

Pătruț Vasile

*University of Bacau Faculty of Economic Sciences Spiru Haret no. 8, Bacau
vasilepatrut@yahoo.com 0742047747*

Rotilă Aristița

*University of Bacau Faculty of Economic Sciences Spiru Haret no. 8, Bacau
rotila11@yahoo.com 0745626521*

Ciuraru-Andrica Cristina

*University of Bacau Faculty of Economic Sciences Spiru Haret no. 8, Bacau
cristinaciuraru@yahoo.com 0743241127*

Luca Mihaela

*University of Bacau Faculty of Economic Sciences Spiru Haret no. 8, Bacau
luca_mihaela85@yahoo.com 0741387946*

The final product of accounting which is intended towards satisfying the informational needs of the various users is a component part of a semiotic communication process whose outcome is that the transmitted messages “bear” in themselves knowledge/ information which can be “read” and “exploited” correctly only if there is a common basis for interpreting the “accounting signs”.

Keywords: financial reporting, accounting communication, semiotic process.

M: Business Administration and Business Economics; Marketing; Accounting.

1. From accounting to financial reporting as a means of communication

Accounting emerged out of the human being's need to have knowledge of his fortune/ possessions, of his economic activity and of the obtained results. Seen from the perspective of the relationship between the user of the accounting information, on the one hand, and the one who obtains it, on the other hand, we can distinguish a few stages in the evolution of accounting.

In a first stage, that of the beginnings, an owner managed his business directly, and with this purpose he kept his own bookkeeping that he needed, reflected as a single entry bookkeeping, under the form of the book of incomings and outgoings. In this stage the producer and the user of the information represent one and the same person, the managing/ administrating owner (trader, manufacturer, pawn-broker or banker).

Subsequently, simultaneously with the development of the economic activity, accounting was distinguished as a separate profession and started growing in complexity, acquiring, with time, the evolved form of double-entry accounting. In this second stage, the producer/ transmitter of information, namely the accountant, is distinct from the user of the information, respectively from the administrator who, in his turn, can be a different person from the owner. Within this stage, in parallel with the progress observed in matters of the accounting methodology and in matters of the technical methods employed in accounting, more periods can be identified, from the relatively long lasting one when the task of the accountant was dominated by the routine activity of calculating and recording performed manually, to the one within which the usage of calculating and accounting machines eased the work of the accountant, decreased the number of routine activities in favor of activities for conceiving, for valorizing the obtained information under the form of analyses which were necessary for decision-grounding and, finally, we make reference to the stage of applying informatics in accounting.

Concurrently with the integral or quasi-integral digitalization of accounting, we can consider that there occurs the third stage of evolution, in which the role of the accountant, namely that of a producer of information, is taken over by the technological system of information, and the accountant expert is the assistant of the informatics expert, who conceives, implements, and

maintains the system under exploitation, and he is also the counselor of the administrator in the process of decision-taking. The syntagm “accounting without accountants” is available only if, having in view the digitalization of accounting, we ignore the other competences professional accountants can have, and, in this case, only those regarding the production of information, and these tasks are now taken over by the computer.

In this stage of evolution, accounting can now be considered a form of communication and, due to this fact, it can be approached from a semiotic perspective. In fact, in the technical accounting literature the so-called paradigm of the informing nature of accounting (as a practical activity), according to which it represents an informational system and a formalized language of business.

Synthesizing, the above mentioned stages can be represented as follows:

