

## THE DEVELOPMENT OF THE PROFESSION OF ACCOUNTING, RULES BETWEEN ETHICS AND PRACTICAL SKILLS

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***Abstract:** This paper begins to question the usefulness of research relating to the profession of accounting for business constantly changes. The Romanian accounting regulations on creating a suitable accounting system of a market economy, and have made their mark on the evolution of the profession of accounting from the traditional stereotype of the modern retail analyst, consultant or business partner. The first part of the thesis is a theoretical approach regarding the evolution of the profession of accounting in accordance with accounting rules, with the continuous development of professional knowledge, skills, strong communication and information, ethical values to meet the reporting and information needs of the new type of economy. The practical approach of the work aimed at professionals in the field on the perception of the profession of accounting, approach in developing and implementing accounting policies on Argeş County example. In the collection of data was used as a research tool, the questionnaire with a series of questions in accordance with the objective of this research study. The results confirm the importance of professional accountants in providing reliable and relevant accounting information. However, we mention that accounting policies are applied more for tax and not economic reasons.*

**Key words:** accounting profession; accounting rules; accounting; ethics, skills and abilities.

**JEL Classification Codes:** M41.

### 1. INTRODUCTION

In any profession and especially in the field of accounting profession, due to the nature of its problems, in the context of the globalization of the world economy, it is necessary to be organized on fundamental principles meant to ensure high standards of professionalism and quality.

In the exercise of his profession, the accountant must conduct his / her activity by finding and respecting the three attributes of the accounting profession, which we define as values of the profession: education, ethics, quality of service.

Specialized accountants need an extensive global perspective to understand the context of how commercial companies and other organizations work (Albu, 2012).

In order to meet these challenges, the specialized accountant must have the ability and will to reach an accepted level of competence, which is then maintained and developed in accordance with the progress of the economy through continuous professional development.



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## 2. THE ACCOUNTING PROFESSION BETWEEN EDUCATION, ETHICS AND ACCOUNTING LEGISLATION

International Education Standard (IES) indicate the professional knowledge, skills, values, ethics and attitudes necessary to specialized accountants, act as benchmarks for professional education for accounting, and promote lifelong learning through continuing vocational education and development (Crawford and others, 2010).

The purpose of education and accounting experience is to create skilled and competent accountants able to make a positive contribution during their life, to the profession and society where they work (Mc Peak and others, 2012). In the face of the changes taking place in the contemporary economy, it is essential that professional accountants develop and maintain the attitude of learning, to maintain their professional competence (Meljem, 2010). Figure no. 1 reflects the minimum abilities and skills of a person in order to be considered a "specialized accountant".

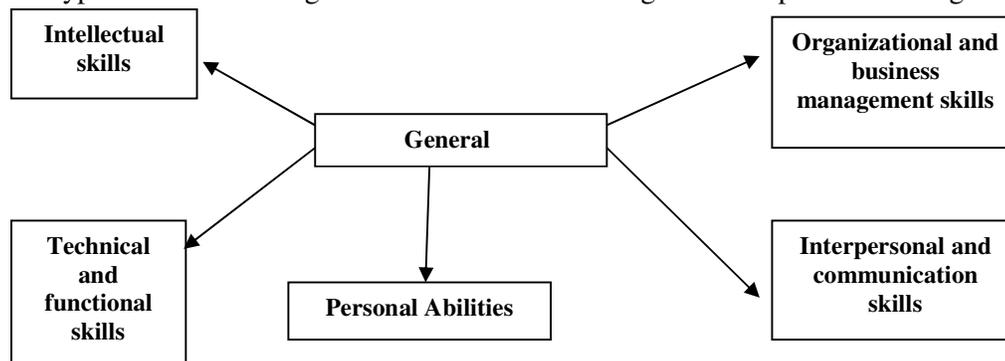
IES 1	Requirements for Admission to a Professional Accounting Education Program
IES 2	Content of Education Programs for Accounting
IES 3	Professional Skills
IES 4	Values, Ethics and Professional attitudes
IES 5	Practice Experience Requirements
IES 6	Assessment of Capacities and Professional Skills
IES 7	Continuing Professional Development
IES 8	Competence Requirements for Professional Censors

**Figure 1 International Education Standard**

A number of cognitive approaches can be encountered in the ethical behavior of a professional accountant (Morariu and others, 2009), such as:

- a) the period of morality at the lowest level (when the professional accountant has a behavior to avoid sanctions or get rewards);
- b) the period of conventional morality (when the professional accountant respects the ethical regulations in force);
- c) the period of autonomous, post-conventional morality (when the professional accountant acts from the profound awareness of his mission on the basis of a personal moral code and universal moral principles) (Țurlea and Ștefănescu, 2011).

