

The Statute of Accounting in the General Process of Knowledge

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Abstract. The diversity of opinions represents the main factor of progress in any field of knowledge. The evolution of accounting is also circumscribed to this truth. Through a careful radiography of the points of view recognized in the literature, the authors manage to present some relevant elements in this context. Successively, the main approaches on the mentioned theme are reviewed.

Over time, accounting was considered a technique, language, social game or social good. The authors detail the scientific status of accounting with convincingly arguments. The four necessary conditions to fulfill the scientific status are stated.

Keywords: science, social game, social good, language, technique.

1 Introduction

The question “Is accounting a science or not?” has been in true dispute that will probably carry on for a long time. In a wider view, to what extent can accounting be considered art or science, technique or “social game”, language of communication or “social good”?

In this respect, the world of researchers is divided in two main categories. Some of them sustain the scientific character of accounting, while others consider it a technique, an art, a language, “social good” or “social game”. Nothing more natural. After all, the diversity of opinions represents a factor of progress in science.

In the following we present a synthesis on the main points of view regarding the status of accounting in the general process of knowledge.

2 Accounting, art

If we accept the idea that art is an ensemble of rules that concern a profession or activity, obviously accounting is an art, too. Accomplishing the functions of accounting is unconceivable without respecting in good faith the socially defined rules, principles or norms. Art is the mastership or skill of the specialist in exploiting empirical knowledge and, in equal measure, its ability to rationally use of the approaches that lead to a certain result. [B. Esnault, C.Hoarau, Comptabilité financière, 1994] The qualification of accounting as “art” begins with Luca Paciolo, who, in a work written in 1514,

respectively “La scuola perfetta del mercati” presents commercial notions and calculations and, in the end, uses the expression “dell’arte della scritturra veneziana”[C.G.Demetrescu, Istoria contabilității, p.73]. Accounting is “the science and art of keeping accounts”. (Francesco Marchi, 1870). In the opinion of Rene de la Porte, “accounting is a science and only its technique is an art”. The Romanian professor Theodor Ștefănescu (1842-1909) refers to accounting first as an art. Subsequently, the same author considers accounting as the science which teaches us the art of establishing accounts and uniting them in order to close the calculations in an enterprise, opinion that the French author Courcelle Seneuil has borrowed in his works.

From a certain point of view, accounting can be considered “the art” of abstract representation, in numerical language of a concrete reality respectively the economical reality. The utilization of acknowledged concepts and principles, the strong knowledge regarding the means of correct quantification and registration concerning the evolution of economical facts and phenomena demand science, morality and independence. In their ideal form, these dimensions confer on accounting the attribute of art. Naturally, we cannot attribute to accounting the quality of art, in the strictly esthetic sense of the word. A recent work published in France names accounting as the “art of registering and systemizing the monetary value of commercial transactions and financial events, elaborating synthesis accounting documents and interpreting the results”[N. Feleagă, I. Ionașcu, *Tratat de contabilitate financiară*, p.167].

The first definitions of accounting in the United States of America were especially based on its traditional function, that of “keeping registers.” Obviously, a complex operation that was assigned to a specialized person named accountant. In 1941, the American Institute of Certified Public Accountants (A.I.C.P.A.) defined accounting as the art of registering, classifying and summing up in a significant way, in monetary expression, of the transactions and events, with a financial character, as well as interpreting the results of this action. Subsequently, in 1980, the same Institute rephrased this opinion, considering accounting a supplier of quantitative information, mainly of financial nature, referring to a certain economical entity, with the purpose of drawing up economical decisions.

3 Accounting, technique

This feature represents an acknowledgement of the logical and rigorous character of accounting, of the correlation between the economic truth and the accounting information. The Explanatory Dictionary of Romanian Language also attributes the notion of technique the one of ensemble of procedures regarding the practice of a certain profession, of a science.

Accounting, in the conception of the French Esnault and Hoarau, is a technique of quantitative nature, of collecting, processing and analyzing of information referring to economical and juridical events concerning the enterprise activity.

As a technique of administration, accounting can be considered the “applicative part of accounting theory.” In a constant manner, the entrepreneurs feel the need of a coherent system of principles and objectives of accounting that determine accounting practices and procedures.

Those who reduce accounting to a simple routine, to calculations operations or registers, commit the same error as the ones who confound mathematics with a notebook of calculations. A logical and argued answer in the same respect is formulated by Walter le Coutre, who appreciates that for the practitioner guided by schematic rules “it is at least science as the multiplication board is for students. For the scientist, thinker and researcher in the field of accounting science it is an object of a serious research both, as it is the multiplication board to the mathematician and philosopher”[E.Horomnea (coord.), N.Tabără, D.Budugan, I.Georgescu, L.Bețianu, *Bazele contabilității. Concepte. Modele. Aplicații*, p.38].

