

СЕКЦІЯ 5
ОБЛІК ТА АНАЛІЗ
ACCOUNTING AND ANALYSIS
SESSION 5

**Бухгалтерський облік
як громадська послуга – досвід
Польщі**

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Метою статті є представлення сучасного сприйняття бухгалтерської справи у Польщі в якості громадської послуги. Стаття висвітлює етичні дилеми у професії бухгалтера в Польщі. В наш час бухгалтер надає інформацію та приймає активну участь у процесі прийняття рішень на підприємстві. Оскільки, практично кожне ділове рішення спирається на первинні дані, які надаються бухгалтеріями, то бухгалтери несуть відповідальність за надання точних даних для роботи, вони також відповідальні за подачу точних даних керівництву. Слід наголосити, що підготовка фінансових звітів – це не лише процес введення різних бухгалтерських методів. Для цього також потрібна соціальна усвідомленість стосовно сфери ведення бізнесу.

Тут наводиться аналіз бажаних психологічних якостей кандидата на посаду бухгалтера. Критерії базуються на розглянутих сучасних оголошеннях про вакансії в бухгалтерських відділах в Польщі. Згідно аналізу від кандидата на посаду бухгалтера вимагається не лише високий професіоналізм та соціальні навички, але й хороше розуміння фінансових та нефінансових умов.

У статті наведені результати досліджень, проведених серед 213 учасників, в основному серед студентів-випускників та аспірантів факультетів бухгалтерського обліку та фінансів. Респондентів попросили вказати відповідну цифру, яка б відобразила їхню згоду чи незгоду із твердженням за семибальною шкалою Лікерта. Результати показали, що професія бухгалтера розглядається як така, що має громадську довіру. Це думка не лише працівників фінансової сфери, але й тих, хто не причетний до фінансів та бухгалтерії.

*Переклад виконано в Агенції перекладів PIO
www.pereklad.lviv.ua*

**Accountancy as a public
service – evidence from Poland**

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The article attempts to present nowadays Polish accountancy profession's perception with special regards to public service. Nowadays, accountant provides data and takes active part in decision – making process in an enterprise. It should be emphasized that preparing financial statements is not only a process of implementing different techniques. It also requires social awareness with respect to area where business is done. Social awareness is one of characteristics that constitutes accountancy occupation as a profession [6].

The article also describes the results of a survey conducted among 213 participants, mainly graduate and postgraduate accounting and finance faculty students. Results of the survey proved that accountancy profession is regarded as public trust service, not only by employees working in financial department,s but also by those who do not deal with finance and bookkeeping issues within their work.

Keywords – accountant, public trust, accountancy profession, public service, professional ethic.

I. Introduction

For thousand of years accountants were very powerful members of almost every community. They played a vital role in trading and in developing capital markets. Nowadays, one can observe changes in accountancy profession's perceptions. There is no doubt that accountancy's legacy of public service was harmed by fraud scandals. First company's collapse due to accounting misleading took place in the United States in 2001. Although that news spread the world, no lesson was drawn from it by others and publicity is still served with information concerning accounting frauds. The fact that media in Poland do not popularize information about white-collar crimes like in the US, does not mean that accountants do not commit financial frauds. Temptation to use others' money is as old as business itself. Being in charge of money aspects of business activities is a subject

to financial frauds. Information about financial crimes, that can be found in media, affects the public perception of this profession [1]. The article attempts to present nowadays Polish accountancy profession's perception with special regard to public service. It also describes the results of a survey conducted among 213 participants, mainly graduate and postgraduate accounting and finance faculty students.

II. Public trust in accountancy

A stereotype of dull, dreary, unimaginative, and socially inexperienced beancounter existed over the years [3,5] in the literature, media and among other professional groups. It has changed among with the role accountants play in modern enterprises. Accountant is no more a historian that inputs data into financial system. Accounting profession has developed to corporate financial advisor, management accounting employee or auditor. Nowadays, accountant provides data and takes active part in decision – making process in an enterprise. Because almost every business decision is based on raw data provided by accounting departments, accountants are responsible for providing reliable data with which to work and are in charge of extracting useful information for management. Although the scope of job in accounting has changed over centuries, still profession's high quality is contingent on the reliability of provided information. With the exception to accountancy historians, almost no one realizes the amount of public responsibility and respect that has been given through history to accountants [7, pp.7]. Through the centuries they recorded data, controlled capital, fulfilled fiscal duties, and organized economic transactions.

Although the role accountants play in nowadays enterprises has changed, social significance of the profession did not diminished. Still many business people rely on accounting information. Accounting data are used to make different decisions concerning strategic and current aspects of doing business. Because accountancy is much more than calculating cash in hand, it is even more important to table that trust is a basic issue in nowadays accountancy. All stakeholders rely on information disclosed in financial statements when making decisions about limited economic resources they possess. The above means, that functioning of financial markets depends on trust among capital owners and people employed to administer property. Management team has detailed information about business activities because they have access to all business documents, while most capital owners read financial statements only. Accountants have power to reduce that information assymetry by disclosing all important information that is reliable and material to shareholders.

