

ACCOUNTING CULTURE FOR PREVENTING DISCRIMINATION IN VULNERABLE COMMUNITIES

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Abstract: *The aim of the paper is to provide an overview of the evolution of the accounting culture in the last decades and it shows how accounting became an efficient instrument for preventing discrimination in vulnerable communities. The role of the accountant became very important after the 2008 financial crises, in the cultural context of accounting. Accounting culture can be passed down through generations, nationality or written rules, but it can be influenced by the national and international rules, values and traditions. European accounting has a long history, going back to the Italian mathematician Luca Pacioli who was the first researcher to publish a work on the double-entry system of accounting, to the modern European regulation of a growing importance for the EU Member States. The European accounting culture has a strong influence on the Romanian accounting profession. The Romanian accounting system has been influenced by French and English systems in the process of regulation, during the transition to market economy.*

Each European country has its own accounting body or accounting qualification and all citizens, with no discrimination, may apply for the admission exam if they have an academic degree in economic studies. The vast majority of firms, irrespective of their size, are interested in hiring a professional accountant based on his/her experience, professional knowledge and skills in order to offer high quality services.

Despite the fact that accountancy is considered a “male-dominated” profession in most of the countries and there are issues about payment and gender discrimination against

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both women and men, in Romania, the accounting profession is modern, open and influenced by the economic and social evolution of the Romanian society. In our opinion, there is no gender, race, disability or age discrimination preventing the candidates' access to the Romanian accounting profession and there are also no restrictions to entering or exiting the European market. This research is based on the analysis of the data collected by means of two questionnaires responded by 100 students and accountants from Bucharest and the suburbs in order to understand whether discrimination impacts (or not) on the vulnerable communities.

Keywords: *discrimination; education and inequality; government; accounting*

JEL Classification: *J71; I24; M41; M48*

1. Introduction

In order to understand accounting culture, we need first to understand the international context of the global financial crisis in which important financial institutions have fail or been acquired, forcing most governments to think of supportive packages to save their ailing financial systems. Before 2008, the general public perceived accounting as boring and less important than management, marketing or the IT sector. Lately, accounting has become more important after the recent economic crisis when many people lost their savings, many businesses were closed and big companies are at high risk of going bankrupt. (Uhrig, 2015; Nica, 2015; Chen, 2015; Nica and Potcovaru, 2015)

The lessons we have learnt from the 2008 financial crisis highlight the role of fair-value accounting on the market and the role of the professional accountant in business administration. In some European countries, Romania as well, the accounting culture is not developed and local investors in small business development do not consider hiring a professional accountant important; therefore they prefer to manage their business by themselves. After a while, when the businesses are growing, the entrepreneurs who hire professional accountants usually discover they aren't doing nearly as well on their own as they thought they would. Each country has a national accounting culture related to business culture, tradition, educational standards and fiscal policy. In our paper, we illustrate how accounting culture is more developed in some countries with business tradition than in the Eastern European countries and how accounting culture is preventing discrimination in vulnerable communities. (Popescu, 2016; Hurd, 2016; Lucas, 2016; Reveley, 2015; Bin, Chen, and Zhao, 2016; Popescu, 2015a, b)

2. Culture and Accounting

The influence of culture on accounting is significant, because culture affects the social and economic systems in the country. Culture - expressed both nationally through hierarchical order and tightly-integrated relationships and globally by high inequality in power, low preference for a loosely-knit social framework, low tolerance for uncertainty and ambiguity and a masculine society - impacts upon all social systems (Verma, S., 2000). Culture – translating in national cultural values and written rules – can be passed down through generations. It affects the intercultural and transcultural rules, values and communication, yet being influenced by a range of internal and external factors, as natural disasters, refugee crisis or international conflicts (Young, M., 2013).

Therefore, culture is deemed to impact on the accounting system, and accounting practice actually identifies itself with the culture in which it is performed. Some European countries, as the United Kingdom, have a long tradition in accounting regulation and there are inter-linkages between accounting and popular culture to be explored. Professional organizations hold a significant weight in the British society and business people are interested in accounting and the ways or means to produce financial reporting (Jeacle, I., 2012).

