

CECCAR

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“For a New Culture in the Accountancy Profession”

New Culture in the Accountancy Profession

Dr. Masum TÜRKER


President, Union of Chambers of CPAs of Turkey (TURMOB)

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- Today, accounting has become a language that supports business communication. The development of accountancy is under the influence of the environment that it is in, the country's economic, social, political and cultural environment.
- The source of the greatest impact on human in the society is culture. Culture is the common characteristics of individuals in the group and a learned way of life that transferred from one person to another. The culture of a society consists of some regulations and rules formed in order to resolve the problem of the members of that society. Culture is to limit the lifestyle of the human society.

- Thus, the accounting culture is to limit the style of financial reporting by determining the principles and rules to be followed in financial reporting and by determining the principles, rules, and valuation measures that the financial reporting based on.
- Developments in the Accounting profession activities and accounting practices have formed a structure today. This structure, which has an international character, forms the new culture of the accounting profession and accounting.
- In this paper, the influence of the culture as an environment upon the accounting is not treated. However, the new culture of the Accounting profession and accounting will be examined.

- International developments, the global economy and global companies require the accounting profession and accounting practices to become an international character. International nature of the accounting profession has been determined by the international auditing and assurance standards, international accounting education standards and international codes of ethics. In the case of the accounting practices, has been identified by the international accounting and financial reporting standards.




International accounting and financial reporting standards establishes accounting culture that the accounting practices are based on. International auditing and assurance standards and international accounting education standards and international codes of ethics create the international culture of the accounting profession.



The fundamentals of the new culture of our profession:

- International auditing and assurance standards
- international accounting education standards
- international codes of ethics for accountants
- international accounting and financial reporting standards
- Quality control standards,
- Public oversight

Those concepts and issues that are frequently encountered in the literature in recent years as "new accounting culture", "international accounting", "accounting engineering," "accounting management", "improvements in accounting technique," "reorganization of the profession (reengineering)" to show us that the accountancy is in change process. Technology, globalization, increased competition is forcing companies to constantly change. Hence, the accounting must adapt to changing and developing new conditions.


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- Our decisions that we take today about our profession is important not only for the future of the accountancy profession but also as part of our responsibility to the future of the societies in which we live and work. The common value of the accountancy profession is now not simply a technical expertise, but the new common values are common objectives and a set of values towards these objectives to serve the public interest.

When we determine the new culture of the accountancy:

- Making sure that we keep the public interest at the forefront of our activities – whatever sector we work in;
- Emphasizing the importance of ethics in all that we do – and promoting ethics throughout the whole financial reporting chain; and
- Supporting organizational performance by thinking globally – not just about our own businesses, but also in terms of global standards that promote transparent and useful information for decision making.

- Accounting for sustainability is another area that will gather more impetus. It involves recognizing the intangible costs and benefits of decisions as well as the tangible, for example, how decisions taken today will affect future performance and outcomes. Conventionally, we prepare the financial statements by accounting the revenues and expenses that fall to or on the organization. Accounting for sustainability involves seeking to account for costs and benefits – including non-financial effects – that fall on other members of society. Thus the new accountancy culture that we build at this point will be affecting the world that we live in very closely.

- The future view of our profession is to continue commitment to sustainability and stability, consistency and credibility, and independence and integrity and build the future of the accountancy upon these values. These are enduring values which are the hallmarks of a profession. They must be upheld and enforced by professional accountancy bodies if the public interest is to be well-served and the new culture should be based on these values.




If we commit to putting the public interest first and to living our profession's values of integrity, transparency and expertise, the future of the accountancy profession will be bright

- While we all may have the best of intentions, meeting these criteria is difficult in today's environment. We are pressed to do more in fewer hours and to deliver "real time" information. The businesses and other entities we serve as clients are increasingly more complex, while the growth of litigious societies puts our firms and livelihoods at risk. Capital markets around the world also face numerous challenges. The largest economies of the world are experiencing fast paced change all too similar at times to a roller coaster ride. Developing nations are looking for leadership. Changing technologies, business restructurings, consolidations and alliances and fierce global competition all have an effect on how the markets work and react.