The author without luck, the Italian Benedetto Cotrugli presents the general rules in keeping the registers: memoriale, giornale, quaderno. He substantiates the technicist current of the thinking as a premise for the approach of the “science of accounts”. Jan Ympyn in the 16th century, followed by Pierre de Savonne, Giovanni Antonio Moschetti and Edmond Degranges the father are in the same line.

In a work published in 1840, “La tenue des livres”, the French Louis Deplanque makes the distinction between the accounting as science of calculations and the technique of bookkeeping. His compatriot, De Fages delimits the movement of values as a succession of mutations in a determined area, divided in area or groups, internal or external.

Jacques Richard insists on the status of technique of accounting that evolves under the impulse of the social-economical practice. The accounting of Asiriens can be named from the point of view of the technique a statistical accounting, as it was limited to the numbering of objects. Before Paciolo, Venetian accounting was organized in simple entry, reflecting cash operations, the entrance and exit of these values. After the generalization of the double-entry accounting, one can debate on the double representation of estate and implicitly of the accounting evolution as a technique of registering every patrimonial substance.

4 Accounting, language

The illustrious man of culture, the literate Edgar Papu, underlines a great truth through the following affirmation: “Speaking is itself the essence of the world. Any aspect of the universe speaks through its language, made up of an infinity of expressions”[E. Papu, Concepții specifice Renașterii în Istoria filozofiei moderne de la Renaștere până la Kant, p.11].

The titan from Weimar, Johan Wolfgang Goethe, considers communication as an act of nature. It provides the support of knowledge and, implicitly, the culture, this oxygen of spirit. Ultimately, our progress and civilization represent the result of a knowledge accumulation which is constantly transferred to the “stock of knowledge” of humanity.

Communication is unconceivable without the existence of a language. The great Bernard Shaw appreciated that “in a world so complex and difficult, a common language makes an easier alliance”. Accounting can be rightly named, the formalized language of communication in the world of business. In this respect, the accounting language has three components:

- The accounting syntax, as an ensemble of rules, methods and procedures used for registering the operations, collecting and processing information, presenting and publishing the documents of synthesis based on the symbols that represent the accounting vocabulary: debit, credit, turnover, balance, asset, liability, cost, income, result, net situation etc;
- The semantic of accounting language attributes a meaning or approach determined to the signs transmitted by accounting, making possible the correlation between the real world (enterprise) and the model which it represents (accounting);
- The practical feature of the accounting language regards the way of communication and utilization of the accounting information, process during which both the producers of information and the beneficiaries enter the “scene”. Accounting communicates through the “cold”, but relevant language of numbers. The saying “The numbers don’t govern the world, but they express the manner in which this world is governed” makes us believe in the impartial character of accounting, in the “verdict” that it pronounces in the whole economic space: from microlevels up to megastructures, concerns, holdings, transnational companies. The grade of legitimacy of the manager, the analysis of economical

performance of the firm, the level and structure of costs allow accounting to formulate “sentences” of the kind: competent or incompetent, profitable or non-profitable, economic increase or poor capitalization, profit or loss, financial solvency or insolvability etc.

The mint price expression characteristic to accounting offers this science a great area of action, an impressionable adherence to the world of business. The ex-president of the Britanic Institute of Management, professor Charles Renold, considers that the “science of accounting expresses the reality in the most universal language and the facts of a great diversity can be presented in the same picture.” In order to reach these performances, the knowledge and communication achieved through accounting must have as a fundament a formalized language, a logical terminology and an intelligible expression. We also add the fact that, through accounting language an influence is exerted on the behaviour of the “accounting actors”, achieving a control over the activity of enterprise”[N. Feleagă, *Controverse contabile*, p.57].

5 Accounting, social game

The market economy involves a permanent competition, in which the risk always “floats” in the air. “Chi non s’arrischia, non guadagna.” the Italians say. This is the motto of assuming the negative part of any business: “Who does not risk does not win”. The pragmatism of the businessman by avoiding risk as much as possible and making profit determines the utilization, with priority, of the accounting information in the process of economical decisions.

The economical crises that the human society passes through periodically are undisputedly “crises of information”, too. Insufficient, inaccurate, irrelevant or uncontrolled informing has generated numerous phenomena of economic decline. Most of the time, unreal information is much more dangerous than the lack of information. The last situation develops for the circumspect user the feeling of prudence, of the need to post-pone the decision taking etc.