Accurate level of financial disclosure is important because of unwritten social contract between the organization and members of society. Legitimacy theory states that companies are obliged to fulfill society's expectations which include doing business with respect to public interest. Many aspects of legitimacy theory exist and have to be taken into consideration by modern enterprises. One

is to provide members of society with reliable financial data about business activities. Accountants play important role in data providing. Preparing financial statements is not only a process of implementing different techniques. It also requires social awareness with respect to area where business is done. Social awareness is one of characteristics that constitutes accounting occupation as a profession [6]. Because social contract is unwritten one, and no legal regulations are imposed to obey it, the level of trust that exist among business entities is crucial for proper functioning of capital markets.

Social opinion concerning the profession reflects awareness of ethical problems encountered with accountants' work, as well as importance of it for wide social environment of this job, and decisions undertaken by accountants. Polish Public Opinion Research Centre (CBOS) conducts cyclic research about social prestige of numerous occupations. Since 2008, question referring to perceived prestige of accountant was included in the questionnaire, too. It can be stated, according to published results, that discussed profession enjoys significant respect and confidence among Poles (the average grade 70, scale: 0-100) [2, pp. 7]. It shows that accountancy can be treated as a public service – comparable grades were gained by e.g. judge, teacher, army officer.

Both accountant's tasks within a company he works for, and social expectations require behavior of high standards, that embrace taking care of common good and making financial decisions, at the same time. These decisions should reflect common interests of wider society within which a company operates. Combinations of two mentioned aspects of accountant's job, cause ethical dilemmas. Therefore, ethical standards are crucial. Accountants' ethical standards are important from financial activities' point of view, as well as individuals' decision – making responsibility. Fortunately, many companies in Poland, has implemented codes of ethics that are helping them to keep up high standards. Although most of companies that have codes of ethics are international ones, the number of Polish entities that implemented codes of conduct with ethical standards has expanded within last 10 years. Trust is among other vital elements of codes of ethics.

III. Changes of accountancy profession in Poland

Socio-economic environment played an important role in development of accountancy profession in Poland. For a long time Polish accounting law was oriented toward protecting creditors, not toward shareholders or financial stability of an entity. It has changed, when Poland joined European Union and has converged accounting law with international standards. But still historical aspects (i.e. stock market functioning, relationship between business and banks, as main creditors), as well as financial culture, imply the way accounting works in Poland. In many small and medium-sized companies (especially, not publicly traded), the focus in accounting departments is on long-term relationship with stakeholders (creditors, employees, tax authorities), rather than on interests of shareholders.

In 2007, Polish Accounting Association published the Code of Ethical Conduct for Accountants [9]. Over 1.500 accountants and institutions declared complying with the Code till mid-2011. Its aim is to popularize high standards of accountancy profession among Polish accountants. It states that ethical rules described in the Code can help improve the quality of accounting services rendered by accountants. The Code encompasses booking, financial and management advising, internal control, as well as planning, and tax reporting. According to the Code, accountant is responsible for knowledge updating, competence and integrity. It also defines expectations of appropriate ways of behaving as an accountant. It lists independence from a client, keeping trade and fiscal information secret, as well as high quality of services, honesty and respect. Unfortunately, it does not state that accountant should work in the interest of the public.

In 2009, legislation of certification process of accountancy profession was successfully finished in Poland. There are four stages of certification process right now. Each stage requires to pass an exam that encompasses wide scope of companies, fiscal and accounting law. Ethical conduct of accountancy profession is also subject to certification exams. The purpose of the certification process in Poland was to minimize amount of people offering accounting services, without required level of knowledge. Recently, there were a few cases of accounting misconduct commented by media in Poland, that harmfully affected profession's reputation. Certification process serves accountants who want to gain legal prove of acquainted knowledge and is a way to continue education throughout professional career.

Both novelties serve to change a stereotype of accountant, too. Perception of accountants was negative especially during socialistic planned economy in XX century. Although accountants did not prepare data for investors, reliability and honesty were still valued. This proves, that trust is inevitably connected with accountancy profession.

IV. Results and discussion

The survey was conducted mainly among students, so most of respondents have high school or college education degree. The survey was held among public and private university students. Participation in the survey was voluntary and no remuneration was offered. Using a seven-point Likert scale, respondents were asked to indicate the appropriate number showing their agreement or disagreement with the statement. A score of zero (0) represented strong disagreement with the statement, while a score of seven (7) represented strong agreement. Over two hundred questionnaires were collected (213 respondents). Many of respondents were active professionals (72,6%), among which 57,4% declared working within financial departments, but not dealing strictly with bookkeeping. Most of respondents were young, with the average age at 33,1. The youngest respondent was 20 and the oldest one - 71 years old. As graduate and postgraduate students some of them (12,3%) occupied middle or high level position within

organizations. Majority of them (47%) worked on middle and junior position which refers to the young age of respondents. Moreover, respondents' work seniority in most cases (70%) was no longer than 3 years. The below graph (Fig.1) shows amount of respondents choosing particular opinion about accounting as a public service.