The types of activities of general education accounting skills are presented in figure no.2.



**Figure 2 General Components of Education**

In our country, after the 1989 revolution, we are witnessing the reform of Romanian accounting by adopting accounting regulations appropriate to the market economy, using French accounting as a reference (Feleagă and Feleagă, 2008).

Through table no. 1, we carry out a brief analysis of accounting regulations in Romania in terms of their objectives, regarding the accounting profession since 1991 and up to now.

**Table 1 the evolution of professional skills under the accounting regulations**

Period	Accounting regulations	Objectives	Comments
I. 1991-1998 Regulations targeting the market economy	1) Accounting law 82/1991	Creating a market-economy accounting system that allows for efficient fiscal control	
	2) HG 704/14.12.1993	Implements the accounting law	
II. 1999-2005 Regulations for alignment with European Directives and International Accounting Standards	1) OMFP 403/22.04.1999	Harmonization of Large Business Accounting with the IV-th Directive and International Accounting Standards	The order is only applied in experimental form
	2) OMFP 94/29.01.2001		
	3) OMFP 772/2.06.2000	Promulgation of Consolidation Regulations	The VIII-th Directive has been limited in the form of an experiment
III. 2006-Present Compliance Regulations	1) OMFP 907/26.06.2005	1) Companies applying accounting regulations in accordance with European Directives	a) Since 2006, credit institutions have prepared the financial statements for implementation b) other public institutions adopt IFRS only if they have the capacity to implement them
		2) Companies that apply accounting regulations in accordance with International Accounting Standards (IAS-IFRS)	
	2) OMFP 1752/17.11.2005	Promulgate the IV-th Directive and the VIII-th Directive	All companies implement accounting regulations compliant with European Directives
	3) OMFP 1121/4.07.2006	Promulgate the European Regulation 1606/2002 of the Council and the European Parliament	a) IFRSs are mandatory for the Consolidated Financial Statements as of 1 January 2007
			b) All credit institutions apply IFRSs to Financial Statements
4) OMFP 3055/01.01.2010	Approves Accounting Regulations with the revised European Directives in the spirit of IAS-IFRS		

	5) OMFP 1286/2012	Approves Accounting Regulations Compliance with IFRS and for individual financial statements	Romanian companies listed on the stock exchange apply IFRS for the individual financial statements
	6) OMFP 1802/1.01.2010	Approves the Accounting Standards for Individual Financial Statements and Consolidated Financial Statements	

Source: Own processing of accounting legislation in Romania between 1991-present

### 3. RESEARCH METHODOLOGY

To respond to the objective of this research topic, we have sought to document us from the specialized literature on the evolution of the accounting profession between knowledge development, ethical values and practical skills.

Also, in order to appreciate the practical skills of the Argeş accountants, from the city of Piteşti, we used the questionnaire as a research tool. We used the questionnaire in view of the low cost of doing it. The questionnaire for this study (Annex no. 1) consists of 9 closed questions, with predefined answers structured as follows:

