

THE MIRROR IMAGE AND THE ACCOUNTING PROFESSION

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Abstract

In this material we aim to identify the criteria that define the importance of the accounting profession from the perspective of obtaining the accurate image in accounting, to delineate the landmarks that guided the international evolution of the accounting profession and the responsibilities of the various categories that make up the accounting profession, from the perspective of ensuring the faithful image and the recognition of the main ethical and social responsibility issues faced by the accounting profession in order to ensure the faithful image in accounting.

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1. Introduction

In the context of a national and international economic environment characterized by a strong dynamism, which has acquired strong social connotations in the last decades, the spectrum of diversity of professions is noted, the increasing importance that the accounting profession has acquired, being able to have an increasing impact on the economic and social life, due to its influence on the development of the economic-social environment as a whole.

The foundation of the accounting professional is the university, its purpose being to create valuable exponents of the accounting profession. The profession of accountant reveals from the fineness of its details, after a continuous involvement and development of the accounting professional on the chart generated by the university. Unguided by the university quality of the preparation of the accounting professional, the accounting expert evolves chaotically and induces a distancing from professional accounting, rather a rudimentary accounting, that only sounds good, or, in any case, we do not want that.

In no case should the significance of the accounting professional be minimized, because in the organization of the economic life of the entities, the accountant is the one in whose hands are the tools that allow him to put into practice, under the coordination of the management, of the organization and harmonization of information, reflecting the evolution and movement of the entity's material, financial and human resources, which, classified according to certain categories, according to a set of accounting principles, rules and norms, reflects at one point, the economic-financial situation of the respective entity, or in other words, it allows us to hope in achieving the chimera so much desired by the accounting professionals, and offers a faithful image of the economic reality of the entity.

2. The normalizers and the mirrored image in accounting

The satisfaction of the public interest in accounting implies bringing to a common denominator the accounting practices, or in other words an uniformization of them. However, in order to achieve this difficult task, we must at least consider the following premises:

- ✓ Accounting is a science that enjoys a certain rigor, specific to fundamental economic sciences with a fundamental character, having its own object and a terminology specific to it;
- ✓ Accounting is the result of a long historical process of evolution, with profound social implications, and which is subject to the impact of the aspirations of its different users, or in other words it is directly influenced by the satisfaction of the public interest.

The need for the accounting standardization process was imposed due to the multitude of accounting practices used by different professionals, for the purpose of publishing information, intended for several categories of users, and allowing them to have a basis for

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making different comparisons. The accounting standardization has as its object and purpose the application of identical accounting rules in the same geopolitical space and aims to create uniform accounting practices. Two trends can be identified in achieving this accounting standardization:

✓ The Anglo-Saxon normalization, characterized by the rather small intervention of the state in the accounting standardization act;

✓ Normalization of continental influence, where the accounting norms and rules are under the impact of the state, being dictated by it, as the main user of accounting information.

Essentially, regardless of which of the two forms of normalization they agree on, the main objectives of this process are:

– establishing a unitary system of accounting terms, which is easy to learn and understand by all categories of users of accounting information;

– identifying fundamental accounting principles, generally accepted by both the accounting professionals and all categories of users of the financial statements;

– establishing common elements around which the presentation of financial statements will be built;

– the grouping and ordering of accounts on the basis of well-identified criteria, in classes and groups of accounts and the elaboration of an Accounting Plan, with the purpose of classifying the different categories of operations.

If we analyze, from the point of view of the mirrored image provided by the current accounting, through the annual financial statements, we appreciate that the normalizers have a significant contribution to increasing its quality, because through this normalization process there are created the premises for increasing the homogeneity, veracity and reliability and finally the quality of the accounting information reflected by the financial statements - the accounting product.

Regarding the normalization in those accounting systems heavily influenced by the state, there were voices of the professional accountants, who argued that the criteria for obtaining a true faithful image were not completely fulfilled, and this because the economic part would be strongly influenced by legal and fiscal reasons. And the practice has shown that, quite frequently, accountants put their heads together, finding ways to avoid the impact that certain tax rules would have had.

As the evolution of accounting and implicitly of the accounting profession is increasingly directed towards finding those ways of achieving maximum public satisfaction and serving the public interest, lately, we are witnessing a diminution of the role of state intervention in accounting standardization, increasing the contribution of the accounting profession, thus giving priority to economic reality over legal issues. This fact is justified by the simple argument that the large mass of the public enters a large variety of categories of users of financial statements, the state is only one of them. Moreover, the category of users that is beginning to dominate the public interest is that of investors. Currently, the accounting professionals and normalizers are concerned, in particular by the rebuilding the credibility of the information provided by the accounting professional from the challenged investors in the last decade.

