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The Comprehension Process of Audit and Accounting Culture through the Academic Environment

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Abstract

While the organizational culture and the professional culture are centered on serving the customer, the accounting and audit culture are focused on helping all accounting users. Mainly, culture operates with information that is prepared, disclosed and, in the same time, interpreted by its receivers and senders. The way each of us interprets the information or offers judgments and opinions, depends on our referential framework, that is a combination of our educational, developmental intellectual culture and work related experiences. The present study tries to point out how these concepts are understood by students from the academic environment and how knowledge gathered during their educational cycle can be transferred into practice.

Keywords: accounting and audit culture, academic environment, accounting profession, audit profession, practice

Introduction

Accounting history's lesson shows us how two different accounting cultures formed and developed during time – the Anglo – Saxon accounting system and the European continental accounting system. The two of them are considered by some authors as being rivals. The study of the circumstances they appeared in can provide answers to a series of questions regarding the current problems of accounting and audit harmonization and internationalization. The appearance and the

development of the accounting and audit culture, in various forms of organization, followed the way designed by the accounting systems, in the attempt to answer at the requests of these systems regarding the information requirements of the financial information users. Therefore, it is essential to understand the way information from the academic environment is revealed and put into practices, and how this kind of element can influence both - the accounting profession and the audit one. Actually, practices gained during the educational cycle can definitely influence the attitude of each practitioner that acts in the economic environment.

Materials and Methods

In order to establish a connection between the concepts and practitioner elements gained from the University, a complex questionnaire was well-established for the field research. The research methodology is based on the fact that concepts understood from the bachelor's and master's cycle can heavily influence the attitude of student at the working place. Moreover, the behavior of them is defined by the concepts established by the company where they work.

The questionnaire was formed from 9 questions, 3 of them being opened questions, while the others were close questions. The close questions were used as they offer a facile way of summarizing the results, while the opened questions were used as the respondent is not restricted by the given answers, and consequently, there is the possibility of free manifestation of their own opinions and developments. The questionnaire was completed by 50 students from the Faculty of Accounting and Management Information Systems, both from the under graduated environment and the graduated one (students that already had a bachelor degree).

The respondents were divided in two groups, each with 25 students. The respondents were both from the rural and urban locations as no discrepancy between them should be provided. It is considered that the academia's environment mitigates the differences between social provenience and that both students should achieve the same amount of information. As a fact, from the first group of interviewers, 16% have their home destination in rural area, while the percentage was lowered for the second group, as only 3 students came from the rural environment, or in other words, 12% of the sample were considered as having a different home destination than a Romanian city.

Another important element of our research is that the students were all Romanians, as we wanted to establish how their attitude in the working area would be as regarding the audit and the accounting profession.

The objectives set for this research area were based on the fact that we wanted to establish a connection between the practices and the concepts obtained during the educational environment and to show how these elements could be pointed out at the working place.

The data was collected at the beginning of the 2012 academic year, by selecting random students from both educational cycles.

Literature review

The connection between accounting and audit profession can not be denied, as both of them have their main activity related to the financial statements of the analyzed company. Furthermore, these professions influence the institutions and the accounting systems. The factors that influenced the emergence of the various accounting systems, as well as the accounting systems themselves, have decisively influenced the forms of organization of the accounting and audit profession (Mihalciuc, 2006).

In 1965, Mautz underpinned the rapid and even dramatically change of the business environment in which accounting exists. The scientific management with its emphasis on the operations research and the application of various quantitative methods in decision making, the expansion of organization, the interest in economic analysis and the innovations in the methods of accumulating and processing business data had significant implications for accounting and audit at that time and they still do nowadays.

As Bayou and al. (2011) observed, the accounting and audit profession continues to struggle with the problem of the veracity of accounting reports, in light of the different needs of various financial statement readers for truthful reports.

