

PERCEPTIONS CONCERNING PROFESSIONAL JUDGEMENT AND ETHICS IN THE EVOLUTION OF THE ACCOUNTING PROFESSION

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ABSTRACT

The accounting profession is in competition with other professions, so it is important to analyze how the image is perceived in society, the challenges it faces as well the future trends and prospects. The accounting profession is facing new challenges for the growing number of companies of all types, there are more and more financial transactions, stock exchange activity increases, there are phenomena of re-engineering and bankruptcies. The image of the profession is very important, as it has an effect on the social position, the attractiveness of the profession and the role the members of this profession will have in the society. It is important to research which is the image of the accountant in the today's society, in order to establish a point of view in determining marketing strategies and training strategies in this area.

The future of the accounting profession is aimed at students and young economists from economic colleges who wish to pursue accounting.

Keywords: Accounting profession, Professional bodies, Romania

1. Introduction

An important role on the image of the accountant is played by the skills, competencies that the professional must have for the activity. At national and international level we meet a number of studies concerned with the image of the accountant and the accounting profession and the implications for professional bodies and academia.

Badiu (2012) believes that "the image perceived is very important because it acts as the first impression a client has on the accountant, the business and professional services."

Albu et al. (2011) suggest that accountants are usually viewed as "bean counters", but roles such as information provider, decision supporter, analysis, and consultant are present also in the Romanian environment.

Following an empirical research carried out by Albu et al. (2011), they concluded that the accountant picture will change in the future due to the belief of 75.32% of the respondents surveyed (the survey includes a study on the image of the accounting profession in Romania, being completed by 50 accounting students, undergraduate and master's level and 17 professional accountants). Albu et al. (2011b) consider a number of "factors that are deemed to cause this change: economic and organizational environment, technical progress, the application of IFRS and the emphasis on professional judgment and focus on professional ethics."

Albu et al. (2011b) find that „the Romanian accountant is more preoccupied with the core areas of the profession, such as reporting, legal compliance and performance measurement and less with new roles such as sustainability and governance”.

Balaciu et al. (2012) stresses „the diversity of the academic environment, of the areas connected to the field's contemporaneity”.

DiGariele (2008) gives „five reasons for the fluctuation in students' interest for the accounting profession: low level of salary for beginners, other more attractive possibilities for a career, a tendency towards risks, a false image about accounting specialists and accounting profession and the time for individual study. Three of the five reasons are connected to the perception of students about the accounting profession”.

The representatives of the professional bodies tend to support a change away from the traditional image of the accountant which is related to numbers use, conservative behavior and routine.

2. Research methodology

In this study we have aimed to identify the perception of master students and graduates from: Accounting management, Expertise and Audit, existing in the database of The Drobeta-Turnu Severin Centre – University of Craiova, concerning the role of accounting standards and professional organizations, the accounting judgement and its relation with ethics.

The importance of the research consists in studying the graduates' perception about the bond between the knowledge acquired during academic studies and the expectations of the business' environment.

In this regard, we argue that the graduates' perception of the cooperation of the academic environment with the accounting and auditing field will represent an important factor for the improvement of the academic area's position and also for the professional sphere, which might render a basis for developing the professional judgement of the future accountants and auditors.

Most respondents do not agree with the requirements of the companies' management to lie on professional judgement in order to obtain the expected results and on the manager's and accountant's ethic behaviour, this behaviour representing an important element in building a faithful image of the financial situation and performance of a company.

3. Results and Discussion

In this research we have used a dependent variable that is represented by the manifestation of accounting judgement and of accounting ethics and six independent variables reflected by discussed themes of perception, the country that we are dealing with being Romania.

