



THE ACCOUNTING PROFESSION: HISTORY AND MODERNITY

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Summary

The successful operation of the accounting staff in a corporate management environment of a free-market enterprise is determined by the accountants' job skills, i.e. not just their knowledge of book-keeping regulations and procedures, but rather, in their problem-solving ability, effective decision-making with regard to production, finance and investment, as well as the drive to make an impact on the development strategy of enterprises in a competitive environment and the readiness to provide information for different groups of users.

This paper discusses the core competencies of accounting officers and studies what makes accounting practices effective. The findings presented in this paper will be used to substantiate the competence-based approach to the method of providing accounting officers with the type of skills and abilities which are essential to the smooth operation of an accounting department.

Keywords: competence, accounting, accounting personnel, organization of accounting, accounting profession, ethical behavior.

Introduction

In the opinion of many people, an accountant is an employee performing neither interesting nor creative work. Therefore a young person without any knowledge of this profession forms an opinion about it based on stereotypes which are far from the truth. That is why people have no desire to devote themselves to this specialty. This being said, let us consider the features of the Accounting Profession. Vlasova V.M. notes that people have different interests: some consider accounting to be a boring occupation, while others treat it as a very important job.

We should keep in mind that, prior to hiring an accountant, managers carefully consider the applicants for this position of accountant. After all, an accountant has a vital impact on the the

financial policy of the enterprise. The welfare of the entire company depends on his / her professionalism. As it happens, it is impossible to make an important decision without the participation of an accountant.

The problem of the rise and development of the accounting profession has been studied extensively by both domestic and foreign researchers, such as O. Bakayev, I. Bilousova, M. Bilukha, P. Bezrukykh, F. Butinets, M. Weber, S. Golov, S. J. Gray, V. Zhuk, V. Ivashkevich, G. Kireytsev, A. Mikhalkevych, A. Petruk, S. Prylypko, J. Sokolov, L. Chyzhevskaya and others. In general, the word "accountant" appeared for the first time in 1498, when the emperor Maximilian stated in one of his writings on the treasury: we appoint a clerk with the name of "accountant" and his assistant, who must control all the operations in the case of the treasurer's absence from our treasury and book-keeping records¹.

D. Khlibyna recounts the story of an accountant who having carefully studied the ledger took an abacus, calculated the debit column, and the result was equal to the credit². Unsure whether this was correct, he made one more attempt to calculate, then grabbed a pen and corrected the mistake, then counted again and again – finally everything was correct. Satisfied by this discovery, he closed the book.

It is the accountant – with all his / her thoughts and concerns, psychological and professional peculiarities, obsessions, needs and interests that should become the object of study of our science - not accounting in itself, said Russian scientist Ya.V. Sokolov, who also noted that a true accountant is a judge for those involved in the commercial process, and therefore he should understand and be able to see distorting trends laid down in the accounting methodology; also, wise accountant would be able to refuse people asking for help and thanked for his work³.

D.A. Khmel'nitsky also analyzes the value of accounting and notes that the question "For whom and for what is it necessary to know accounting?" is equivalent to the question "To whom and for what is it necessary to be literate?"

1. Historical stages of the formation of the accounting profession

Accounting in one form or another has been a necessity for enterprises for more than five millennia. The accounting profession originated from ordinary economic prudence. It has been part of parcel of human life since time immemorial to plan various economic events. Since the birth of humanity, people have planned the amount of food needed per day and for the winter period as well as the time of hunting, all of which called for mathematical calculations.

It is believed that people undertook accounting activity at a time when they thought about the exchange of products. In what proportion should supplies be shared? To answer this question our ancestors had to resort to accounting calculations. Accounting calculations, indeed, as they were related used to compute the duration of labour necessary to create a product. As the exchange of products was to bring benefits for the community at large, it was important that it did not come too cheap.

With the rise of social structure and the need for controlling territory, as populations grew in size and economic activity gained momentum, there was increasing demand for record-keepers, since memorizing large amounts of information had become burdensome.

Technically, the accounting profession dates back to the origin of writing. The most ancient sources testify to the conduct of economic transactions between tribes at about 6,000 B.C. Accounting was very widespread in ancient Greece and ancient Rome. It developed under im-

¹ Mansfeld A. *Course of mill accountancy. Guide to the self-study of accounting at the mills, on the double Italian system*, Moscow 1893, C.18.