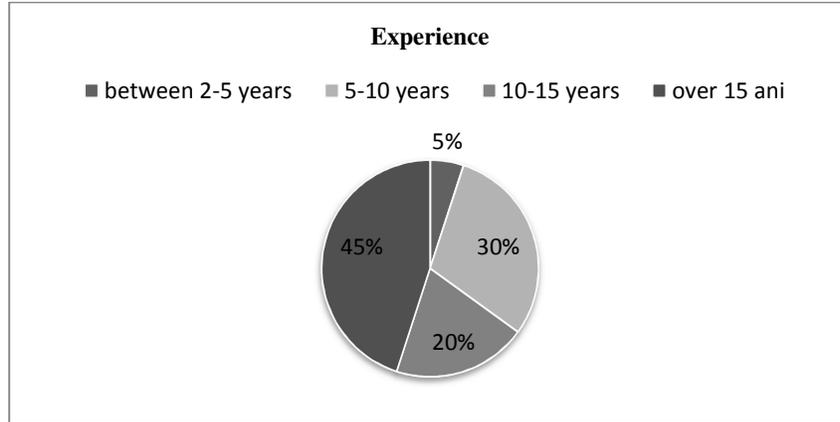
- a) 1 question regarding the level of experience gained in the accounting profession;
- b) 1 question regarding the perception of the accounting profession in terms of determining factors in its choice;
- c) 1 question on practices to promote the provision of accounting services;
- d) 1 question regarding the beneficiaries of the accounting profession;
- e) 5 questions about the practical skills of the accounting profession in understanding and applying accounting policies.

Given the fact that many enterprises ignore the questionnaires received, for the operability of the present study, we participated in the continuous professional training courses organized by CECCAR Argeş, Piteşti town in 2017, context in which the Director of the Arges branch accepted the 100 questionnaires on which she has given to the participants in these specialized courses.

Out of the 100 questionnaires given to be filled in, we received answers for only 25 questionnaires, of which we considered 5 as invalid, not having all the positions filled in. The response rate of 2.5% is considered an acceptable rate in the specialized literature.

### 4. RESEARCH RESULTS

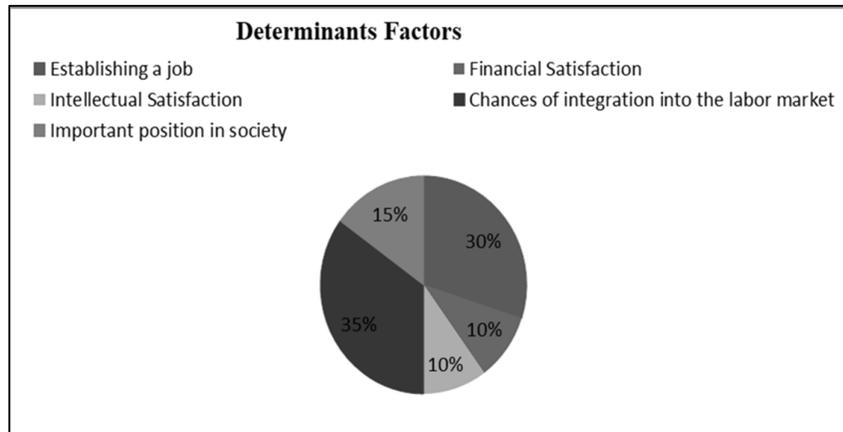
Following the processing of the answers to question no.1, it results that most of the respondents have accumulated more than 15 years of experience in the accounting profession. The results of this processing are shown in figure no. 3.



**Figure 3. The results of processing the responses received from respondents to question no 1**

Regarding question number 2 following the answers received, 35% of respondents consider that they have a high chance of integration into the labor market, while 10% consider that the accounting profession offers them few opportunities for professional development.

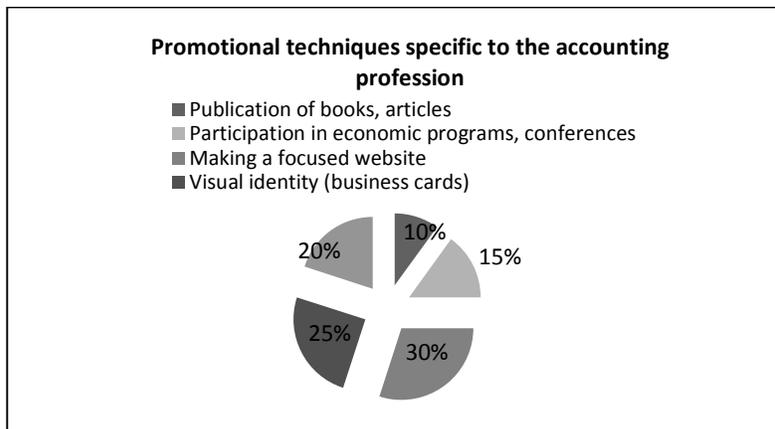
These conclusions are presented in Fig. 4.



