



Study Regarding the Respect of Professional Ethics and Deontology in the Promotion of Accounting Services in Romania

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Abstract

The change of the current economic environment due to the globalization of the economy and the unhindered circulation of products and services, the removal of national customs barriers, the evolution of information technology and the diversification of marketing techniques have led to a change in the financial and accounting services market. In the context in which the promotion of accounting services is a very complex activity, which involves a large number of decisions that have to be taken in accordance with the ethical and deontological norms imposed by the code of ethics in order not to affect the reputation of the accounting profession, study on how professional accountants promote their services and the extent to which the rules of professional ethics and deontology imposed by the National Code of Ethics for Professional Accountants in Romania are respected. In this respect, we conducted a survey based on a questionnaire, applied to the professional accountants CECCAR members Dâmbovița branch. The questions were formulated in such a way that the reality regarding the promotion of accounting services in relation to the rules of ethics and deontology of the profession is meaningful through the significance of the answers received.

Keywords: *market, professional accounting services, professional accountant, ethics, professional deontology, promotion*

JEL Classification: M41

Introduction

Ethics and deontology in accounting is important for the professional accountant but also for the people, companies, institutions for which the services provided by them are important. Those who use the services provided by professional accountants, especially decision-makers, want the financial statements to be objective, complete, and reliable. Accounting is no longer considered to be only a data processing in accounting documents,

it also has to deliver innovative solutions to its customers to improve business performance.

The professional accountant has become - and is constantly strengthening this role - the most trusted consultant of the entrepreneurial environment, the engine of national and global economic growth.

However, in order to attract customers, professional accountants should use promotional techniques that do not compromise the reputation of the accountancy profession, which is the issue addressed in this scientific paper.

The whole scientific approach has been built to answer the question: How do professional accountants promote their services is determined by the rules of professional ethics and deontology imposed by the National Ethical Code of Professional Accountants in Romania?

In this context we have formulated two research assumptions, namely:

1. The particularities of the professional accountancy services market in relation to the supply-demand ratio directly influence the promotional activity of the bidders.
2. The marketing regulations for professional accountancy services specified in the National Code of Ethics for Professional Accountants have a major impact on the way in which professional accountants promote their services.

We will treat, measure and interpret the information provided by respondents in the questionnaire aiming at highlighting the meaning of their responses, their mental process, so that their reality regarding the promotion of accounting services in relation to the ethics and deontology rules of the profession makes sense. Following this research, the nature of the knowledge acquired will be subjective as we will produce this knowledge by analysing and interpreting the data obtained from the applied questionnaire.

1. Demand and offer on the professional accountancy market

Accounting is considered to be an activity which deals with the valuation, measurement, knowledge, control and management of equity, debts and assets as well as the results obtained from the activity of juridical and physical persons, which results in the production of relevant financial information in the decision-making process of their users.

In the markets of all services, including the professional accounting services, an important position is occupied by the relationship between offer and demand for services. Accounting service providers participate in making the possible offer in the accounting field, which can be changed into a genuine offer at the moment when there is demand in the field.

The offer on the professional accounting services market is made up of all professional accountants, whether they are students in the accounting specialization, accountants, authorized accountants, associate accountants or accountants, regardless of whether they are independents, self-employed, dependent (employees) or if they have associated to form an accounting cabinet.

Given that our empirical research has as a subject the study of the professional accountants who are members of the Organism of Experts Accountants and Authorized Accountants of Romania - CECCAR, we consider it appropriate to briefly present the role this professional organism plays in the accounting services market.

Thus, CECCAR, as a professional association, is continuously concerned with developing the skills and abilities of the professional accountant to enable it to provide

additional services to traditional ones at a high quality level, thereby greatly diminishing the gap between the demand business environment services imposed by globalization, digitization and ever-increasing competition, and the professional accountant's expertise base.

The professional accountants, experts and accountants authorized CECCAR members, self-employed or employees are asserted in a distinct manner in all economic and social activities, due to the IFAC - International Federation of Accountants certification (to which CECCAR has adhered) and the commitment assumed by taking the oath, to respect the professional and ethical norms in the field provided by the National Ethics Code of the Romanian Professionals Accountants.

The demand in the accounting services market is composed of different categories of users who need the services that professional accountants can perform on the basis of a contract and in accordance with the provisions of Government Ordinance no. 65/1994 on the organization of accounting expertise and authorized accountants.