The development of accounting culture is facilitated by the virtual space, as the Internet has opened up a space of infinite possibilities, a virtual world of knowledge, ideas, thoughts and trivia (Jeacle, I., & Carter, C., 2014). The advantage of using the Internet is evident for the accounting scholars, but for professional accountants, as well, with no gender, race, disability or age discrimination.

In European countries with strong tradition in business and management practices, accounting culture is facilitated by accounting organizations, professional accountants and professional bodies. Analyzing professionalism versus statutory control, we could notice that professional judgment is more likely to be adopted in a democratic society with strong accounting culture and important professional organisations (Young, M. 2013). Thus, in some countries where the state has a strong influence on the national regulations, accounting and fiscal systems, there is a different accounting culture based rather on laws and regulations than on the accountant developing a professional judgment. (Nica and Hurjui, 2016; Machan, 2016; Peters and Heraud, 2015; Opie, 2015; Buchely, 2016; Mulligan, 2015)

For example, in Romania there is a strong government involvement in the public sector accounting, but also in the private accounting system. Therefore, the government adopts the accounting law, the accounting principles and regulations and the financial and fiscal statements. Traditionally, accounting is perceived as a process of recording, measuring, processing and communicating the financial and fiscal information provided

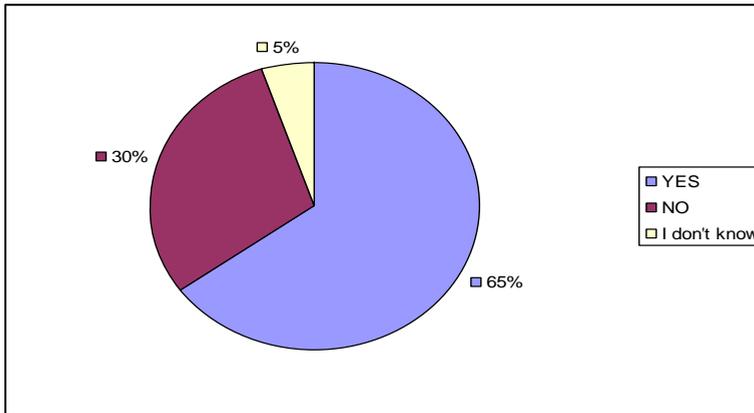
by public and economic entities, in order to help managers, directors or shareholders make better financial decisions. In communist Romania, accounting culture was poorly developed due to the drastic limitations imposed by the State. The Romanian chartered accountant profession was confined to the minimal legal basic accounting (Ionescu, L. 2016). Accounting culture was reduced to financial reporting to the local or central budget and the professional organization had no involvement in accounting practices or regulations.

After 1990, accounting culture in Romania saw a significant development due to the social and economic reforms, the growing business climate and the favorable political context. Thus, there are three different stages of accounting culture in Romania, as follows:

- 1990 – 1999, the period of revival and recognition of the accounting culture;
- 2000-2009, the period of craftsmanship and promotion of accountancy, when many books and essays were published and accepted by the students, teachers, accountants and the public;
- 2010-2016, the period of maturity and ennoblement, when accountancy profession became important in Romania as well as at the European level. After 2010, most of the local and foreign investors understood the role of the professional accountant and accepted advisers based on qualifications and legal expertise and not on their gender, age, ethnicity or religion.

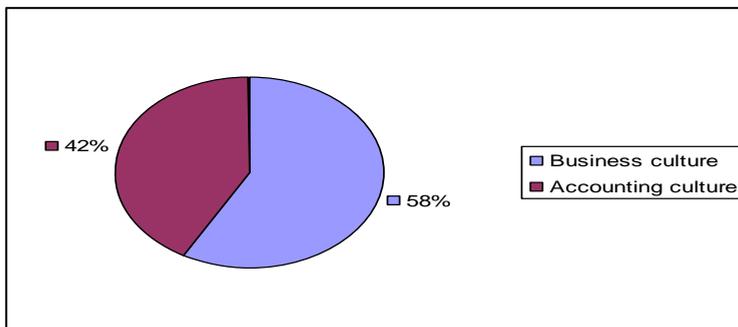
National Code of Ethics for Professional Accountants (adopted in 2011) is a result of the accounting culture evolution in Romania, and provides consultancy and guidance meant to help solving ethical conflicts of professional accountants or other conflicts between clients and accountants.