**Figure 4. The results of processing responses received from respondents to question no 2**

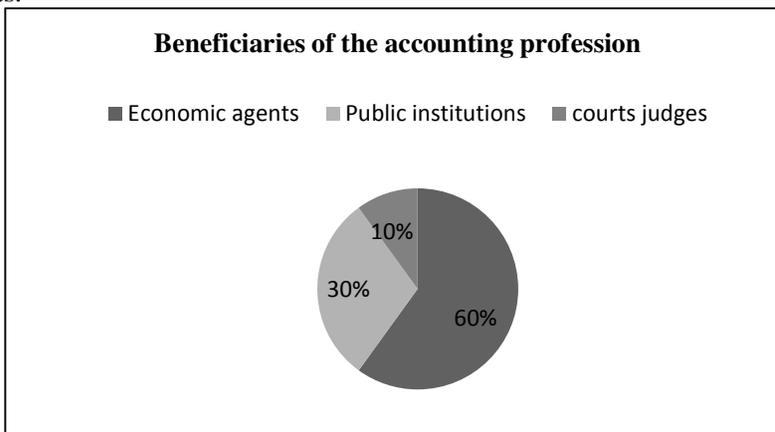
Regarding the techniques of promoting the accounting profession, most of the respondents, 30%, agree with the creation of a website centered on the services offered by this profession. The fact that only 10% of professional accountants consider publishing books, articles may be a specific technique for highlighting the accounting profession, shows that there is still a gap between the academic and the practical approach of the accounting profession.

The results of the responses to this question are presented in Figure no. 5.



**Figure 5. The results of processing responses received from respondents to question no 3**

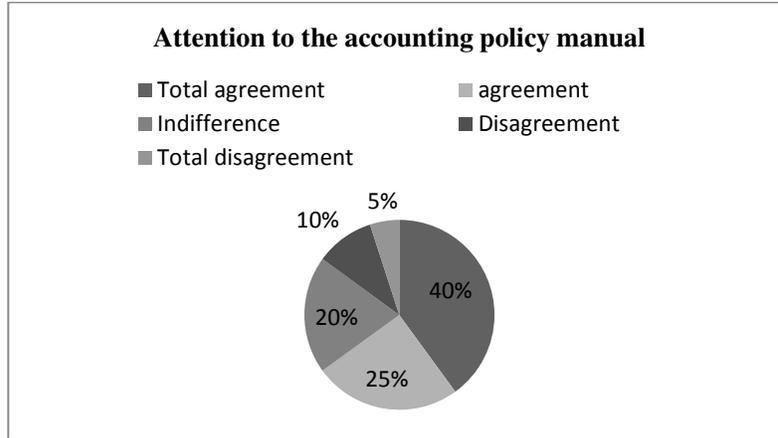
According to figure no. 6. following the processing of the answers received to question no. 4, it appears that the most important beneficiaries (60%) of the accounting profession are the economic agents.



**Figure 6. The results of processing responses received from respondents to question no 4**

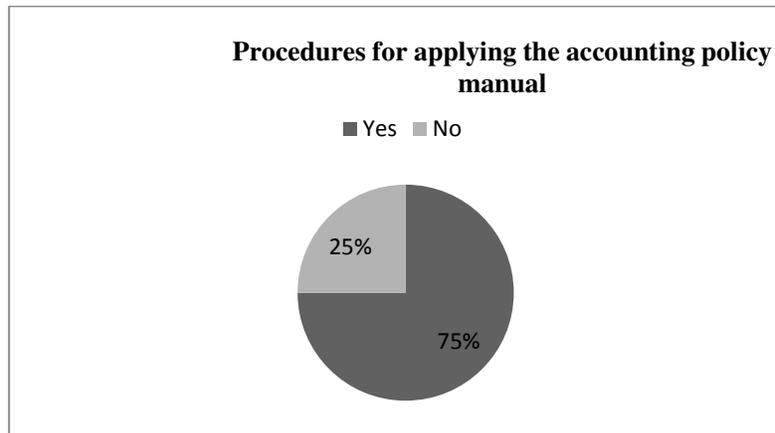
The accounting policies in terms of accounting rules, principles and treatments (Ristea, 2000) on the preparation and reporting of the financial statements of the enterprise are reflected in a manual according to the particularities of each economic entity.