Results of the survey proved that accountancy profession is regarded as a public trust service not only by employees working in financial departments, but also by those who do not deal with finance and bookkeeping issues within their work.

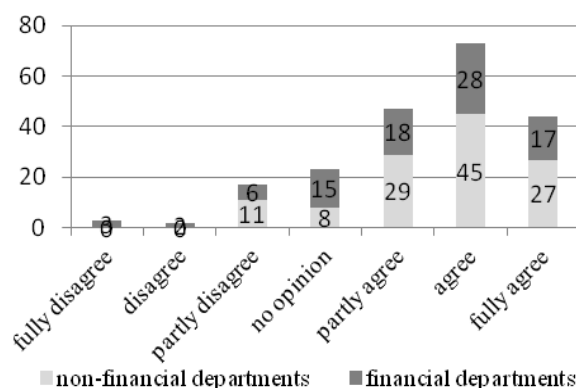


Fig.1 Is accounting as a public service?

The results are a bit surprising because majority of working respondents work in small and medium companies. In Poland, positions in accounting departments in small enterprises tend to embrace not only bookkeeping, but also financial and managerial advisory. It also encompasses tax duties with big pressure to act unethically in order to minimize tax charges. It is worth to comment the results of this research together with results of other survey that dealt with tax obeying [8] in Poland. Researchers made observations that, attitudes consenting to minimize tax duties (including tax evasion which involves breaking the law) dominate among adult Poles. According to the available research, these attitudes are intensified by relatively low level of economic knowledge among Poles, which does not allow them to fully understand economic laws and relations, therein connection between budget incomes and politics implemented by the government [7, 8]. Unfortunately, in Polish Code of Ethical Conduct for Accountants, social responsibility to pay taxes is not mentioned either. Authors of the Code separated tax law requirements from accountancy, although they are highly related in real business world. In small and medium entities tax duties are even more important and prevail accounting obligations to stakeholders. Because of the above statement and remembering that most respondent where working in small and medium companies, the results are even more valuable. Having in mind that accountancy is a public trust service together with appropriate understanding of social contract's obligations will ensure better accounting services in the future. Still, it requires appropriate education of future accountants, and changes in business environment.

Some changes can be observed already. Employers seem to realize that accounting positions require not only knowledge of legal regulations but also interpersonal skills connected with social aspects of the occupation. It is positive change, arising from profession evolution (from book-keeper to accountant manager) that implicated significant changes in recruitment process and desired candidate criteria. Employers are aware of the need to stress psychological requirements of candidate or otherwise, accountant will not be able to solve problems he will face, and he will not be able to meet CEO expectations, as well as from a society. In order to broaden the article aspects, the authors conducted a review of vacancies' advertisements offering jobs in accounting departments, too. Analysis of advertisements shows that employers are aware of this issue. Adds mentioned above - apart from professional qualifications and experience gained at similar position - emphasize the highest level of professional and personal standards, integrity, and strong work ethic very often. Social responsibility of a company, and ability to handle multiple priorities in rapid and changeable environment are also included.

Desired accountants' personality features that derive from psychology regard mainly to the ability to work under pressure. It requires strong interpersonal skills, creative thinking and problem solving as well as openness and internal locus of control. These psychological characteristics seemed to be crucial in dealing with constant conflicts between company's executive board (who tends to maximize profit) and accountant who is in charge of fair presentation of company's financial situation and of fulfilling tax duties. Candidate's character is important because business and organizational environment is changing in nature, sometimes rapidly and fundamentally. Accountants have to work and serve the public in that changeable society. Providing high quality information to stakeholders requires accountants to be highly sophisticated and knowledgeable professionals that protect the truth. In literature, there have been many lists drawn up with features like honesty, integrity, kindness, fairness and prudence [4, pp. 54].

Conclusion

Accountancy is no longer a bookkeeping. It is a social science and requires social sciences' scholar work to be taken into account. It includes for example psychology focusing on individual's behavior, and sociology that analyze influence of social processes on decisions making. It means that future accountant's education process and professional development of this profession should stress wide scope of accountancy in modern society. Awareness that accountant is a public service profession brings not only prestige but also meaningful duties. Taking care of good reputation requires primarily knowledge, how accounting decisions influence others. Secondly, it is crucial to keep objectivity, independency, and integrity in spite of existing pressure to act unethically.

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