As emphasized by Saltera and Lewis (2011), research has shown that differences in financial reporting practices between countries have costs associated with those differences. For example, Choi and Levich (1991) provide evidence that accounting diversity can affect the actions of individual investors; while Saudagaran and Biddle (1995) show that accounting diversity can adversely affect the number and volume of listings on stock exchanges, elements that have a crucial impact upon

the audit elements. Most recently, as shown by Saltera and Lewis (2011), Karamanou and Raedy (2004), Ashbaugh and Pincus (2001) demonstrate that differences in financial reporting practices and resultant accounting and audit outcomes between countries can adversely affect the performance of securities analysts. Recent studies have continued to conclude that these financial reporting differences are not going away. Chatham et al. (2010), Lewis and Salter (2006), Jones and Wolnizer, (2003), d'Arcy, (2001), Larson & Kenny, (1999), all cited by Saltera and Lewis (2011), show that there are still significant differences in the financial reporting practices between the countries. Moreover, Popescu L., Oancea- Negrescu M. D, Anica-Popa, A. (2010) revealed the importance of proper evaluation of the company as the values provided by the accounting practitioners and the information revealed by the audit team. Similar idea was developed by Stanila, G, A, Popa, A. F, Ispas, S. (2012) as they emphasize that a proper financial reporting offers relevant information for sustainable developments of large Romanian companies.

While it can be argued that as IFRS based financial statements become more common, Douppnik and Tsakumis (2004) point out that the flexibility of interpretation contained within IFRS and the ability of any country to carve out unacceptable portions of particular IFRS standards will continue to lead to different accounting and audit practices outcomes among countries.

As shown by Finch (2007), Gray proposed that the national accounting and audit culture could be characterized by their position in relation to four accounting values, which are the principal values for the accounting and audit subculture: Professionalism versus statutory control; Uniformity versus flexibility; Conservatism versus optimism; Secrecy versus transparency.

The first two relate to the authority and enforcement of the accounting and audit practice, while the second two relate to the measurement and disclosure of accounting information at country level.

In one of his studies "The role of accounting education in reproducing the accounting profession", Duncan (2002) examines the interaction of two institutions: one academic and one professional, trying to show how and why the first one is dominated by the other one. His opinion is that the profession is able to impose its vision of accounting education in the field because the field is heteronomous and highly demand-driven. The two sets of players occupy a field where

they “attempt to usurp, exclude and establish monopoly over the field’s reproduction and type of power effective in it” (Everett, 2002).

The educational system and its modern nobility only contribute to disguise, and thus legitimize, in a more subtle way the arbitrariness of the distribution of powers and privileges which perpetuates itself through the socially uneven allocation of school titles and degrees (Bourdieu and Passeron, 1990). Bourdieu’s work (cited by Duncan, 2002) contributes to our understanding of the relation of an education system to our society. Many of his concepts help us understand how an education system “contributes to reproducing the structure of the distribution of cultural capital and, through it, the social structure” (Bourdieu and Passeron, 1990).

Tucker (1995) considers that students are seen as „meaning makers” not only through their reading and writing, but also through their interpretations of the facts, while Wang (2007) points out that the teaching skills might not be readily transferable across populations of students and types of schools or programs.

Taking these elements, we wanted to establish if there is a connection between the concepts gained in the university, the audit and accounting profession and, in case of positive response, how these elements influence both professions.

Results and discussion

After the data has been collected, the answers were analyzed and important conclusion was developed. Moreover, a score according to the degree of relevance was established in order to have a better understanding of the students’ attitude.

The answers provided to our questions are revealed in the following section. As a consequence, the first question was “How many years have you been studying accounting and audit subjects?” The answers were divided in the following parts: less than a year, 1-2 years, 3 years, 4 years, more than 4 years, and the scores attributed to them were rated between 1 and 5.