The fact that only 40% of respondents pay attention to this manual means that this instrument, the accounting policy manual, although binding by law, has a more formal character. Figure no. 7 shows us this information.



**Figure 7. Results of the processing of responses received from respondents to question no.5**

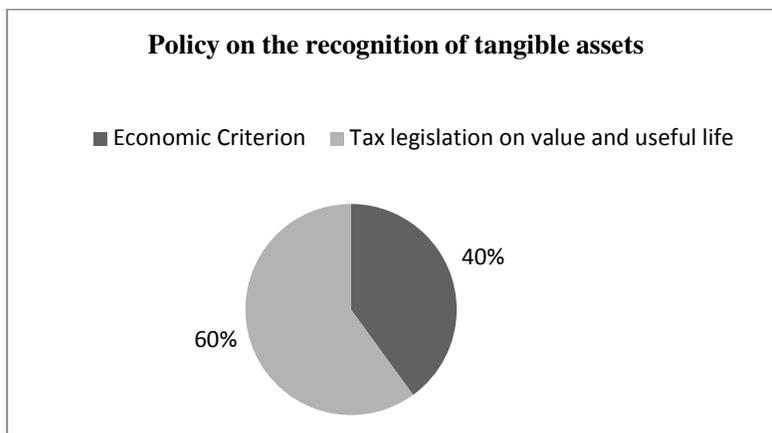
Regarding the procedures for applying the accounting policy manual, 75% of the professional accountants taken in research in this sample have an affirmative answer. This means that the management of the enterprise is involved in the correct implementation and application of this accounting policy manual, which at present is mandatory by Romanian legislation. By means of figure no. 8 we presented the results of processing responses to question no 6.



**Figure 8. Results of the processing of responses received from respondents to question no 6**

International standards and accounting regulations focus on the economic criterion in the accounting treatment of the recognition of tangible assets (Ristea and Dumitru, 2010).

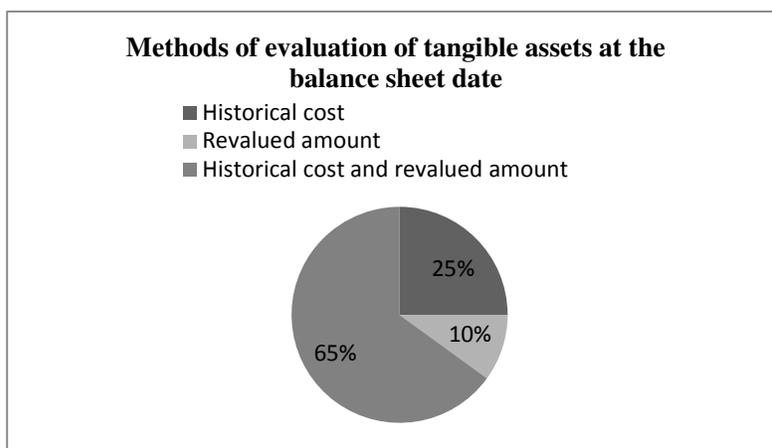
In other words, a tangible asset is recognized when it is a past resource that the enterprise has in control and for which it is probable to generate future benefits. The Romanian accounting is connected to the fiscal law and granted priority of the tax legislation in the recognition of tangible assets. This is fully confirmed by the responses of the question about the policy on the recognition of tangible assets, as shown in Figure no. 9.



**Figure 9. Results of the processing of responses received from respondents to question no.7**

Assets evaluation is one of the important accounting functions because a real value can lead to correct decisions for the company's management, but also for other users of the information provided by the financial statements.

This reasoning explains the importance of question 8 of the questionnaire addressed to professional accountants on the methods of evaluation of tangible assets at the balance sheet date.