² Kovryga D. *Accounting work* // Accounting, 1889, No. 21.

³ Sokolov Ya.V. XV International Congress of Accountants: Participant's Impressions // Accounting, 1998, No. 2.

pulse from everyday needs and stimulated the growth of such inseparable components of human civilization as writing and mathematics.

From the 15th century, accounting played an increasingly important role in the management of enterprises, as it was used to manage information about their financial and economic activities. In the whole civilized world, managers at all levels are not only familiar with but also actively use the basics of accounting, relying in their work not on the certificates they produce, but directly on the basis of accounting data. Thus, the profession was born which has since become one of the most popular nowadays. Indeed, according to rough estimates, there are about 3.5 million accountants in Russia today⁴. It is worth mentioning the issue of demand for this profession, because there are 34 thousand unemployed accountants in Ukraine according to the State Employment Service⁵ as of January 2013. At the same time, the trend of surplus accountants appeared during the time of independent Ukraine. Thus, in 1979, V. Golubov and Y. Sokolov⁶ stated: "In recent years the number of vacancies has steadily increased, on any ad board you can read: an accountant, or even a chief accountant, is required for the company.

Summing up, we can state that the accounting earned the status of profession in 1990, becoming an independent form of activity such as law, medicine, engineering and architecture.

2. Normative and legal support for the activity of accounting officers

Today in Ukraine the rights and duties of the chief accountant are regulated by the following normative documents:

1. The Law of Ukraine "On Accounting and Financial Reporting";
2. A reference book of the qualification characteristics of the professions of workers (issue) "Professions of workers, which are common to all types of economic activity", approved by the Order of the Ministry of Labor of 29.12.2004, No. 336;
3. Typical professional qualification characteristics of local self-government officials, approved by the order of the Main Department of Civil Service of Ukraine dated December 29, 2009 No. 406;
4. A guide to typical professional characteristics of positions of civil servants (issue 76), approved by the order of the Main Department of Civil Service of Ukraine dated September 1, 1999 No. 65.

Profession: accountant is a type of activity in which the personal characteristics of a person are inextricably linked with his / her professionalism. The Independent newspaper (USA) conducted a study which found that accountants are born rather than made, and the choice of this career is determined by the nature of the person. Psychologists say that the more a person meets the requirements of the profession, the more he / she has the chance to achieve professional heights, the lesser risk the individual runs of developing a psychological disorder.

V.B. Ivashkevych and L.I. Kulikova emphasize that the basis of the art of organization and accounting is the availability of professional knowledge⁷.

A professional, as L. Migdal notes, is a person who has perfectly mastered the method, knows all the pitfalls, dangers and secrets of his / her craft and should achieve the European level in international practice⁸. A high professional, according to L.Z. Schneidman, may be an accountant who "can not only make a report on time, but is also able to analyze and understand the time and situation in which he lives, to meet the immediate needs of practice and take ad-

⁴ Medvedev M.Yu. *Choose a profession: an accountant: a practical guide* / M. Yu. Medvedev - M.: KNORUS, 2011. p. 32.

⁵ Rozhelyuk V.M. *Organization of accounting of activity of processing enterprises: monograph* / V. M. Rozheluk. - K.: NSC IAE, 2013. - 488 p.

⁶ Golubov V. *There is a certain position - accountant* / V. Golubov, Ya. Sokolov // Pravda. - 25.06.1979

⁷ Ivashkevich VB, Kulikova L.I. *Accounting: Study*. Textbook - Moscow: Economics, 2005. p. 18.

⁸ Migdal L. *Finding Truth*. - M.: Molodaja gvardiya, 1983, p. 20-21.

vantage of the rich experience of his profession, in order to propose the optimal economic solution”⁹.

In O.V. Lupikova’s view, “professionalism is based on knowledge, that is, on a theoretical basis, which allows skills to develop through practice.”¹⁰ Therefore, achieving a professional level involves acquiring practical intellectual experience through education in higher education institutions.