In order to understand the perception of culture accounting in Romania and future evolution, we developed our research based on a survey involving over 150 students, teachers, entrepreneurs and accountants of small and medium-sized enterprises in Bucharest and the suburbs, with no discrimination by gender, age, ethnicity or religion. The questions covered accounting culture in Romania and the evolution of accounting culture in the near future. About 50% of the participants were teachers and students and 50% were shareholders and accountants. Therefore, the first question was about the existence of accounting culture in Romania. 65% of the respondents said YES (there is accounting culture in Romania), 30% of the respondents said NO, while the remaining said they did not know. We present the results in the figure below:

Figure 1: Perception of Accounting Culture in Romania 2016

Source: Authors' own work.

In order to continue our research, in the second question, we asked the respondents whether they believed, according to their experience and knowledge, that accounting culture or business culture would develop in the near future. The data collected revealed the following: 42% of the respondents said that accounting culture would grow in the near future, 58% of the respondents said that business culture was important and it would further develop. The results are shown in the figure below:

Figure 2: Accounting Culture versus Business Culture in Romania

Source: Authors' own work.

The survey reveals that business culture is considered to be more important in Romania in the near future and that it will develop much more than accounting culture, based on the Romanian cultural values.

3. Accounting Culture for Preventing Discrimination

Preventing discrimination and protecting the most vulnerable local communities has been a priority for the European Union in the last decades, because fair treatment is a basic right in the European space. Thus, the European Union adopts the principle of fair treatment of individuals, with no discrimination on grounds of race or ethnic origin, in many areas of social and economic life in all European Member States. These actions have intensified in the last years in the European Union and new strategies to fight racial, ethnic, religious, disability, age or sexual orientation discrimination have been implemented. The European Commission has been closely monitoring the progress in each Member State and many positive measures have been taken to improve the access of the Roma population to education, the labour market, the health care system and to other areas.

There are many organizations involved in preventing discrimination and protecting vulnerable people and more citizens are aware of their rights and responsibilities in the modern society. For example, in Romania a coalition of organisations in partnership with the Civil Society, the City Hall, hospitals and non-governmental organisations (NGOs) is built.

In Romania, accounting culture development is preventing discrimination in urban and rural areas, as well and all the citizens enjoy equal opportunities. The unprecedented expansion of accounting profession on the national territory and the remarkable international activity of the members encourage a large number of accountants to join the professional body. The Body of Expert and Licensed Accountants of Romania (CECCAR), celebrated 90 years in 2011; it opened 41 branches in all the counties of Romania and numbers 60.000 members, regardless of gender, age, disability or ethnicity. In our country, the access to the accountancy profession is open to all the citizens and the required exam documentation is clearly displayed on the CECCAR website.

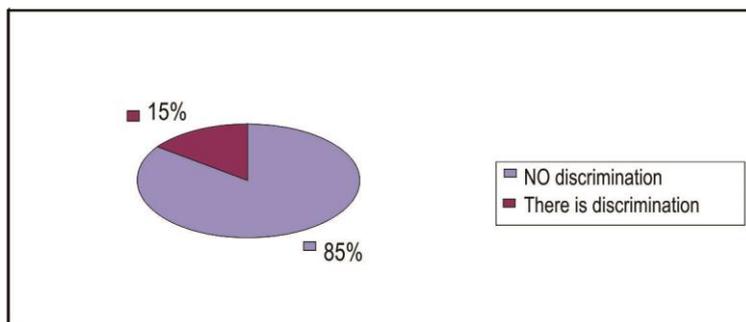
According to Government Ordinance no. 65 of August 1994, as republished, the admission examination for obtaining the expert accountant qualification may be taken by any person meeting the following requirements:

- To be legally competent;
- HasTo have an academic degree in Economics recognized by the Ministry of National Education and Research;
- Not to have received any convictions which, according to the legislation in force, forbids him/her from managing or administering a company.

Also, upon request, any person holding the titles of academician, professor and lecturer, having a PhD in Economics and the docents, with a degree in finance or accountancy have access to the accountancy profession on the basis of their PhDs, if they intend to be professional accountants and open a business. The prerequisites for becoming a professional accountant are experience, qualification and competence. Age could be an asset that indicates knowledge and expertise.