The manifestation of accounting judgement and ethics (MJE) is measured through five evaluation criteria:

- 1 – *Totally disagree;*
- 2 – *Disagree;*
- 3 – *Neutral;*
- 4 – *Agree;*
- 5 – *Totally agree.*

The entire regression model for empirical investigations in estimating the factors that might explain the manifestation of accounting judgement and ethics in the evolution of the accounting profession is presented as follows:

$$MJE_i = \beta_0 + \beta_1 SAI_i + \beta_2 MPi + \beta_3 MABi + \beta_4 SCEi + \beta_5 EBCi + \beta_6 IACi \quad (1)$$

Where:

MJE_i = Manifestation of accountng judgement and ethics;

SA_i = Standard application;

MP_i = Monitoring the companies' performances;

MAB_i = Moral aspects of behaviour;

SCE_i = Solution to the conflicts of ethics;

EBC_i = Ethical behaviour of companies;

IAC_i = Issue of accounting members.

The regression model (formula) highlights the relationship between a dependent variable (manifestation of accounting judgement and ethics in the evolution of accounting profession - MJE) and six independent variables:

- *Standard application;*
- *Monitoring the companies' performances;*
- *Moral aspects of behaviour;*
- *Solution to the conflicts of ethics;*
- *Ethical behaviour of companies;*
- *The issue of accounting members.*

Standard deviations of three of the subjects or themes were lower than 3: the perception on standards' application, the perception on monitoring companies' performances and the perceptions on the companies' ethical behaviour. As a result, we can notice different perceptions on these aspects.

The result presented in the following table reveals that the perceptions on the manifestation of professional judgement and ethics in the evolution of the accounting profession are on average the same.

The calculation of indicators of the central bias, mean value and standard deviation of variables included in the model, is presented in Table no. 1, where general statistics of the regression equation can be observed.

Table no. 1 Descriptive statistics for the manifestation of professional judgement and ethics in the evolution of the accounting profession

	N	Mean value	Standard deviation
<i>The perception of standard application</i>	40	1.5500	0.7493
<i>The perception of monitoring the companies' performances</i>	40	2.3750	0.9789
<i>The perception of moral aspects of behaviour</i>	40	3.9000	1.4815
<i>The perception of solutions to the conflicts of ethics</i>	40	3.2500	0.8086
<i>The perception of ethical behaviour of companies</i>	40	2.5500	1.3577
<i>The perception of issue of accounting members</i>	40	3.2750	1.4673

Source: Own calculations based on Microsoft Excel Program

Table no. 2 describes the results of Pearson correlation analysis concerning variables, by testing assumptions and interpreting the Pearson correlation results that will be displayed in a separate section of the regression analysis.

Table no. 2 Pearson Correlation

		MJE	SA	MP	MAB	SCE	EBC	IAC
MJE	Correlation	1						
	Statistic significance (second marginal point)	40						
SA	Correlation	1.131	1					
	Statistic significance (second marginal point)	0.080	40					
MP	Correlation	-0.018	0.044	1				
	Statistic significance (second marginal point)	0.000	0.001	40				
MAB	Correlation	0.148	0.170	0.107	1			
	Statistic significance (second marginal point)	0.000	0.001	0.001	40			
SCE	Correlation	0.299	0.361	0.219	0.058	1		
	Statistic significance (second marginal point)	0.000	0.001	0.001	0.000	40		
EBC	Correlation	0.299	0.140	0.296	0.299	0.256	1	
	Statistic significance (second marginal point)	0.000	0.000	0.000	0.000	0.000	40	
IAC	Correlation	-0.033	0.094	-0.110	0.012	0.125	0.164	1
	Statistic significance (second marginal point)	0.000	0.001	0.000	0.000	0.000	0.000	40

Source: Own calculations based on Microsoft Excel Program

As it is presented in Table no. 2 from the six explanatory variables tested in this study, there is a significant correlation between four independent variables (standard application, moral aspects of behaviour, solutions to the conflict of ethics and ethical behaviour of companies) and the dependent value for example, the manifestation of professional judgement and ethics in the evolution of the accounting profession.

Correlation between the monitoring of the companies' performances and the issue of accounting members and manifestation of professional judgement and ethics in the evolution of the accounting profession (MJE) displays a very low value.

On the account of results presented in the table we notice positive relations between the dependent variable (MJE) and most of independent variables and this shows us that most assumptions are being supported.

