professional accountants should acquire during the education program leading to the qualification. The aim of this Standard is to ensure that candidates for membership of an IFAC member body are equipped with the appropriate professional values, ethics and attitudes to function as professional accountants.

The required values, ethics and attitudes of Professional accountants include a commitment to comply with the relevant local codes of ethics, which should be in conformity with the IFAC Code of Ethics. The coverage of values and attitudes in education programs for professional accountants should lead to a commitment to:

(a) The public interest and sensitivity to social responsibilities

(b) Continual improvement and lifelong learning

(c) Reliability, responsibility, timeliness, courtesy and respect

(d) Upholding laws and regulations

While the approach of each program to the learning of professional values, ethics and attitudes will reflect its own national and cultural environment and objectives, as a minimum all programs should include:

(a) The nature of ethics

(b) Differences of detailed rules-based and framework approaches to ethics, their advantages and drawbacks

(c) Compliance with the fundamental ethical principles of integrity, objectivity, commitment to professional competence and due care, and confidentiality

(d) Professional behavior and compliance with technical standards

(e) The concepts of independence, skepticism, accountability and public expectation

(f) Ethics and the profession: social responsibility

3.3. Ethics Education in Professional Accounting Education and Vocational Training Process in Turkey

In Turkey, in the sixth article of the Regulation on accounting-related vocational training, passed on 23 August 1997, the aim of training is expressed as "*to put in place the ethical qualifications the accountancy profession requires*". This means the term ethics was first used for the accounting profession in the Regulations in 1997, 10 years before the Official Gazette No. 26675 dated 19 October 2007 was issued in order to determine the detailed ethical principles that accounting professionals would follow.

The above-mentioned regulation passed in 2007 is to reflect IES-4's purpose in legal ways. But here, the analogy is about education. If it is considered that it is impossible for ethics education to be given by laws, it is clear that the courses giving the professional values and ethics should be put in education programs. As stated in IES-1, *"Candidates starting on a program of professional accountancy education should have a certain mix of knowledge, skills, and professional values, ethics and attitudes. The extent of these capabilities will determine the entry point of candidates into professional programs. The lower the requirement at the point of entry, the more the program of professional accounting education has to cover."* It is also stated in IES-1 that many of these education programs are organized by professional bodies themselves rather than by universities or colleges.

In Turkey, TESMER (Basic Education and Training Center) was founded in 1993 for professional accounting education. However, it might have been overlooked for years that ethics can be taught through education. The ethics-related course has taken place in the curriculum of

TESMER professional accountancy education programs in 2010. However, TESMER does not assess professional values, ethics and attitudes of candidates because of the fact that the exams TESMER holds do not assess to what extent candidates can identify ethical dilemmas. Finally, as of the year 2014, TESMER has started to organize ethics education including theoretical and practical (case studies) knowledge. The accounting professionals completing the ethics education program successfully has the right to have a certificate.

In order to comply with IES-4, in addition to adding ethics-related courses to the education programs, professional accountants should hold and practice ethical values. In other words, candidates should choose professional accountants with whom they will do their traineeship carefully and they should consider only those who are good role models. Because a role model not having ethical values makes the theoretical education worthless.

Table 4. Course Topics Included in Exams Held by TESMER

Subjects of Sworn-in CPA Exam
1.Advanced Accounting 2.Financial Management 3.Managerial Accounting 4.Supervision, Reporting and Profession Law 5.Auditing 6.Taxing 7.Income Tax 8.Social Security Taxes 9. Regulations on Foreign Trade and Exchange 10. Legislation on Capital Markets
Subjects of CPA Exam
1.Financial Accounting 2.Financial Statement Analysis 3.Cost Accounting 4.Accounting and Auditing 5.Tax Legislations 6.Law (Commercial Law, Labor Law, Legislation on Social Security Institution) 7. Law of Accounting Profession

4. GENERAL EVALUATION AND CONCLUSION

It is seen that the socioeconomic rules of Akhism system established an ethics infrastructure for the business life in Anatolia 800 years ago. In other words, the system provided a solid and universal structure being inclusive of ethics education and vocational training with working

environment by gaining values. In this context, we can claim that the system, among other features, was an applied ethics education in real sense. Indeed, thanks to the applied rules, the system struggled to;

- Prevent employees from behaving unethical in trade activities,
- Provide value-based working environment with the artisan class,
- Form a working environment, which had low tolerance level against unethical behaviors,
- Enable artisans to work without ambition and competition to gain more than others,
- Provide daily inspections to define if artisans obey the Rules.