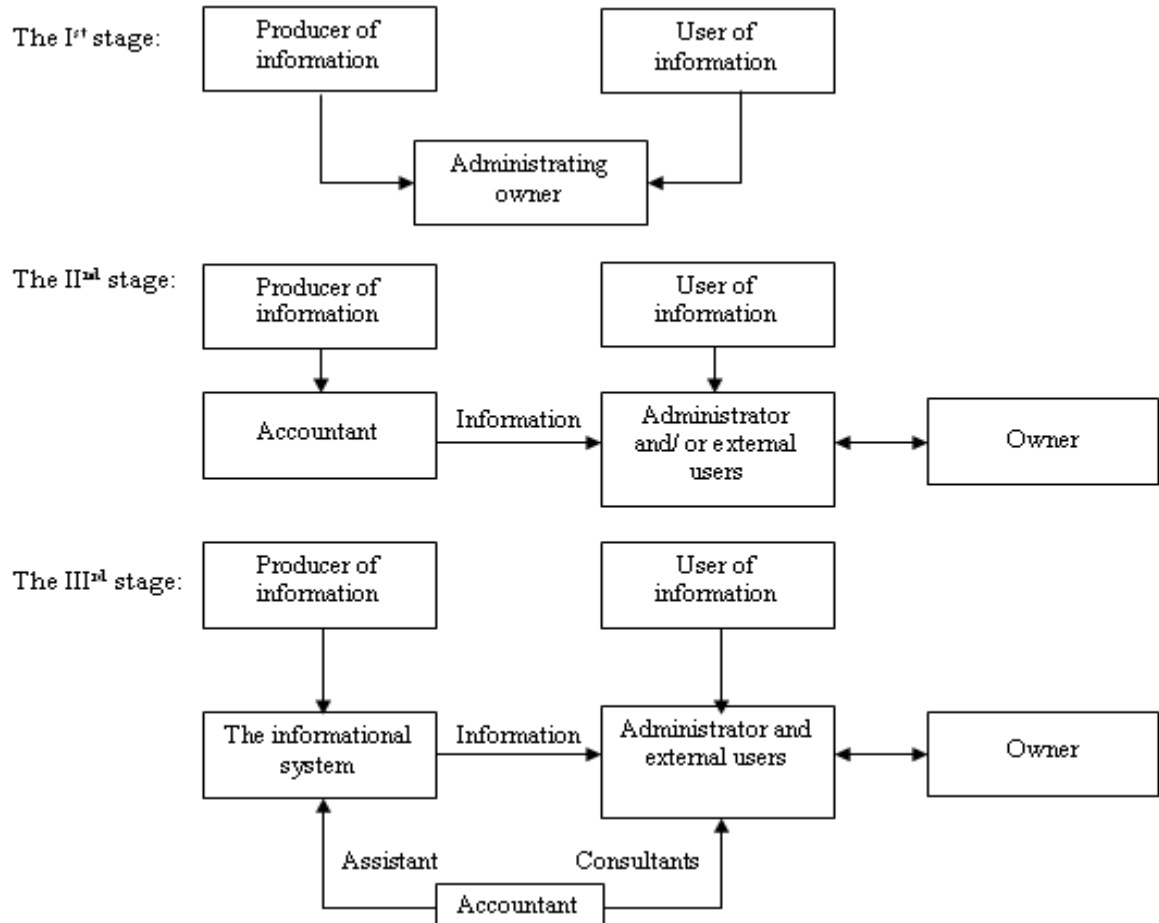


Figure no. 1 Stages in the evolution of accounting

2. The process of communication from the perspective of semiotics

Ferdinand de Saussure is considered to be one of the researchers whose innovative ideas represented in the work “Lectures on General Linguistics” have revolutionized linguistics, semiology and anthropology. What is the relationship between these three domains? Communication. It represents the meaning of our existence as human beings and the result of the interaction between and among people. This meaning is, in its turn, deduced from the existence of signs, and from their appropriate association. Each sign or group of signs represents a signification, a meaning (or more of them). As a result, the sign lies at the basis of communication and gives meaning to it. Under the circumstances, the above mentioned author suggests that it was of vital importance for a new science to appear, and this could study the

existence of signs and their impact on social life, namely semiology or semiotics (from the Greek word “semeion” meaning sign and “logos” meaning science). Therefore, Saussure is considered to be the founder of this domain from a philological and linguistic perspective.