3. Accounting professionals and the mirrored image

The contribution to ensuring the faithful image of the annual financial statements of an entity is, to a very large extent, that of the accounting profession, through its representatives. The managers make decisions, exercising the management function, but in order to be able to establish a future projection of the activity of the entity and the key points of the strategy that it should follow, the management needs the support offered by an internal consultant, a role that is increasingly being fulfilled by the accounting professional.

The ultimate goal of the accounting specialists is or should be to keep the accounting and the preparation of the annual financial statements, so as to allow to offer an accurate image and to provide credible, honest and relevant information. This information will be the basis of the process of substantiating the economic decisions of the users of this information, so they will satisfy their economic interests. The practice has shown that the role of the professional accountants has undergone certain changes, in the sense that their significance within the entities has increased, the accountant is no longer viewed from the perspective of a simple performer and begins to be approached from the position of a true specialist. Obviously, the ideal would be for the accounting professional to remain firmly in the position, not to be affected by certain conflicts of interest, or by certain pressures, and to pursue that the ultimate requirement of obtaining the accurate image is actually fulfilled.

The management aims to increase the wealth of the shareholders, so it justifies their existence and why not recognize the remuneration and bonuses they receive. In most cases this remuneration is directly related to the performance of the company. Therefore, sometimes we may face cases, in which certain pressures are made on the accountant, there are made attempts to impose the interests of a group of users to the detriment of other categories of users, which generates tensions, which in the end may have negative consequences on the entity and its shareholders, finally on satisfying the public interest of all the categories of users that it includes.

4. The mirrored image from the perspective of the auditors

Considering that the very definition of the concept of a mirrored image is so controversial, not having yet a unanimous and generally accepted definition, it is quite difficult to measure the degree of objectivity of the opinion issued by the auditor. This difficulty is caused by the fact that we do not have defined objective instruments for measuring fidelity reflected by the financial statements. It is true that there are issued a number of accounting rules and standards, as well as audit, whose application should lead to obtaining these long-awaited accurate images, but we do not have, at least at this moment, a universally valid recipe that guarantees the quality of the mirrored image.

With all these impediments, financial auditors face up to this challenge, having a permanent concern to perfect their method so as to obtain the highest degree of objectivity and safety in expressing the opinion on the fidelity to the economic reality of the image provided by the annual financial statements. They follow the principle that they have, at least, the necessary knowledge, the necessary qualities to identify those situations in which the demand for a faithful image is not respected. The professional reasoning is attributed a major contribution to the achievement of their approach to appreciating the faithful image.

Achieving the objectives of the audit work and achieving its purpose is closely linked to the fulfillment of several conditions:

- ✓ Professionalism: it is important that the professional status of the auditor is recognized by the clients of his services;

- ✓ Credibility: there is a need for the whole entity to obtain information and appreciation regarding the quality of the accurate image;

- ✓ Quality of services: the client of the auditor must obtain a certain level of assurance, which will confirm the accomplishment of the audit work at the highest level of performance;

- ✓ Trust: The accounting information users must have confidence in the person that has the mission to appreciate the quality of the mirrored image, being aware that there is a set of audit rules and standards that regulate these audit services, and the Code of Conduct and Professional Ethics provides an ethical and moral certainty.

5. The ethics and social responsibility of the accounting professionals from the perspective of ensuring the mirrored image

If we were to summarize the criteria that a decision must meet in order to be considered ethical, these would be:

- ✓ competent decision based on knowledge and gained experience;
- ✓ relevant decision, taken in the conditions in which it has identified exactly the details of the specific problem as well as the obligations of each party involved and also estimated what would be all the relevant options they would have in making the decision;
- ✓ balanced decision, in the sense that it was made according to a certain prioritization of the ethical principles that were the basis of this decision;
- ✓ objective decision, in the sense that there were taken into account the ethical principles and rules, without being influenced by certain conflicts of interest by acting objectively and responsibly.

Ethics is not just about respecting the letter of the law, but also respecting the spirit of justice. In fact, we could say that sometimes the law enforces certain moral rules of conduct established in the economic environment, but sometimes the law conflicts with these rules, which they subordinate to extraordinary interests. If the law establishes the moral rule legally, then the observance of the law also means ethical conduct; and if the law conflicts with the moral rule, the first must prevail, once we have agreed that a reputable professional is bound to abide by the law - which is also a moral commitment at the principle level.