2. The marketing mix on the professional accounting services market

The marketing of professional accounting services is a new concept regarding the consolidation and direction of the business activity of the professional accountant service providers, which requires a system of activities to be realized, programmed and planned using the different procedures and means necessary to meet the needs and users' requests for accounting information.

2.1. The product

The product is represented by professional accounting services, more precisely the *financial-accounting information* provided by these services. In order for professional accountancy services users to use financial-accounting information, they must meet a number of "qualitative characteristics" [O.M.F.P. No. 1802, 2014], namely:

1) *Exact representation*: involves a neutral, complete, and error-free description of economic events reflected in the financial statements, meaning including all information necessary for a user to understand the phenomenon presented without errors or omissions, and the process used to reproduce economic information reported to be chosen and implemented without errors.

2) *Relevance*: for financial-accounting information to be relevant, it should help financial-accounting information users make decisions, this being possible if the financial-accounting information has confirmation value, predictive value, or both.

3) *Verifiability*: to provide financial and accounting information users with assurance that the information accurately describes the economic transactions that they intend to represent, verifiability is one of the most qualitative features for users.

4) *Intelligibility*: characterizing, classifying and presenting in a concise and clear way the financial and accounting information makes them understandable, allowing them to be understood by a wide variety of users.

5) *Comparability*: to be useful, financial-accounting information relating to a reporting entity must be comparable to similar information about other entities but also with similar information about the same entity but relating to another period or date.

"Unlike other qualitative features, comparability does not refer to a single element. A comparison requires at least two elements." [O.M.F.P. No. 1802, 2014]

6) *Opportunity*: opportunity means the timely availability of financial-accounting information so that decision-makers can take the necessary decisions.

2.2. The price

For any financial-accounting service provided, the professional accountant claims only fees agreed upon by the contract or by the judicial representative when performing judicial accounting expertise. Fees claimed by professional accountants cannot be paid through commissions, stakes or benefits in kind.

The price on the professional book market is subject to the general provisions of the IFAC Code of Ethics: [CECCAR, 2011]

1) The professional accountant should not accept payments that do not represent the consideration of the provision of an accounting service or that are made to cover abusive customers' attitudes or which constitute a violation of the legislation;

2) Contracts must be concluded before the beginning of the accounting work (additional documents are being prepared);

3) The professional accountant cannot conclude global contracts;

4) Contracts must not be concluded for activities that are incompatible with the accounting profession. It is forbidden to share the fees between colleagues if they participate in the execution of the works;

5) It is not possible to fix the fees of professional accountants according to the results obtained;

6) In the case of disputes concerning the fees of professional accountants, the mediation is mediated by the president of the subsidiary of the Organism of Chartered Accountants and Authorized Accountants in Romania.

Professional accountants, bidders, do not need to provide professional accounting services for reduced fees. When the professional accountant proposes a specific fee to a prospective client, he must ensure that the quality of the service rendered is not compromised and that the professional accountancy organism's quality standards are respected.

All these regulations are considered to be genuine "filters" of ethical and deontological nature both in the process of price negotiation and pricing, as well as in the way of applying the generally recognized promotion techniques in service marketing.

2.3. Placement (Distribution)

The inseparability of professional accounting services also has a major impact on distribution as the consumer and the service provider are no longer separated from time and space, thus leading to a distribution channel that is direct. The consequences of this in particular arise in the way the distribution network is located because, in most cases, the consumer is the one who has to travel to the place where the service is provided.

We refer here to the consumer of professional accountancy services, that is to say the economic entities, who practically outsource the financial-accounting service, delegating the realization of the financial-accounting function to another company or a self-employed person on the basis of a contract service, in order to get more efficiency, but

also a reduction in costs. Also, by outsourcing the financial-accounting function, the consumer of professional accounting services also has the advantage:

- time savings, as there is no time for interviewing, recruiting and training the staff needed for the accounting department;
- qualified and well-trained staff;
- assuming of the total responsibility by the accounting firm or by the professional for the professional accounting services rendered and results obtained, according to the contract concluded between the parties;
- professional liability insurance, as professional accountants, accountancy firms and self-employed professionals can take out professional liability insurance that can be used to cover damages to the consumer but imputable to the provider.

2.4. Promotion

An efficient marketing strategy is fundamental to the long-term success of any organization. The professional accountant who organizes and co-ordinates his marketing activity with patience and attention has a greater opportunity to achieve all of his proposed strategic goals. In order to implement an effective marketing strategy, it will need to understand and distinguish the environment in which it operates, identifying external factors that can impact the activity, potential customers, competitors, and qualified human resources available on the market.