In analyzing factors that might influence the manifestation of professional judgement and ethics in the evolution of the accounting profession, we used a regression analysis to test the effect of the six independent (explanatory) variables on the dependent (explained) variable.

Table no. 3 Descriptive statistics – ANOVA

Model	Square sum	Df	Average deviation	F	Sig.
Regressions	5.590	6	0.931	0.499	0.803 ^a
Residual statistics	61.509	33	1.863	-	-
Total	67.100	39	-	-	-

a) Elements: (Constant variable), SA, MP, MAB, SCE, EBC, IAC

Source: Own calculations based on Microsoft Excel Program

Table no. 3 offers information referring the dependent variable explained by the exiting model of the study and the residual one that indicates the fluctuation of the dependent variable not included in the model.

So, as to ensure the statistic adequacy of the model, conformity can be measured through the sum of correlation coefficients, R^2 .

Table no. 4 Conformity through R^2

Model	R	R^2	R^2 adjusted	Estimated errors
1	0.288 ^a	0.083	-0.083	1.365

a) Elements: (Constant variable), SA, MP, MAB, SCE, EBC, IAC

Source: Own calculations based on Microsoft Excel Program

As it is shown in Table no. 4 both R^2 and R^2 adjusted, measure the model's conformity. So, the value of R^2 adjusted is 0,083, indicating the fact that independent variables of the model explain a fluctuation of 83% of dependent variables.

In this case, we can conclude that the model of the study renders a significant conformity of data. This result shows that independent variables in the research represent major factors of the manifestation of professional judgement and ethics in the evolution of the accounting profession.

Table no. 5 describes the results of the regression model. The result indicates that except for the monitoring of the companies' performances and the issue of accounting members, there is an important relation between independent variables such as standard application, moral aspects of behaviour, solutions to the conflicts of ethics and ethical behaviour, behaviour of companies and the dependent variable, for example, the manifestation of professional judgement and ethics in the evolution of the accounting profession.

Table no. 5 Regression analysis of the manifestation of professional judgement and ethics in the evolution of the accounting profession

Variables	Coefficients	T statistic term	Probability
<i>Constant variable</i>	2.233	1.968	4.542
<i>Standard application</i>	-0.210	-0.672	0.425
<i>Monitoring the companies' performances</i>	0.060	0.248	0.555
<i>Moral aspects of behaviour</i>	-0.181	-1.151	0.139
<i>Solutions to the conflicts of ethics</i>	-0.048	-0.169	0.539
<i>Ethical behaviour of companies</i>	0.131	0.704	0.512
<i>Issue of accounting members</i>	0.193	1.149	0.533

Source: Own calculations based on Microsoft Excel Program

As it is highlighted in the above table, results of the six explanatory variables tested in this study confirm the fact that there is an unsignificant relation between them and the analyzed dependent variable (MJE).

Considering the emphasized values, the multiple regression line is described by the following equation of regression.

$$\text{MJE} = 2,233 - 0,201 * \text{SA} + 0,060 * \text{MP} - 0,181 * \text{MAB} - 0,048 * \text{SCE} + 0,131 * \text{EBC} + 0,193 * \text{IAC} \quad (2)$$

The approach is trying to attain the study's objectives, answer the research questions and to test assumptions.

In this study we also have aimed to identify the differences in perception of master students and graduates, concerning the role of accounting standards and professional organizations, the accounting judgement and its relation with ethics.

Table no. 6 Differences in perception referring to the manifestation of professional judgement and ethics in the evolution of the accounting profession regarding the status