Table no. 1. Results obtained for the first question

Question 1	less than 1 year	2 years	3 years	4 years	more than 4 years
Answers	5	10	15	15	10
Percentage	10%	20%	30%	30%	20%

Source: Own compilation

As it can be seen, in the third and fourth year of study there are 60% of the interviewers and they considered that the information regarding the audit and accounting courses is relevant. The scoring is 180, and it covers 72% of the largest value.

The second question was: “How do you consider that knowledge gained from participating to the accounting and audit courses is?” The possible answers were over the expectations; as expected; normal; below expectations; I don’t know.

Table no. 2. The results obtained for the second question

Question 2	I don't know	Below the expectations	Normal	As expected	Over the expectations
Answers	3	5	17	9	16
Percentage	6%	10%	34%	18%	32%

Source: Own compilation

The results point out that more than 84% of the respondents are content with the information obtained during their educational environment. The score is 151, and it covers 60.4% of the highest value.

The third question was: “How would you appreciate/rate the relation between accounting and audit profession, accounting and audit education?”

Table no. 3. The results obtained for the 3rd question

Question 3	I don't know	Below the expectations	Normal	As expected	Over the expectations
Answers	5	4	17	5	20
Percentage	10%	8%	34%	10%	40%

Source: own compilation

As it can be seen, 84% considered that there is a high relationship between the concepts gain in the university and the similar profession. The result are somehow connected with the second answer and point out that there is a high expectation that university will covered the information need at a working place. The score is 135 and it covers 67.5 of the highest value.

The fourth question was: “Which of the following values did you find in the information received during the accounting lectures?” The answers were: professionalism, uniformity, conservatism, secrecy. Multiple answers were permitted, and as a consequence no score was calculated.

Table no. 4. Results obtained for the 4th question

Question 4	Professionalism	Uniformity	Conservatism	Secrecy
Answers	50	45	40	38
Percentage	100%	90%	80%	76%

Source: own compilation

As it can be seen, almost every concept is detailed in their educational environment, as these are considered to be the accounting values and they are presented in the education system.

The fifth question was: “Do you consider the accounting information received in the faculty is useful in your career?” The answers were definitely no, no, I don’t know, yes, certainly. The results are presented in table 5.

Table no. 5. Results obtained for the 5th question

Question 5	Definitely no	No	I don't know	Yes	Certainly
Answers	0	0	3	20	27
Percentage	0%	0%	6%	40%	54%

Source: own compilation

The results proved that more than 90% of the students interviewed considered that the information received among their years' of studies is useful for their future career. The score covers 54% of the highest value.

The sixth Question was: "Can we talk about an accounting culture in the accounting profession"? with yes and no as answers.

Table no. 6. Results obtained for the 6th question

Question 6	Yes	No
Answers	50	0
Percentage	100%	0%

Source: own compilation

The answers established that there is a high connection between the audit profession and the accounting one, while the audit and accounting culture are correspondently.

The following questions were opened: "Why is important for accountants to be aware of the values, beliefs and assumptions that underline the accounting culture? Which are the elements that determine the accounting and audit culture? Describe a real situation where you would use information gathered from your lessons?" For the 7th question, the answers were around the importance of a proper and reliable evaluation of the company's performance, while the 8th one, revealed that accounting and audit principles and practice are the main elements of the accounting and audit culture. In the last situation, students would apply their knowledge in order to evaluate correct the accounting information offered by the company where the audit is realized or where the accounting is kept.

Conclusions

The present research tries to point out the importance of accounting and audit culture related to the accounting and audit professions, as the knowledge is observed and understood from the educational cycle. The study was realized considering the answers of 50 students from the Faculty of Accounting and Information Management Systems, who provide proper information by answering to a questionnaire. The results point out that there is a high degree of connection between the concepts gained in the educational process and the practice of the audit and accounting profession. Moreover, the results emphasize that the influence of education systems upon the audit culture and accounting one could not be denied, and nonetheless, there is a high preparation level in the university when these two professions are considered very important in the Romanian environment.

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