Namely, we can suggest that there was code of ethics all traders, craftsmen, journeymen, apprentices, and henchmen were required to obey in business life of that time. This means that even if the names, visage, and functions of the institutions and scale of the enterprises have changed in time, ethical principles that should be obeyed in business life are still the same substantially.

However, conditions of competition and economy in today's modern business life are very different from the conditions existing in the Akhism period, that is, 800 years ago. Indeed, Anatolian entrepreneurs were mostly artisans who had a socioeconomic structure that was only for supplying needs locally in a tight area. Because of the statist structure of the Ottoman Empire, only the government founded big enterprises. This caused private enterprises to remain small and prevented them from having a competitive environment and having capital accumulation. In this sense, we can claim that the control functions included quality control, price control, and restriction on opening new enterprises facilitated people to obey the socioeconomic rules. We can consider the statist structure of the Ottoman Empire as a motive here to obey these rules. In other words, if you sell all products you produce in a non-competitive environment at fixed price, you may not have aggressive targets and you are highly likely to obey the rules. Therefore, we can admit that unethical behaviors are highly likely to be encountered where aggressive profit targets and competitive environment exist.

In spite of ever-increasing competition conditions and aggressive targets in today's business life, it is possible to teach ethics in real sense. To do this, we can develop a suggestion by considering above-mentioned elements weakening efficacy of ethics education process beginning from primary school level.

Table 5 illustrates how we are carrying out ethics education in today's Turkey and how we should carry out ethics education in real sense. As shown in the Table 5 and explained below, given the suggested ethics education process and working conditions, it is seen that ethics education practices and working conditions have some crucial shortcomings.

1- The curriculum of the primary and secondary schools, business schools (faculties) and technology supported vocational education programs in Turkey have some shortcomings in point of ethics education as well as effects of aggressive competition conditions in business environment. Indeed, only religion-based courses are given to primary and secondary pupils and one moral and philosophy-related course is given to high school students.

2- The curriculums of **61.7**% of the business schools in Turkey include only one ethics-related course. The said courses include basic concepts and give almost completely theoretical knowledge to students.

Accordingly, the curriculums of education programs at every education level need to be developed. We should remember that the teenagers are the workforce of tomorrow and ethical behavior may not happen on its own.

3- In order to comply with IES-4, in addition to adding ethics-related courses to the education programs, professional accountants should hold and practice ethical values. In other words, candidates (trainees) should be trained along with professional accountants who are good role models and having values. Because a role model not having ethical values is highly likely to make all theoretical education worthless.

4- On the other hand, tolerance level in workplace should be very low. Otherwise, it is not possible to strengthen ethics infrastructure, even if ethics education process is implemented successfully and in real sense. Robin and Reidenbach (1987, 51) stated that when individuals' opportunities of unethical behavior in workplace increase, their tendency of taking advantage of these opportunities also increases. Codes of ethics of any profession are not competent alone to

decrease unethical behaviors. These codes are necessary, but professionals who have difficulty in evaluating actions must adopt these codes. Kaikati and Label, in their examination of US bribery legislation, concluded that "no code of ethical behavior is likely to be observed unless the chief executive officer declares that violators will be punished. When a company fails to take strict disciplinary action, many employees assume that their unethical acts are accepted standards of corporate behavior." (Chonko and Hunt 1985, 342).

5- Companies should position ethics and compliance programs as a responsibility of each employee and a respected part of the company culture, not just a "you shall not" obligation. Companies' senior executives and board members must adhere to the code of ethics and compliance policies in the same way that all other employees must. Benefits of this approach can include improvements to brand equity, potentially leading to increased shareholder value.

6- The U.S. Federal Sentencing Guidelines for Organizations provide a framework for ethics and compliance programs. Some key elements of such a program include (Finder and Warnecke 2005):

- An organizational culture that encourages ethics and compliance with the law,
- Day-to-day oversight by a high-level individual who has adequate resources and authority (e.g., Chief Ethics and Compliance Officer),
- Clear responsibility on the part of senior management and active oversight by the board of directors,
- Effective communication of standards and procedures, as well as periodic training for all levels of the organization, including the board, management, employees, and agents,
- Care in delegation of substantial discretionary authority to individuals (e.g., background checks),
- Reasonable steps taken to achieve compliance and consultation (e.g., monitoring and reporting systems, helpline),
- Incentives for compliance with the Guidelines, appropriate response after detection of an offense, and consistent enforcement of disciplinary mechanisms,

- Periodic risk assessments.