The results of this analysis will help to develop realistic and achievable marketing plans that will allow the professional accountant to make informed decisions about key marketing issues, one of which is promotion.

The promotion takes place at different stages and requires a combination of promotion methods and techniques to ensure that information is communicated in an effective manner to the data subjects and in a timely manner.

The brand is a very powerful tool in communication to the business community. Having a strong brand image contributes to the professional's identification and the perception of its quality and professionalism.

Intellectual property is an asset to any organization and therefore must be properly guarded. The name adopted by the professional accountant, the acronym and any associated trademark, such as title or qualification, is the most important intellectual property.

According to the Ethics Code for Professional Accountants, when a professional accountant engaging in public practice attracts new engagements through advertising or any other type of marketing activity, attacks or threats may arise as to its compliance with the fundamental principles of the profession.

The business environment is expected to receive high-quality professional accounting services at an optimal quality / price level. We believe it is very important to create a client-centred culture, requiring the professional accountant to have both the experience and the resources to satisfy and even exceed the expectations of its clients. "Introducing initiatives such as goals regarding service level, the analyse of satisfaction level, conforming procedures, and suggestion schemes can help meet customer expectations, communicate customer service goals, and facilitate a culture based on innovation and improvement." [Toma M. & Potdevin J., 2008]

3. Professional ethics and deontology respect in promoting professional accounting services - empirical research

The object of this empirical research is represented by the economic reality segment made up of the professional accountants CECCAR members, the Dâmbovița branch and the way they promote their services in accordance with the norms imposed by the National Code of Ethics for Professional Accountants in Romania.

The research was carried out by a conjuncture survey attended by 70 subjects from the professional accountants, 21 of them being organized in a commercial society (30%), 36 services as freelancers (51.42%), and 13 carrying out specific activities both as self-employed and as a trading company (18.58%). The advantage of the conjuncture survey as a qualitative study method resides in its general objective, namely "to understand the motivations, attitudes and behaviour of individuals". [Marcu L., 2016]

As a statistical research tool, we used the questionnaire which aimed at highlighting the way professional accountants are promoting the professional accounting services and if the promotion is carried out in accordance with the norms of professional ethics and deontology specified in the National Ethics Code of Professional Accountants in Romania.

Considering that 30% of the respondents have experience in the field for more than 20 years, 24.30% between 11 and 20 years, 22.85% between 6 and 10 years, 12.85% between 2 and 5 years and 10 % of less than 2 years, we can consider experience in the accounting services market as a guarantee of their competence to express a pertinent opinion and to provide relevant answers to the study on ethics and professional ethics in promoting services accounting.

In order to be able to analyse how to achieve the marketing of professional accounting services, we considered it necessary to know the types of services that professional accountants provide. Thus, I asked the following question in the questionnaire: "Please indicate the type of professional accounting services provided." To this question we received the following answers:

Table 1.

Type of professional accounting services provided		
Services types	Number of answers	Share
Accounting services	63	38,89%
Certification of financial statements	40	24,69%
Personnel-payroll services	34	20,99%
Accounting expertise	16	9,87%
Other services according to O.G. 65/1994	9	5,56%
Total	162	100%

(Source: authors' processing based on received answers)

Because it is a multiple-choice question, the 70 respondents offered 162 variants of answers. As can be seen from the table above, accounting and bookkeeping services account for the largest share, followed by accounting review services for the preparation and certification of financial statements as well as staffing. Of those interviewed, only 9.87% make accounting expertise and 5.56% other services according to O.G. no. 65/1994, namely: auditing, auditing and financial-accounting consultancy.

Asked at "What kind of professional accountancy services do you call?" 41 out of the 70 respondents replied that they did not promote their accounting services, while the other respondents indicated the ways of promoting the services as presented in the table below.

Table 2.

Modalities to promote professional accountancy services

Modality of promotion	Number of answers	Share
Own site	10	25%
Social networks	12	30%
TV	2	5%
Radio	0	0%
Advertisements in written press	3	7,50%
Printed advertisements (flyers, flyers, banners, etc.)	4	10%
Another modality	9	22,50%
Total	40	100%

(Source: authors' processing based on received answers)

The Internet is the main modality to call on accountants to promote their services, thus leveraging the benefits of information technology, known to be its applicability across multiple data and information fields, with 55% accounting for this. Other ways to promote the services provided by the respondents were: meetings with potential clients (1 response), advertising by existing customers (3 responses) and mouth-to-mouth promotion (5 responses). Only 6 of the professionals answered in the affirmative to the question "Is your presence in the professional bookkeeping service marked by the existence of a brand (such as sign, expression, letter, symbol ...) by which you differentiate yourself from other market players?"