Semiotics considers communication as a process of producing and exchanging meanings (significations) between sender and receiver, with the aim of producing/ generating knowledge, and not as a mere process of transmitting messages. It is concerned with the way in which messages (or text) interact(s) with people in order to produce meanings (significations). ‘The focus is on the “text” and on the manner in which it is being “read”. The “reading” represents the process of discovering the meaning which occurs when the “reader” interacts or *negotiates* with the “text”. The negotiation occurs when the “reader” filters the message by means of the “sieve” of the cultural model, regarding the signs and the codes which make up the message. The more we share the same codes and the same sign-system, the closer the two meanings attributed to the message will be⁵²² (the meaning given by the source and by the receiver). Hence, within a simple informing campaign, communication is seen as a process of transmitting a message without further delays, but when those concerned aim at the exchange of values, or the transformation of representations and attitudes, then the semiotic approach of communication becomes a compulsory condition for success.

In the study *Sémiotique, marketing, communication*, J. M. Floch wrote: “Semiotics is obviously the study of signs as long as it goes beyond these signs and it examines what is produced behind these signs”. Thus, beyond the study of signs, semiotics is also concerned with describing the conditions of producing and understanding the meaning by means of signs.

The explanatory dictionary of the Romanian language defines semiotics as a science “dealing with the general study of signs and of systems of signs”. Taken apart from the original meaning attributed to it in medicine (a sub-domain of medicine which deals with the study of the symptoms and of the indications specific for certain diseases, as well as with the methods of foregrounding and diagnosing them⁵²³), semiology could be applied in almost every domain (the so-called regional semiology): in communication, journalism, law, theatrical performance or literature and, more recently, it was interconnected to very diverse social practices, such as: marketing, advertising, education, public performance and, why not, accounting. We can thus say that it is a pluridisciplinary domain. This fact was somewhat normal because signs can be found everywhere, they surround us and, as a result, we are obliged to understand them. Some of them are easier to understand because their decoding is specific to human nature, whereas others ask for a specific collection of information/ knowledge which could make communication possible and, more than that, which could make it efficient. Here is a simple example corresponding to the first category of signs: when the flowers bloom (the sign) we inevitably think that spring is drawing near (the meaning) and we share this joy with the others (the communication process). On the other hand, the depreciation of the national currency (the sign) has various consequences (the meanings) whose communication (written or oral) can be understood only if there is a common set of knowledge items between or among the participants in the communication process.

As all the sciences make use of signs under one form or another, we can say that “semiotics is a science of sciences”⁵²⁴. It can also be named an organon, a “methodology which is accessible to and which can be used efficiently by any other scientific discipline”. Thus, described in very general terms, any communication act can be studied with the help of a few instruments of the semiotic analysis.

522 Borțun, D., Borșa, T., *Semiotica vizualului – Partea I: Semiotică, limbaj și comunicare interculturală*, Universitatea Națională de Arte, Facultatea de Arte plastice, București, 2007, page 20, www.scribd.com.

523 * * * www.dexonline.ro.

524 Ștefan Trăușan-Matu, *Semiotica*, www.racai.ro/~trausan/semiotica.pdf.

The communication process from a semiotic perspective is named *semiosis*, a term which was first employed by Charles Sanders Peirce, the originator of semiology from a philosophical perspective (logical) and who “distinguishes the living organisms from the inanimate ones”⁵²⁵. According to him, “semiosis” represents “an action or an influence which constitutes or involves cooperation among three subjects: a sign, its object and its interpretant”. Thus, a sign is distinct from the object it represents in reality, and the latter has an effect in the mind of the interpretant only if the sign is correlated with his experience concerning the “object”. For instance, the sign 5311, at a first sight, could be seen as a simple number (sign), but, for an accountant, it represents the “cash in the cashier” (object) and, more than that, the accountant transmits a signification (interpretant) depending on the correlation with other accounts (signs).