7- Tsui and Gul (1996) stated that ethical reasoning moderated the relationship between locus of control and auditors' ability to resist management pressure. In other words, both personality and ethical reasoning are significant determinants of auditors' behavior and action in an ethical dilemma situation. In particular, the results suggest that ethical intervention may be more appropriate for externals, which were found to demonstrate different ethical behavior depending on their levels of ethical reasoning. Strategies designed to raise auditors' levels of ethical reasoning may be more effective if they are selectively applied in terms of personality differences.

We should remember that a professional accountant or auditor should have had ethics education in order to have the skill of "ethical reasoning".

According to an empirical study conducted by Ozbirecikli and Kiritoglu (2018), which aims to find out whether there is a significant difference between perception levels of accounting fraud of auditors having ethics training and auditors not having ethics training being held by TESMER or not. The study revealed that ethics training has an effect on the external auditors' perception level of accounting fraud. The study also found out that the more hours of ethics training, the more external auditors' perception level of accounting fraud.

8- As well as above-mentioned supportive elements, the Turkish Commerce Code No.6102 (TCC) passed late 2011 should be considered as a supportive element in preventing unethical behaviors in business life. Indeed, it was prepared with a modern and reformist approach and can be considered as a change that can direct the course of commercial life in Turkey. The TCC offers a very important opportunity and foundation for institutionalization, increasing competitive power, establishing public confidence and transparency. The ethical and transparent structures this change is likely to bring can be sustained in Turkish commercial life. Accordingly, in a workplace, which has public confidence, transparency and trade culture enabling its employees avoid aggressive profit targets is likely to be established. On the other hand, norms based on ethics values can prevent individual aggressive ambitions causing desire to gain more than others at any cost. Additionally, due to the TCC, that the activities of board of directors and the chief executive officer are regularly audited enables to be determined if they act in accordance with ethics code and spend shareholders' money properly.

9- Thus, we can assert that an interesting landscape is developing with regard to ethics and compliance. Public and private policies are being enacted that can encourage companies and their executives to "behave" better. However, is compliance with these policies and related legislation enough? In reality, companies that follow both the letter and the spirit of the law by taking a "values-based" approach to ethics and compliance may have an advantage in the marketplace. Such an approach requires senior executives to understand clearly the culture and compliance controls that exist at all levels of their organizations.

Table 5. Elements of Ethics Education in Real Sense vs. Ethics Education in Real Life

Generating of Ethics Infrastructure	**Ethics Education Process in Real Sense**	**Ethics Education Process in Real Life**
	(aged 7-19) True decision making, moral principles and values should be **taught** to primary and secondary pupils and high school students	**(aged 7-19)** Only religion-based courses are **given** to primary and secondary pupils and one moral and philosophy-related course is **given** to high school students
	(aged 19-24)- University Education The curriculums should include more than one ethics-related course. These courses should be **taught** through case studies regarding company scandals and the contents of them should be in accordance with the IES-4. Consequences of the unethical behaviors in the cases should be discussed in terms of true decision making, moral principles and values.	**(aged 19-24)- University Education** The curriculums of **61.7**% of the business schools in Turkey include only one ethics-related course. The said courses include basic concepts and give almost completely theoretical knowledge. **Can we teach true decision making like this?**
	Three-Year-Vocational Training Period Ethics-related courses in vocational training programs. Professional accountants with whom candidates do their traineeship should be good role models.	**Three-Year-Vocational Training Period** Mostly vocational knowledge, ethics education as indicated in IES-4 **Is the amount of good role models sufficient?**
Strengthening of Ethics Infrastructure	**Supportive Factors in Business Environment**	**Supportive Factors in Business Environment**
	Beginners need to follow role models throughout education, vocational training process and in business environment	Do sufficient amount of role models exist in any stage of the whole process?
	Tolerance level in workplace should be very low	Is tolerance level in workplace low?
	A trade culture in which people avoid aggressive profit targets is needed	Is it possible to avoid aggressive profit targets in an aggressive competitive environment like this?
	Norms should prevent individual aggressive ambitions causing desire to gain more than others at any cost	Is it possible to prevent individual ambitions to gain more than others in a competitive environment like this?
	Activities of professionals should be regularly audited to determine if they act in accordance with ethics code. The TCC can serve for this purpose if most companies are audited properly.	The TCC requires audit of activities of professional accountants and board of directors

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