The diverse categories of accounting information users: the shareholders, potential investors, unions, manager, state, clients, creditors and suppliers are carriers of distinct interests in the “economic space”, most of the time contradictory. The external beneficiaries of the informational offer, mainly bankers, creditors and potential investors solicit information, as detailed as possible, while the leaders of enterprises are willing to “offer” as less as possible, especially, when the economical situation of the firm is unfavourable.

In practice, a “skilful” manager finds himself in the situation of soliciting the producing of parallel information of the kind:

- a real balance sheet, used as basis in substantiating the company’s decisions in which he is directly involved;
- a “cooked” balance sheet, made up in the optimistic version, given to banks, suppliers and other creditors;
- a balance sheet in “sufferance”, that underestimates profit and, implicitly, the tax liabilities, designed for tax authorities.

The professionalism, art and competence of the normalizers, of accounting expertise offices must be interposed between these disjunctive interests, following the words Independence - Science - Morality. The continuous pressures exerted by these “interest groups” on the normalizers, more or less open conflicts among different categories of users, generate a certain “slide” or slip of the accounting truth, named “social game”, with respect to various socio-professional segments.

6 Accounting, social good

By its nature and functions, accounting disciplined the economic life, directing it towards profitable alternatives. Equally, the accounting rigor has developed the sense of trust in business, the economic equilibrium and the order of the entrepreneur.

The merchant or banker, the client or trader were determined to prove in business relationships a certain “*minima moralia*”, mentioned for the first time, during the reign of King Hammurabi (2003 - 1961 BC).

Four millennia ago, the world's first Code of laws, the Code of Hammurabi, included a true morality clause, which forced the lender to forgive the debt and interest of the debtor, when the latter found himself in a state of great difficulty. Subsequently, together with the Bible and legally governed rules, accounting established the maintenance of businesses in the limits of a certain ethic. The idea that for everything you do “you’ll render an account”, here or in front of Divinity, represents itself a call to moral and social well-being. On a closer analysis of the purpose of life, besides the selfish and material preoccupation, one can also find a selfless concern, the duty of living for others, our fellow men, in order to harmonize social life. As a matter of fact one can talk about a balance sheet of social phenomena.

To synthesize, from the first notes with accounting significance and up to the nowadays computerized accounting models, “the science of accounts” has contributed essentially to the appearance and the acknowledgement of “*homo economicus*”.

Life and business practice marked the milestone of this sinuous road. In a chronological order, we mention the essential ones: the Code of Hammurabi, many notes in the same area of the Asiro-Chaldeans civilization, the accounting used by the Greeks and Romans, The Roman Law with special reference to the economic and trade one, the spreading of Arab numbers (Leonardo Pisano, 1202), the appearance of the first Treaty of Accounts (Luca Paciolo, 1494), Colbert's Ordinance (1673). The two merchants of medieval European world, the Italian and Hanseatic, had their own geographical area for development. Along with the knight, monk, industrialist, banker and merchant, in the Middle Ages, “the book keeper” goes into history[E. Horomnea, Accounting, premise and consequence of socio-economic development, 2000]. He will master the art of calculations and business, being preceded since the ending of the fifteenth century by Summa, a conceptualized theory of the Italian scientist Luca Paciolo. This was the moment when bookkeeping entered the great family of sciences. For the first time, a Venetian accounting practice, already in the benefit of merchants, was theoretical generalized and really published.

Since its natus officiale, after one half of a millenium, accounting became, through its great utility, a social good, an indispensable tool in knowledging the economic universe, the ubiquitous patrimony and its permanent changes. Accounting represents a multiplcative conception for the progress and social well-being.

The principle of economicity, of the general efficiency requires the quantification through rigorous calculations of the undertaken effort, measurement of the obtained effects and, implicitly, of the achieved results. Through accounting an essential shift in the business world occurred. The transition from empiricism to rigor, from arbitrary assessments to the economic truth and true and fair view took place.

The perception on both accounting and the accounting profession has evolved substantially. It was put in direct correlation to the “social well-being”, that only one “social well-being” accounting could generate. If in 1941, A.I.C.P.A. (American Institute of Certified Public Accountants) appreciated “the record-keeping as an art of the accountant”, four decades later, the same forum stated: “accounting is

an information system that quantifies, processes and communicates financial information about an economic entity, which allows users to choose rationally in the decision making process.”

The modern accountant appreciates the same source, does not limit his activity to the routine operation of the “record keeping”. He is integrated in a serie of complex activities relating to business planning, enterprise budgets elaboration, strategies and financial accounting policies optimization, cost calculation and analysis, including issues of expertise, monitoring, verification and audit.