Unlike Peirce, Saussure was concerned “more with the manner in which signs (or, in his case, words) are correlated with other signs, rather than with the way in which they connect with the Peircean “object”. He focuses more directly on the sign itself. For Saussure, the *sign* is a physical object having a meaning or a “sign composed of a signifier and a signified”. The *signifier* is the image of the sign as we perceive it – the trace on a sheet of paper or the sounds in the air, so it is seen as something physical; the *signified* is the mental concept being referred to. This mental concept is pretty much “the same for all the members of the same culture, who speak the same language”⁵²⁶. He named the relationship between the signifier and the signified *signification*⁵²⁷. This is obviously built by “someone” on the basis of the correlation between the other two. In the example mentioned above, we can say that the signifier is “5311” and the signified is represented by the “cash in the cashier”. The signification results, as we have said above, from the correlation with other signifiers.

In essence, the two models of the two “precursors of semiotics”, as well as those of their successors, emphasize three elements which are involved in any study of signification. These are: “*the sign, what the sign refers to and the ones using it* (the consumers of the sign)”⁵²⁸.

But in a communication process these must be correlated with the other classic elements of communication. Therefore, just as the communication by means of signs is the “essence” of semiotics, elements such as “the messages and the code, the source and the destination, the channel and the context also make up, separately and together, the vast domain of semiotic researches. Nevertheless, the central concept is represented by the sign”⁵²⁹.

3. The semiotic model of the accounting communication process

It is known that accounting, as an indispensable activity of any patrimonial entity, is an act of communication due to the very reason that it emerged out of the need to know and to manage efficiently one’s own resources, and so to transmit something to someone. This fact is more easily provable as each element of the classical process of communication – presented above – can be identified within the so-called accounting communication.

Therefore, we believe that the structural elements of the communication process, in the case of accounting, can be represented as follows:

- the *source* (the *sender* or the *receiver*) (1): the subject who is familiar with the signified phenomenon, namely the producers of the accounting information; we think here of those persons whose job is to observe the events and the transactions which lead to movements of values, or to

525 Sebeok, T., *Semnele: o introducere în semiotică*, translated by Sorin Mărculescu, Ed. Humanitas, București, 2002, page 4.

526 Borțun, D., *Semiotică. Teorii ale limbajului*, Școala Națională de Studii Politice și Administrative, Facultatea de Comunicare și Relații Publice „David Ogilvy”, București, 2006, page 20, www.scribd.com.

527 Idem4, page 5.

528 Borțun, D., Borșa, T., *Semiotica vizualului – Partea I: Semiotică, limbaj și comunicare interculturală*, Universitatea Națională de Arte, Facultatea de Arte plastice, București, 2007, page 20, www.scribd.com.

529 Idem4, page 18.

commit to memory (to memorize by drafting justifying documents) and to process the data referring to these movements of values, to present and to communicate the information obtained within the procedure of accounting processing;

- the *context* (the *referent*) (2), namely the aspect/ thing under discussion, the one being communicated about: the effects of the events and transactions upon the financial position, upon the financial performance or upon the alterations intervening regarding the financial position;
- the *code* (3) or the repertory of signs which correspond to certain ideas: for instance, the accounts matching the general chart of accounts;
- the *message* (4) formed of signs, namely a part of the referent which is transformed by a code: numerical information regarding the condition (existence) and movement of the different patrimonial elements presented in a codified way;
- the *channel* (5), or the physical support of the transmitted information: basically, it is represented by the financial statements whose structure and contents are being regulated;
- the *destination* (the *receiver* or the *recipient*) (6), namely the decoding subject: the internal and the external users of the accounting information.

But accounting does not only constitute itself as a communication process. Having in view the aspects discussed in chapter 2, the accounting communication process can indeed be considered a semiotic process. Why is that? Because the “essence” of accounting does not simply end with “passing” the accounting information through the six stages/ factors mentioned above. The accounting information transmitted is accompanied by certain significations and it could lead to new significations when interacting with the users. The plain fact that the accounting information is “expected” by someone, as a user, and that it will be processed and interpreted and not just taken as such, demonstrates the semiology of accounting. It is of real importance what is transmitted by means of accounting information, but the manner in which the accounting information is “read” is, sometimes, vital for an entity. It is not by chance then that there are qualitative characteristics the accounting information should fulfill in order to be useful, and they are not prescribed randomly, on the contrary, they are prescribed as norms (The general framework for the elaboration and presentation of financial statements).