Researchers O.J. Stalebrink and J.F. Sacco believe that “the professional, unlike greedy politicians”¹¹ must be honest and carry out safe and effective work. Professionals maximize income through a scientific method. Thus, professionalism implies possession of special theoretical knowledge and a set of practical skills gained as a result of special training and work experience. Unfortunately, practical work often leads to a narrow specialization, which of course, narrows down accountant’s professional outlook.

In a critique of the quality of the modern system of accountant, F.F. Butynets states that one of the reasons for this is young people’s ignorance of accounting in the USSR, “but this system united 15 states, which are independent nowadays, and analyzed the majority of accounting indicators throughout the USSR.

Why does Ukraine not have such consolidated data today? Why do most accounting records form “commercial secrets”? Here are the questions that do not have scientifically substantiated answers”¹².

In modern conditions there is a mismatch between

- - the opportunities of modern information technologies and the extent of their use in the educational process of accountant training;
- - the need to improve the quality of qualified accountants training and insufficient material and technical resources;
- - the traditional pace of student learning and the ever-faster rate at which legislation changes.

During the period of study (5 years), the legislative framework in the accounting field is subject to radical changes, and often the knowledge gained in the first year after graduation is not relevant.

3. The formation of professional competencies of accountants under market conditions

International experience and practice show that postgraduate training and continued professional development are the prerogative of professional accounting organizations, whereas the accounting profession is much like the medical one: accountants have a duty to study all their lives, since they are responsible to society for the quality of economic information, and our life – just as legislation – is changing dynamically.

In Ukraine, it is necessary to create a system of continuous improvement for the accounting staff that meets international requirements, namely, the standards of education of the International Federation of Accountants. The purpose of such a system is to educate our “professional” accountants.

In view of the above, it is possible to formulate measures to enhance the professionalism of the accountant (Figure 1).

⁹ Schneidman L.Z. *Lessons from history // Accounting*. - 1997. - No. 12, p. 85.

¹⁰ Lupikova E.V. *History of Accounting: Textbook*. - M.: KNORUS, 2006.

¹¹ Stalebrink O.J., Sacco J.F. *An 'Austrian' perspective is the commercial accounting practices in the public sector // Accounting Forum*. - September 2003. - Vol. 27, No. 3, p. 339-358.

¹² Butynets F.F. *Accounting in foreign countries: In 2 parts. Part 1: Tutorial*. - Zhytomyr: "Ruta", 2005, p. 7.

R. Delaport observes that an accountant must be good at arithmetic, know all the accounting transactions, know all foreign coins, conversion rates of measures and weight, be vigilant and learn everything that is necessary to ensure professional performance. An accountant must faithfully perform his / her duties and keep in mind that he / she is the model for new employees, and therefore should really be a model of honesty, accuracy and love for work and order. Mansfeld A. highlights the qualities of an accountant, such as honesty, accuracy, silence, and, of course, knowledge of accounting¹³.