In order to continue our research, we conducted a survey participated by over 100 students and accountants from Bucharest and the suburbs in order to better understand whether vulnerable communities are affected by discrimination or not. The questions covered discrimination on the accounting market and its evolution in local communities. About 20% of the participants were students, while 80% were accountants, most of them university/college degree holders. Thus, in the first question, we asked the respondents whether they believed discrimination impacted on the Romanian accountancy profession. 85% of the respondents said NO (there is discrimination), while 15% of the respondents said there is some discrimination. We present the results in the figure below:

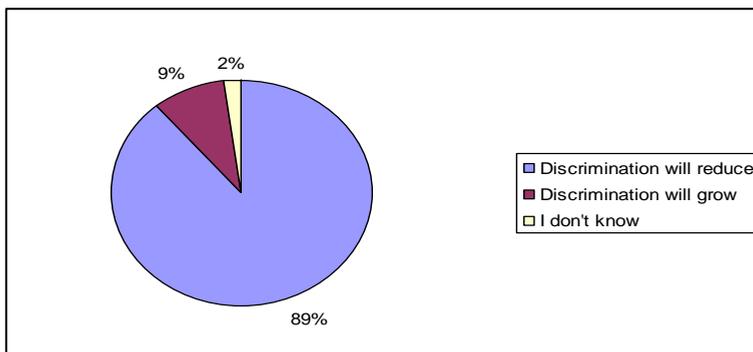
Figure 3: Perception of Discrimination on the Accounting Market



Source: Authors' own work.

In the second question, we asked the respondents how did they think discrimination would evolve in vulnerable communities in the near future. The data collected revealed the following: 89% of the respondents said that discrimination would reduce in the near future, 9% of the respondents said that it would grow, while 2% did not know. The results are presented in the figure below:

Figure 4: The Evolution of Discrimination on the Accounting Market



Source: Authors' own work.

The research reveals a low perception of discrimination and most of the respondents believe that the access to the accountancy profession is open and find that employment in the accounting sector does not imply major obstacles, as a consequence of raising awareness among employees, entrepreneurs and at the general public level as well. Also, they believe the level of discrimination in the accounting sector will diminish in the near future due to accounting culture development and the implementation of policies and programmes at the EU and national levels (Bauder, 2016; Kaufman and Williams, 2015; de Petris, 2015; Peters and Besley, 2016; Duong, 2015).

Although accounting and culture have been studied recently, we believe accounting culture is preventing discrimination by promoting relationship, teamwork and professionalism. Most of the investors, managers and directors are interested in employing highly qualified and competent professional accountants regardless of gender, race, disability or ethnicity. In our opinion, accounting culture could prevent discrimination in vulnerable communities and be an efficient instrument in fighting fraud and corruption (Zaman, G., Ionescu, L., 2016).

4. Conclusion

This paper presents the relationship between accounting culture and discrimination in Romania and accounting culture as a potential instrument for protecting most vulnerable communities. Accounting culture has been developed in the last decades based on numerous accounting programmes in Romanian schools and most of the students or accountants feel there is no discrimination in the financial-accounting sector. In our opinion, most of the investors and entrepreneurs are interested in employing highly qualified professional accountants regardless of gender, ethnic origin, religion, disability

or age. (Kunnanatt, 2016; Brown, 2016; Haddad and Wang, 2015; Rehberg, 2015; Flegar, 2016; Cesaroni, Sentuti, and Buratti, 2015)

Implementing permanent monitoring and control mechanisms is an efficient means of both preventing and identifying corrupted behaviors at corporate and individual levels. Cooperation between managers and other responsible persons in the leadership of accounting companies is an additional instrument of overcoming the effects of accidental or intentional misinterpretation and incorrect recording of cash inflows and outflows. The accountants constantly improving their skills by participating in different courses and symposia dedicated to the latest achievements in the field leads to a more effective accounting culture in terms of reducing and avoiding the effects of victimization of less educated and other vulnerable categories of persons working within economic entities.

European policies hold an important weight in preventing and fighting discrimination in the European space and encourage vulnerable groups to maintain and improve their education and qualification in order to find better jobs on the local and European labour markets.

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