Variables	Distribution of responses										Total agree (%)	Rank	T Test			
	TA		A		N		D		TD							
	Nr.	%	Nr.	%	Nr.	%	Nr.	%	Nr.	%						
<i>Manifestation of accounting judgement and ethics</i>	17	42.5	11	27.5	4	10	5	12.5	3	7.5	70	(7)	0.1987 ^a			
<i>Standard application</i>	23	57.5	13	32.5	3	7.5	1	2.5	0	0	90	(5)	0.8271 ^s			
<i>Monitoring the companies' performances</i>	4	10	26	65	2	5	7	17.5	1	2.5	75	(3)	0.9566 ^s			
<i>Moral aspects of behaviour</i>	3	7.5	8	20	3	7.5	2	5	13	32.5	72.5	(2)	0.8108 ^a			
<i>Solutions to the conflicts of ethics</i>	0	0	9	22.5	12	30	19	47.5	0	0	22.5	(4)	0.8908 ^a			
<i>Ethical behaviour of companies</i>	12	30	9	22.5	8	20	7	17.5	4	10	52.5	(6)	0.1987 ^s			
<i>Issue of accounting members</i>	6	15	8	20	7	17.5	7	17.5	10	25	35	(1)	0.5000 ^a			

a) Elements: (Constant variable), SA, MP, MAB, SCE, EBC, IAC

Source: Own calculations based on Microsoft Excel Program

The set of questions of the data collecting instruments comprises items referring to the perceptions on the manifestation of professional judgement and ethics in the evolution of the accounting profession when it comes to status and the distribution of answers is rendered in Table no. 6.

As it can be noticed, for the item “Do you consider that accounting regulations in Romania give enough opportunities for expressing the professional judgement in the accounting field?”, a large member of graduates believe that the actual Romanian accounting regulations give enough opportunities to express the professional judgement in the accounting domain.

If we consider the item “Do you consider that the application of the new European Directive 2013/34/EU by the Romanian accounting system would offer enough opportunities for the manifestation of the professional judgement in the accounting field?”, master students, unlike graduates, agree that the application of Directive 2013/34/EU in the accounting system wouldn’t stop accounting professional from manifesting accounting judgement.

Taking the item “Do you find ethic the use of professional judgement in order to improve the image of the financial position and economic and financial performance of companies, generally?”, master students unlike graduates, do not agree using professional judgement for the improvement of the financial position and performance of a company.

Most master students, when they faced item “Do you think you could be influenced in applying professional judgement by the interests of others?”, don’t think that they could be influenced in using their own judgement.

As it can be observed, concerning the item “If the management judgement in order to improve the company’s results?”, a large percent of master students did not answer favourably to the requirement of the company’s management to manipulate members as to rise earnings. Graduates would answer the management’s requirement by adopting accounting politics that would rise the earnings without breaking the law.

Master students, unlike graduates, when it comes to item “Do you think ethical principles would support a certain degree of integrity of the company you would work for?” consider the importance of the accountant professional’s Code of Ethics. Professional ethics requires the accountant to be honest, incorruptible and to use professional judgement only for preserving a transparent image.

Most master students, unlike graduates, did not answer favourably the question referring the manipulation of members by the company’s management in order to rise earnings or optimize fiscality (item “Do you think that the companies’ management, in general, has a role in manipulating accounting members in order to render a favourable image or for fiscal optimization?”).

The significance of the results obtained at this level of the study was rendered by using Test t Student on independent samples.

As a conclusion, master students and graduates that participated and answered the questionnaire give a great importance to the Code of Ethics provided by IFAC and to the National Code for Accounting Professionals issued by CECCAR.

4. Recommendations and Concluding Remarks

The accounting profession is particularly important as it contributes to the achievement of strategic objectives of social-economic development of a country, to the economic growth and process of sustainable development. Professional bodies have a crucial role and permanently contribute to improve the image of the accounting profession so that accountant does not have a marginal role in the society.

The main factors that determine graduates to advance in the accounting and financial auditing area are represented by the interest in acquiring superior knowledge in the field and by the necessity to integrate in the business environment. All respondents would be willing to attend volunteering programs organized in the business field, because this would help them to achieve experience in the area.

Most participants to the questionnaire support auditing and accounting practices, in the academic environment, through the implementation of specialization placements.

The results support researches and a considerable part of the specialty literature where it is mentioned that students continue to hold negative opinions concerning the subject of accounting and auditing.

In the future we intend to obtain more information and much more relevant conclusions relating this issue, by resorting to econometric calculations. Also, we plan to extend the study by expanding the target group with the accounting students and master students of other universities in the country and abroad.

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