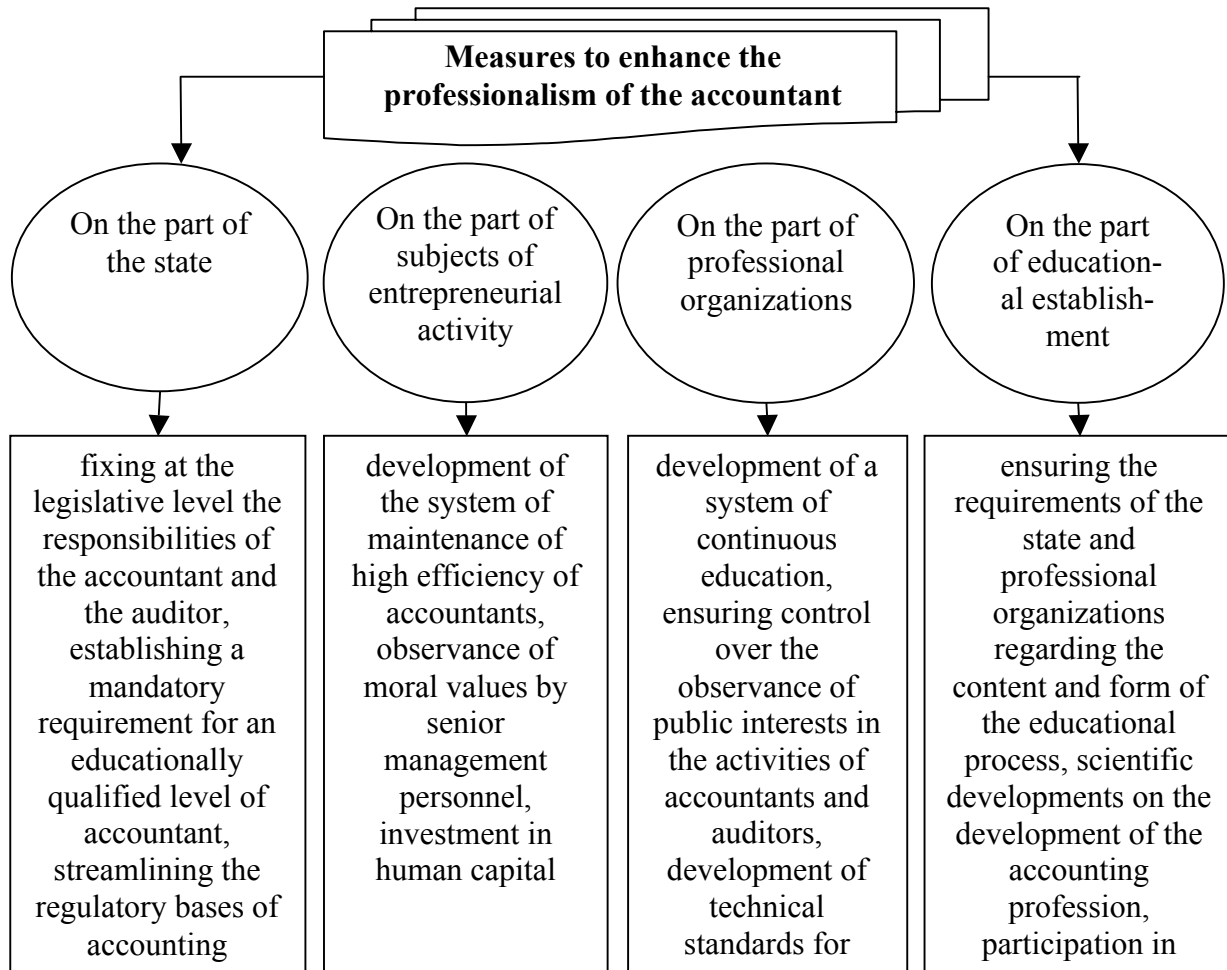


Figure 1. Measures to enhance the professionalism of accountants

Source: Rozhelyuk V.M., *Organization of accounting of processing enterprises activity*: monograph / V.M. Rozhelyuk. - K.: NSC IAE, 2013, p. 241.

An accountant, apart from accurate book-keeping and recording all transactions in a timely manner, must keep his boss's trade secrets confidential not tell anyone about the owner's capital, credit or any business dealings in general.

One careless word might have a bad effect on a person's credit, because different stories and rumors are of great importance in the world of trade as I. Lukowickiy states¹⁴. Thus, only

¹³ Mansfeld A. *Course of mill accountancy. Guide to the self-study of accounting at the mills, on the double Italian system* - M., 1893.

¹⁴ Lukovitsky I. *International Accounting* - Voronezh, 1907, p. 5.

knowledge of the subject-matter and an unbiased attitude to the case is necessary from the person engaged in it.

“Today, the image of an accountant is an image of an educated, competent person with a specialty that meets the requirements of society,” F. Butynets said. – “A modern accountant is a communicative specialist, who is capable of productive business communication and understands the issues that most people suppose to be inaccessible”¹⁵.

The accountant who is the epitome of subjective epistemological traits of the human being, such as morals, experience and traditions, which are extremely difficult to model and formalize and therefore cannot be automated¹⁶. This trend was supported by studies conducted in the UK in 1998 among the representatives of the CIMA (Chartered Institute of Management Accountants). The results of these studies show that functions previously performed by accountants are currently largely automated. According to survey respondents, the priority functions include the design of information systems, human resources management, the development of strategic financial plans, the need for high level of knowledge in the field of information technology and the ability to interpret accounting data¹⁷.