There is an obvious correlation between the promotion, the ways of promoting the accounting services and the budget allocated to this activity, since, given the use of the Internet as the main way of promotion, the level of funds provided is very low. As a consequence, the situation the annual budget allocated by the respondents is as follows:

Table 3.

The annual budget allocated to the promotion of the professional accounting services provided

Annual budget allocated	Number of answers	Share
Under 100 lei	5	7,14%
Between 101-500 lei	13	18,57%
Between 501-1000 lei	6	8,57%
Over 1000 lei	0	0%
No allocation	46	65,72%
Total	70	100%

(Source: authors' processing based on received answers)

Thus, 65.72% of the surveyed professional accountants do not allocate any amount to promote their own services (41 of the 46 respondents do not even promote their services), and most of them do not exceed the amount 500 lei (about 100 euros).

Next, we were interested in finding out the importance that professional accountants give to each provision regarding the marketing of professional accounting services, in particular their advertising / promotion, provided by the National Ethics Code of Professional Accountants in Romania.

As can be seen in Table 4, all five provisions of the Code of Ethics on Advertising / Marketing of Professional Accounting Services were considered by the respondents to be important and very important.

Table 4.

The importance given to professional ethics and deontology provisions

Prevision	Not important	Important	Very important	Total
The professional accountant should not jeopardize the reputation of the accounting profession	0	16	54	70
It is necessary for the professional accountant to be loyal and honest	0	17	53	70
The professional accountant should not make unfounded inferences about the activity of other professional accountants	2	24	44	70
The professional accountant should not exaggerate his experience, knowledge or quality of service	4	38	28	70
The professional accountant should not make from the reduction of the services tariffs / fees a promotional principle	3	27	40	70

(Source: authors' processing based on received answers)

Regarding the method of setting the fee charged by the professional accountant, the interviewed persons gave the following opinion (we state that there is currently no regulation regarding tariffs / fees related to professional accounting services):

Table 5.

Modalities to set rates / fees

Modality to set rates / fees	Number of answers	Share
Free negotiation between the parties	36	51,43%
Negotiation between the parties from a minimum level established by regulations of the accounting profession	25	35,72%
Standard rate / fee per service / mission / activity type	9	12,85%
Other modality	0	
Total	70	100%

(Source: authors' processing based on received answers)

As can be seen in the above table, 51.43% of respondents want free negotiation of tariffs / fees without any interference from the professional organism.

Regarding the elements that professional accountants need to take into account in determining the fees / fees and the importance to each, we found that over 70% of the respondents consider very important the *level of responsibility for the accounting service* (77.11%) and *the complexity of the service* (72.90%), followed by the *experience and the training of the professional performing the service* (62.90%). Regarding the time allowed for the work, it was appreciated 50% as an important element and 47.11% very important.

Conclusions

The accounting profession and its practitioners have a very important role for the business environment, the financial-accounting information provided through the provision of various services, being indispensable in the decision-making process. As a result, the interest in ethics and professional ethics in accounting recorded a major increase.

That is why we considered it timely and timely to carry out this study on how professional ethics and professional ethics influence bidders, members of the accounting profession, on the professional book market. Both research hypotheses have been validated. The arguments in this respect with regard to the first hypothesis are as follows:

- the demand on the professional book market is primarily determined by the legal obligation to organize and manage the accounting, its level on the market being little influenced by the level and modalities of the bidders' promotion.

- the bidders also know this and, consequently, the material, human and financial resources allocated to the promotion of services are reduced to zero, even for most of them.

Regarding the second hypothesis, this has been validated, since in promoting their services professionals should not harm the reputation of the profession, not to rebut ethical conduct (loyalty, honesty, professionalism, high quality of services) , not to reduce the fees / fees of the services rendered, a promotion principle, to take into account the necessary time, the complexity of the work, the level of responsibility, the experience and the training available to it when negotiating tariffs / fees for the services rendered.

The overall conclusion of our scientific approach, and basically the answer to the research question, is: *yes, professional ethics and deontology have a major impact on the way in which professional accountants promote their services.*

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