To the range of the most important moments that marked the complex process of development and modernization of accounting, it is necessary to mention the current efforts. We refer to the extensive process of harmonization and standardization of accounting carried out at the European and international level. In a valuable treaty of accounting, the renowned French author Bernard Colasse recently emphasized: in contemporary times, the enterprise’s accounting is essentially marked by two fundamental facts: on the one hand, the normalization and the regulation of the general accounting, and on the other, the development of the accounting research [B. Colasse, *Comptabilité générale*, p. 20]. Trough the effects created on economic growth, accounting has positively influenced the material and spiritual flourishing. It is not perchance the fact that the states that promoted a scientific accounting, have also gained a higher level of economic development.

Ultimately, in our opinion accounting means order, rigor, discipline and morality in the economic life. We deduce the fact that it is for human society, for its progress, a genuine “social good”.

7 Accounting, science

In our view, accounting represents a system of logical statements, an ensemble of theoretical knowledge, concepts and principles, verified by practice and circumscribed to a specific area, namely, the economic universe.

Through economic universe, one understands the “space” where legally and economic relationships expressed in money are born, changed and pass away. The latter generate the movements of values that permanently change the size and the structure of a given patrimony. The proving of the scientific character of accounting has been a fundamental concern of the main schools of accounting in Romania. Starting from the premise that “the existence of a science is stated, not discussed”, the opinions that sustain the scientific character of accounting have become dominant.

We mention that the science of accounting accomplishes the five basic paradigms of knowledge:

- the inductive approach involving the development of theories by generalizing observations provided by accounting practices;
- the deductive approach that previously defines the objectives based on which the postulates, principles and accounting rules are deducted;
- the predictive approach which requires accounting rules and principles ability to predict the future trend of economic facts;
- the behavioral approach that takes into account the feedback from individual user as a reaction to the access of accounting information;
- the economic or pragmatic approach starts from the premise that the accounting information is an economic good, like products and services.

The existence of paradigms in accounting confirms its status of mature scientific discipline. In this context, the accounting can be considered a science with multiple paradigms.

After presenting the main views on the status of accounting in the general process of knowledge (science, technique, art, language, social game or social good), we consider that a trenchant and exclusivist response to this question is likely to slip into error and subjectivism.

Accounting is, in our opinion, a science, but it becomes in authentic professional's hand a true art, a sample of vocation and a language of communication in the business world. Diverse interests manifested "discreetly" by different users, make from the "sliding" of accounting truth a "social game". If we consider the direct effects on the prosperity's state of a nation, it tends to become, as we have seen, a genuine "social good".

There still are and will be followers of the opinion as to which accounting is, actually, a technique that discovers the economic universe through numerical and monetary language. Obviously such an approach excludes, implicitly, the scientific character of accounting. Without trying a pro domo pleading, our duty is to express our point of view.

8 Conclusion

In our opinion, the accounting is a science, because:

- in the economic universe, the group of facts and phenomena, namely the movements of values expressed pecuniary that constitute the accounting's object exists. The double representation of the patrimonially separated goods, belonging to the person or entity, changes and transformations in the patrimony within induced legally and economic relationships, including the achieved results, are measured and recorded systematically and chronologically by accounting;
- the accounting logical approach is based on rational thinking, gradual knowledge of the studied field, specific means and methods that allow penetration into the essence of phenomena and processes. All these elements are found in the second condition of the "science of accounts", namely, the method of accounting;
- the internal logic of the movements of values, the relationships of value equilibrium, the apparent various connections between facts and events are highlighted by principles governing the "accounting matter" and, implicitly, the accounting as a science;
- accounting operates with a vocabulary, with a specific terminology. The categories or concepts it appeals: account, asset, liability, debit, credit, balance sheet, balance account, etc. constitutes "the notional support" through which the accounting information are collected, processed, summarized and communicated.

In fact, in our argumentation we inventoried the four necessary and sufficient conditions to recognize the status of the science of accounting:

- to have its own object of research;
- to have a personal method to approach this object;
- to discover and demonstrate principles that govern the domain of knowledge;
- to have a specific vocabulary or terminology.

The importance of accounting consists in its universal value, in its functionality at all stages of development of human society. Through a specific notation system, accounting observes, records and quantifies, becoming in this way a successful means of management and direction of entire economic activity. The great German thinker J. Fr. Schär perceives the accounting anchored in the three stages

of the company's existence: "Accounting is the honest judge of the past, the counselor of the present and the indispensable guide of the future". This impeccable remark expresses the permanent adhesion of the "science of accounts" to the economic praxis.

It is true that the presence of this "ingenious creation of the spirit", as Göethe calls it in his book "Wilhelm Meisters Lehrjahre" is manifested discreetly, noiseless, lacking that something "spectacular" ... Behind the curtain, the accounting generously offers the "oxygen" of any business: the adequate and relevant information, full deserving its status of founded and established science.

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