The International Federation of Accountants divides professional skills of accountants into four groups: communicative, intellectual, personal development and personal skills.

For the accounting profession, as well as for any other occupation, there are some requirements that correspond to certain positions. Table 1 sets out the qualification requirements for various accounting positions.

Table 1. Qualification requirements for accountants

№	Position	Qualification requirements
1	Chief accountant, head of accounting department	Full higher education in the relevant field of study (master or specialist degree); postgraduate education in management; work experience in the sphere of accounting: for the holder of master degree – not less than 2 years, specialist degree – at least 3 years
2	Head of sector in the accounting department	Full higher education in the relevant field of study (master or specialist degree); the experience of accounting work for a holder of a master's degree – not less than 2 years, for a specialist – not less than 3 years
3	Lead accountant (specialist degree holder)	Full higher education in the relevant field of study (master or specialist degree) and advanced training; work experience in the accounting profession as Grade 1 accountant – not less than 2 years
4	Grade 1 accountant (specialist degree holder)	Full or basic higher education in the relevant field of study (master, specialist or bachelor degrees) and advanced training; for the master degree holder – without requirements for work experience, for a specialist degree holder – the experience of work in the accounting profession as Grade 2 accountant – not less than 2 years, for a bachelor degree holder – not less than three years
5	Grade 2 accountant (specialist degree holder)	Full or basic higher education in the relevant field of study (specialist or bachelor degree) and advanced training; for a specialist degree holder – without requirements for work experience, for a bachelor

15 Butynets F.F. *Theory of Accounting: A textbook for university students specialty 7.050106 "Accounting and Audit"*. - LIFE, 2000. - p. 597.

16 Krupka Ya.D. *On the functions of the accountant in the use of the latest information technologies* / Ya.D. Krupka, V.V. Muravsky, *Information technologies in the content of education and practice of accounting and auditing specialists: problems of methodology and organization: theses additional*. Science-practice conf. February 18, 2010 / K. : KNEU, 2010.

17 Yakovlev Yu.P., *Controlling on the basis of information technologies*. - K. : Center for Educational Literature, 2006, p. 7.

		degree holder – work experience in the accounting profession not less than 2 years
6	Accountant (specialist degree holder)	Full or basic higher education of the relevant field of training (specialist or bachelor degree), without requirements for work experience
7	Grade 1 accountant	Basic higher education in the relevant field of training (bachelor or junior specialist degree) and advanced training; work experience as Grade 2 accountant - not less than 1 year
8	Grade 2 accountant	Basic higher education in the relevant field of training (bachelor or junior specialist degree) and advanced training; work experience in the accounting profession – not less than 1 year
9	Accountant	Basic higher education in the relevant field of training (junior specialist degree) without requirements for the period of work or full general secondary education and vocational education and work experience in clerical positions in the financial sector, work with databases, statistics, accounting for at least 1 year

4. Ethical aspects of the accounting profession under market conditions

A great number of prominent figures in the field of accounting such as Luke Pacioli spoke about the moral principles of the profession. Currently, the Code of Professional Ethics for Accountants and Auditors is in force in all developed countries.

Professional activity changes the character of a person in many respects. Experiments and observations seem to suggest that a common profession leads to the formation in its representatives of similar interests, habits, behaviour patterns and personality traits. This allows us to talk about the identification of the person with the profession, which leads to the emergence of stereotypes of perception.

An accountant must always make risky decisions. In most cases, this risk is imposed on the accountant both inside his organization and outside it. This is the reason feelings of fear, it is said that these are an accountant's frequent companion. The instability of the nervous system that develops as a result of this situation can be demonstrated in two psychological symptoms – insecurity and compensation.

Insecurity is demonstrated, for example, by the fact that accountants try to avoid liability at all costs, demanding the documents to be approved by a lawyer, a financial director, and other executives.

Compensation is demonstrated by the fact that an accountant wants to compensate for his mental injuries. Most compensation is spontaneous: a person breaks down emotionally in public, sabotages the orders of the authorities or becomes negligent of his / her duties.