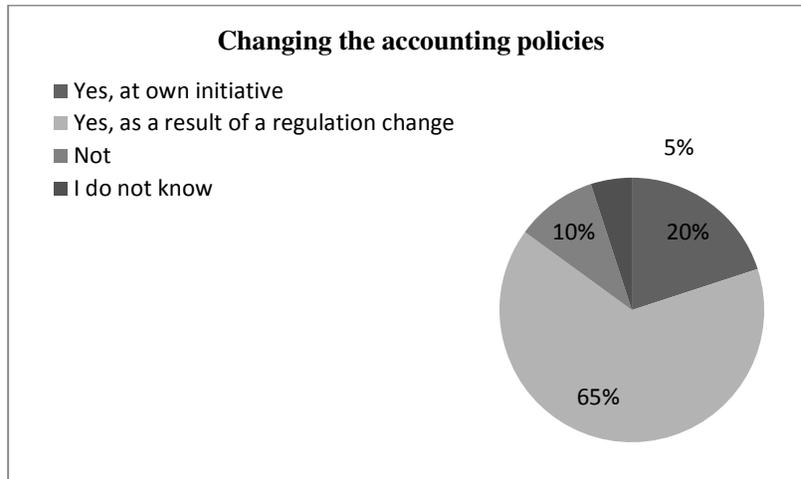


**Figure 10. The results of processing responses received from respondents to question no.8**

From figure 10 it follows that the mixed evaluation method (historical cost and revalued value-fair value) of tangible assets is dominant in the Romanian accounting, respectively in the practice of the companies in the city of Pitesti.

In tandem with the evolution of the economy, the improvement of accounting practices in achieving a "true image" of the position and performance of the entity, accounting policies are modified accordingly.

The Romanian accounting in the Pitesti enterprises, again demonstrates its pronounced fiscal character through the answer given by the respondents to the question no. 9. The results of processing the answers to this question are presented in Figure no. 11.



**Figure 11. Results of the processing of responses received from respondents to question no. 9**

## 5. CONCLUSIONS AND LIMITATIONS OF THE STUDY

Faced with the challenges posed by economic progress, the professional accountant needs to develop the capacity for continuous professional development to meet the exigents of the users of the financial statements, to provide useful information through their work, support for relevant decisions for the sustainable development of economic entities .

A professional accountant in the true sense of the word has to maintain his professional competence by observing the three basic standards: education, ethics and quality of services provided.

We believe that, from the point of view of ethical behaviour, the professional accountant in our country is in the period of conventional morality, moving shyly towards the profound awareness of the skills of this accounting profession, of its usefulness to the business environment.

Developing the skills of the accounting profession is subject to legislation in general and accounting regulations in particular. The reform of the accounting profession was achieved through accounting regulations aimed at the transition to the market economy (1991-1998) and the harmonization of the Romanian accounting with the European Directives and the International Accounting Standards.

From 2006 until now, Romanian accounting is regulated in order to comply with European Directives and International Financial Reporting Standards.

The results of the answers received in the questionnaire on the practical skills of the professional accountants in Arges County, Pitesti city, converge to the following assessments:

- a) The accounting policy manual, although it is a legally binding instrument for achieving the image of the financial position and performance of the enterprise, is more formal in fact;
- b) Tax legislation has a strong impact on the reasoning of the professional accountant from Arges:
  - In the recognition of tangible assets, the tax criterion prevails over the economic criterion;
  - Reassessment policy applies more for fiscal rather than economic considerations;
  - Changing accounting policies is made to respond primarily to changes in tax legislation.

We consider that the legitimation and preservation of the reputation of the professional accountant from Argeş in the context of the new information technologies takes place not only by observing the fiscal legislation in the field, but also by realizing and applying a professional reasoning based on universal moral principles.

A limit of the present research is the small size of number of respondents, professional accountants from Pitesti, Arges County. On the other hand, the questionnaire with predefined answers presents the disadvantage that it limits the range of answers that could be obtained from professional accountants.

In a future research, we are pursuing the development of the study presented by taking account of professional accountants across the country, as well as addressing evolved statistical methods to determine the trend of developing the professional skills of the accounting profession.

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