- In this environment, the role of accountants and auditors in the effective operation of the global capital markets is taking on much greater importance. Indeed, all the important players in the financial market process – standard setters, preparers and users of financial statements, independent auditors, supervisory boards and audit committees, regulators and international organizations – need to be vigilant and active in protecting and continuously improving investor information.

- In this new culture auditors should apply quality control standards in the audit process. While these new standards are challenging, they are necessary to meet public expectations and ensure the public confidence.
- The quality control standards, over the long term, will help to restore and maintain public confidence in auditing following the corporate scandals of recent years and to ensure the highest level of quality in the delivery of other assurance services by professional accountants.




New responsibilities of the accountancy profession requires the protection of the interests of the community, doing our best to assure reliability and transparency of information, both in the public sector and in the private sector, not only as auditors but also as accountants within organizations. This culture, that the profession must have, necessarily extends to numerous other fields where accountants serve their clients.

We can and must move ahead in other areas in order to build a better future and culture.


- The profession should continue looking to the markets it provides the accountancy services – both within organizations and from public practice – identifying and designing more efficient ways to deliver our services and generating new services that respond better to the changing demands of the market.
- Accountants continue to be players, not spectators, in the development of this profession. We should take the initiative. There is no need to fear innovation. The world needs and seeks services from the accountancy profession to the new challenges it faces.
- Accountants should be prepared to serve in the new technology environment and take a leadership role in the preparation and assurance of non-financial information and in the new forms of accessing and using information.
- Accountants should also be more committed to be effective for the development of societies that they are member of.

- This is a challenging vision, but it is an achievable one.
- The cultural mission of the profession is serving the public interest, developing strong global economies, promoting international convergence, and serving as the voice for the global accountancy profession.
- There are two significant issues are shaping the future of accounting and auditing thus the culture: the achievement of convergence and the return to a principles-based approach in the development and use of professional standards.


- What we are witnessing around the world is a rapidly spreading affirmation that convergence to a single set of global, principles-based auditing and accounting standards is an idea whose time has come.
- It is a time when convergence plays an important role, and the use of commonly accepted international standards worldwide is being recognized by everyone as a true need, as something that will contribute significantly to the proper functioning of the financial and the capital markets and, consequently, will improve the world's economic growth and stability.



If we act creatively in rethinking financial reporting, and in approaching many other challenges, the accountancy profession will be better equipped to sustain itself and grow. Looking to the future, we must be innovative and flexible – words, I know, that are not popularly associated with accountants. Nonetheless, we have proven we can proceed with innovation.




To further sustain this great profession, each and every professional accountant must become its greatest advocate. Accountants should have important roles in creating an investment climate of trust, of contributing to economic growth and development, and of serving as the corporate conscience for companies large and small. In order to fulfill those roles, there should be good practices and training materials.




As a unified global profession, there should be a consistency in the professional activities on strategic objectives and practices. There is a need to identify and implement mechanisms that facilitate effective communication, collaboration and consultation. And, the global profession, acting in unison, needs to address issues of new and growing importance, such as our role in environmental sustainability reporting


Accounting systems and practices can influence and reinforce societal values. Societal values have influence on the institutional framework for the development of accounting, for example, the legal system, professional association. Accordingly, the value system or attitudes of accountants are shown as being related to and derived from societal values and particularly work-related values. Accounting “values” or attitudes, for example, conservatism, will, in turn, have an impact on the development of accounting systems in the individual country.



Recent major scandals affecting the accounting profession have related to crimes of corporate collective fraud, rather than being simply the failure of individuals. Collusion between groups of people, and/or the corrupt culture of organizations have been major contributory factors in the kinds of unethical practice involved.



The fundamental sociological truth that ethics is about the *culture of organizations, including professional organizations*, and about how to build healthy moral communities at work that support and encourage ethical practice and demonstrate the commitment of the whole organization to ethics in the way they do business at all levels.



There is no doubt that a comprehensive approach to building an ethical culture in a professional firm or corporation requires effort, time, and commitment but this can be achieved through normal quality management processes that mainstream ethics as part of everyday practice.



Thank you for your attention