An induction programme of a bookkeeper rarely takes only one page. When hiring an accountant, staff managers overwhelm him through psychological tests, trying to determine whether the applicant for the post has the full set of professional qualities.

Questions of ethics have for many years been relevant to professional accountants. The International Federation of Accountants (IFAC) believes that, due to national differences between cultures, languages, legal and social systems, the task of compiling detailed ethical requirements is primarily the responsibility of the relevant member bodies of the Federation in each country. Thus, by recognizing all areas of responsibility for general management, encouraging ever-increasing efforts and promoting harmonization of requirements, the IFAC recognized the need to introduce the Code of Ethics for Professional Accountants, which should serve as the basis for formulating ethical requirements (moral codes, instructions, rules of conduct) for professional accountants in all countries.

The IFAC Code is held up as a model for drafting ethical requirements. This document recognizes that the goals of the accountant profession are to work in accordance with the highest professional standards, to achieve high performance and to meet the requirements of the interests of society.

Thus, the most basic requirement in the accountant profession is to possess the moral characteristics and ability to see the moral implications of actions.

In recent years, there has been a growing interest in accounting ethics. This is partly due to the widespread occurrence of events in the media related to immoral acts and offenses, such as tax evasion, insolvency and fraud. Reporting unethical behavior undermines public confidence in the accounting profession.

The fundamental principles of ethical behavior are integrity, objectivity, professional competence and diligence, confidentiality, professional behavior, technical standards (Figure 2).

