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The internationalisation of Finnish financial reporting between 1973 and 2005 – A historical analysis

This article reviews the historical process involved in the internationalisation of Finnish financial reporting between 1973 and 2005. The data consists of articles discussing the internationalisation of Finnish accounting legislation and practice in two Finnish professional magazines of accounting *Tilintarkastus* (Auditing) and *Tilisanomat* (Accounting Gazette), interviews, material concerning the preparation of the accounting legislation and earlier research. The year 1973 is a starting point for this study, because the expenditure-revenue theory of Martti Saario was taken as a theoretical base of Finnish accounting legislation and the International Accounting Standards Committee issuing International Accounting Standards was established. As a result, it is presented that Finnish financial reporting underwent internationalisation in four periods. The internationalisation of thoughts of Finnish accounting professionals started already in the 1970s, during the first period (the growing internationalisation, 1973–1983). Discus-

sions for and against internationalisation were very active and emotional in the second period (the first appearance of the IASs, 1984–the turn of the 1990s). The third period (the dominance of the EU directives, turn of the 1990s–the mid-1990s) was a time when it seemed that the EU directives are ruling in the internationalisation process of Finnish financial reporting. The fourth period (the second coming of the IFRSs, the mid-1990s–2005) fastened both the EU directives and the IFRSs in the Finnish financial reporting. However, discussions for and against internationalisation still existed in the thoughts of some accounting professionals even in the new millenium. The period between the 1970s and the late 1980s was a free phase in the internationalisation process of Finnish financial reporting, because local solutions in the accounting legislation were possible, but thereafter the accounting harmonisation has been inevitable. If the passing of the new Accounting Act (655/1973) had happened later than in 1973, the content of the law might have been more international. One reason for this was that internationalisation in thoughts of some active accounting professionals started to rear its head already in the 1970s. However, financial accounting or financial reporting consists not simply of financial reporting practice and legislation but also of thoughts and discussions. Hence, in spite of the global convergence of accounting rules, it might be argued that a local variety of financial accounting, as a culture within a particular country, may remain local, original and domestic. There may even be room for a retro style within cultural dimensions of accounting, even though on a practical and political scale such a style is unreasonable to follow. ■