The observance of ethical principles implies a good management of relationships with others. Ethics means more than resolving or preventing conflicts. Ethics involves finding a balance between the interests of the affected or involved groups.

Professional ethics implies taking over the general framework of ethical benchmarks and principles, particularizing them at the level of a profession, the accounting profession as is our case. A true professional will relate to both general ethical principles, but it will also consider the compliance with a set of standards or rules that establish an ethical ideal behavior. Obviously, every professional organization has or should have a well-founded and respected code of ethics, without which the consequences would be adverse.

No code of professional ethics can claim to be truly complete, because all the situations that may arise in practice cannot be foreseen. Therefore, the professional accountant will use his professional reasoning for making a correct ethical decision. The Code of Ethics will set out the principles that will have to be taken into account when conducting this professional reasoning, provided they are realistic and indeed applicable. For a professional accountant to have a truly respected status in the professional and social community in which he is active, it is necessary to respect these principles of ethical conduct.

Users do not have the necessary skills or abilities, most of the time, to objectively assess the quality of work done by a professional accountant. Therefore, for them, the fact that the accounting professional has adhered to a code of professional ethics of conduct constitutes an additional guarantee for their professional integrity and competence. It is the duty of the accounting professional or specialist to promote an image for the public, stating that:

- ✓ they are objective, upright from a professional point of view, they do not get involved in various conflicts of interests;
- ✓ they have the professional knowledge necessary to carry out their tasks with professionalism;
- ✓ they assume the social and moral responsibilities they have towards the beneficiaries of their work;
- ✓ they develop quality professional relationships with other members of the accounting profession.

A distinguishing sign of the accounting profession is the responsibility to act in the public interest. Therefore, the social responsibility of an accounting professional does not consist exclusively in meeting the needs of a client or an individual employer. Acting in the public interest, a professional accountant should respect and adhere to a set of ethical principles. The audience to which the accounting profession is addressed is made up of: clients, creditors, the government or its representatives, employers, employees, investors, the business community, of the financiers, and other people who rely on the objectivity and integrity of the accounting professionals to be able to make the best economic decisions and thus maintain the proper functioning of the economy.

Accounting professionals have an important role in society. Investors, creditors, managers, including the government and the public rely on accounting professionals for financial accounting and financial statements to ensure the provision of a sound image, for efficient financial management and competent advice regarding a fiscal nature. It is important for the accounting professional to be aware that their attitude and behavior when providing such services have a decisive impact on the economic well-being of their community and country.

Accounting specialists can benefit from this advantageous position only by continuing to provide the public with superior quality services that are able to support the public's confidence. It is in the interest of the accounting profession to convey the message to the users of the work submitted, that it is executed at the highest level of performance and in accordance with the ethical requirements associated with these services.

The professional accountants will respect the ethical requirements that concern them, without having to resort to constraints or sanctions. However, we may face certain situations where such requirements are blatantly ignored or not complied with due to error, omission or misunderstanding. We must mention that it is in the interest of the profession and of all its members, which the general public should trust that non-compliance with the ethical requirements of the profession will be investigated and, where appropriate, disciplinary action will be taken.

6. Conclusions

Lately, we are seeing a mixed approach of the normalization process in more and more accounting systems, in the sense that the accounting standardization does not belong to only one authority, by the intervention of more forces this process being known in the specialized literature as a process of national accounting deregulation.

We consider that the mixed-type approach would best meet the requirements of the users of accounting information and would provide a general conceptual framework that would satisfy the real information needs of the different categories of users, both of the state and of other categories of beneficiaries of information provided by accounting.

Standardization and therefore the normalizers, have a significant responsibility and contribution to the increase of the guarantee that the image provided by the accounting is a real and accurate one. They help increase user security to third parties that this information is consistent and satisfies the requirements to an acceptable level.

It is particularly important for the accounting professional to accept that he has a social responsibility towards the users of the results in which their work materializes. They perform work for their benefit and therefore the beneficiaries of their work must be convinced that they act in a competent manner and with professional integrity.

If we were to summarize, the future prospects of the accounting profession will have to focus on the adoption of measures that will allow for the greatest transparency, as much public oversight as possible, but this in the context of accounting policies that are neutral and independent of the influence of the various interest groups. The final goal of the professional accountant will have to be to rebuild his credibility and image in front of the public, who is following him with great interest.

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