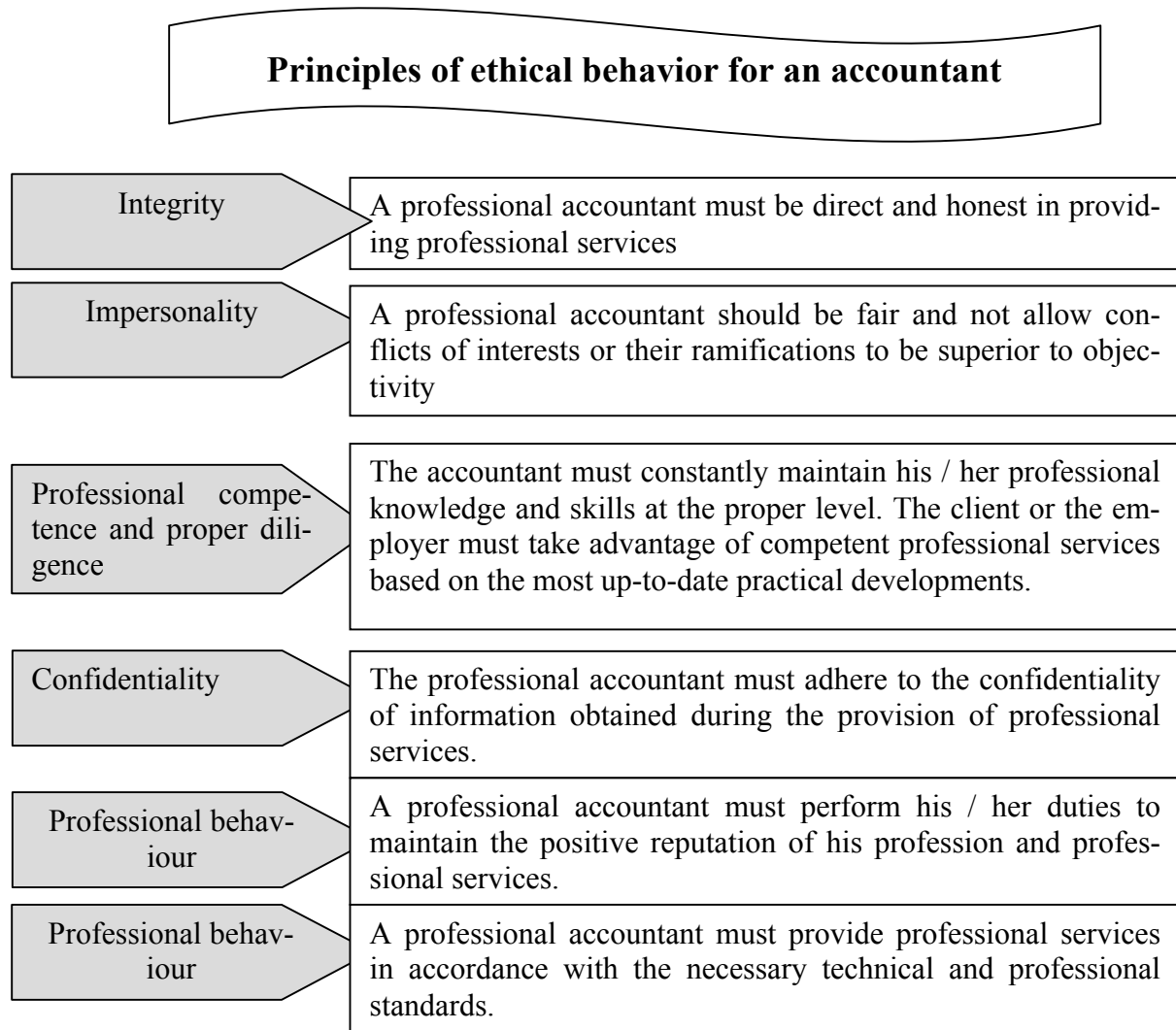


Fig. 2. Principles of ethical behavior in an accountant

Source: Financial accounting I. Textbook / transl.. from English - Dnepropetrovsk: Balance Business Business, 2006, p. 19-20.

The emergence of IFRS has caused many problems related to the regulation of accounting. Recent changes in accounting have led to significant changes in the former priorities. Now the centre stage has been reserved for a new requirement, i.e. professional judgment.

These are not just empty words backed up by nothing else than wishful thinking. After all, there is a revolution in progress in the in the mindset of accountants. Their traditional thinking can be represented as follows: if there is a specific document, it is a specific case for the accountant. If there is an appropriate rule in the normative documents, the accountant relies on and follows it. His task is to observe the established norm. The adoption of professional judgment changes the situation. Professional judgment implies strict adherence to the requirements of normative documents in all cases when these requirements adequately address the issue that arises (according to the professional opinion of the accountant). And if there is no rule in the book, then the accountant is required to act as he thinks, notifying in an explanatory memorandum of why and how he / she has deviated from the requirements. If there are cases when normative documents have not been foreseen at all, then the accountant should do exactly as his professional judgment suggests.

Conclusions

It is worth noting that the accounting profession is entering the golden age now because everybody needs skills in the field of finance. Recent ACCA surveys show that the demand for accounting skills remains high throughout the world both in developed and developing countries. International standards in the field of finance require the highest levels of social development and not least in the G-20 countries. In recent years, the importance of the financial director as a defender of financial performance and a key player in creating added value in the long run is growing. It is not accidental that now professional accountants sit on the boards of directors of companies whose shares are traded on stock exchanges around the world. Accountants are not only reporters to shareholders, they adhere to the rules of regulators; they must perform the functions of maintaining and developing a good reputation of the company¹⁸.

Thus, the leaders of the accounting profession agree that the formation of profession itself and transparent accounting in general will contribute to the elimination of poverty and creation of economic prosperity as this is the ultimate goal of the economic policy in any country.

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ZAWÓD KSIĘGOWEGO – DAWNIEJ I DZIŚ

Streszczenie

O skuteczności działań zespołu księgowych w systemie zarządzania przedsiębiorstwem rynkowym decyduje ich poziom profesjonalizmu, nie tylko w zakresie przepisów i zasad księgowości, lecz również w zakresie umiejętności konstruktywnego rozwiązywania problemów, podejmowania decyzji o charakterze produkcyjnym, finansowym i inwestycyjnym, a także wpływania na strategię rozwojową przedsiębiorstwa w warunkach konkurencji przy jednoczesnym zapewnieniu informacji różnym grupom użytkowników. Przedmiot niniejszej pracy stanowią kompetencje księgowych szczebla kierowniczego i wpływ tych kompetencji na efektywne praktyki księgowe. W tekście poruszono także zagadnienie kształtowania umiejętności zawodowych personelu księgowego, które stanowią podstawę wydajnego funkcjonowania usług księgowych.

Słowa kluczowe: kompetencje, księgowość, personel księgowy, organizacja księgowości, zawód księgowego, etyczne postępowanie

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