If accounting is a semiotic process, as we have mentioned before, then, certainly, there must be a semiotic model of the accounting communication process. In what follows, we will try to describe it.

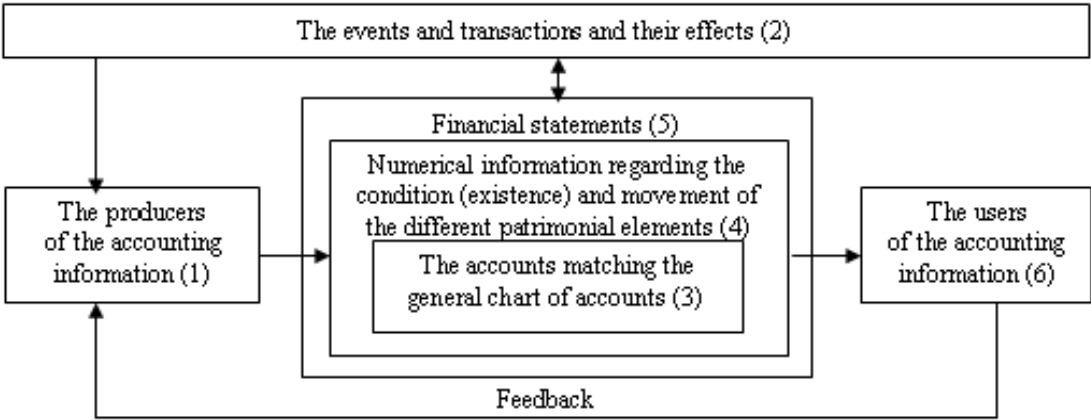


Figure no. 2 The semiotic process in accounting

First of all any model has a target. And what is the target of the accounting communication process if not that of satisfying the informational needs of the users so that their decisions could

be pertinent and realistic? How exactly is this performed? Certainly, by means of the synthesizing statements of the accounting information, chiefly named financial statements.

The professional accountants, within their duty as producers of the financial-accounting information (*source*), with or without the assistance of an informational system, perform their activity as employees in various organizations, as workforce in firms offering accounting services, or as individual accountants having as tasks the gathering, registration, processing and transmission of information to different users.

The information acquired by means of the accounting process has at its foundation a complex process of synthesizing the effects of events and transactions (*context*), starting from the principle of double representation which involves the concomitant representation – regarding the destination and the source – of each patrimonial element which undergoes changes during the development of an entity's activity.

Each patrimonial element can be found in synthetic accounting as codified by means of three or four figures (*code*), accompanied by a certain name, a symbol which is known in accounting as account, and, with its assistance, we can keep a record of the financial situation at the beginning and at the end of the period, and we can keep a record of the movements of that element within the accounting period. For example, in order to keep a record of the cash in the entity's cashier and of the changes it undergoes (inputs and outputs) there is the 5311 account "Petty cash in lei". The product of accounting, the value situation of patrimonial elements at the end of the accounting period, with a few detailed aspects about the alterations occurring during the period, synthesized in a regulated form (*message*), is publicly transmitted by means of the financial statement (*channel*).

A general definition of financial statements, taken from the technical accounting literature, is the following: "*synthesis documents by means of which information of an accounting-financial type is presented, in a formalized structure, and which is necessary to the majority of users*"⁵³⁰.

The Accounting Law no. 82/1991 mentions the fact that financial statements "must offer an accurate image of the financial position, of the financial performance and of the other items of information regarding the activity performed"⁵³¹. In the International Accounting Standards/ the International Financial Reporting Standards (IAS/ IFRS) we find a similar definition with the endorsement that "*financial statements are a structured representation of the financial position and of the financial performance of an entity*"⁵³².

According to IAS/ IFRS and to the national accounting regulations, *the objective of the financial statements is that of offering items of information regarding the financial position, the financial performance and the cash flows of an entity, which are useful for a wide range of users in taking economic decisions*. In fact, almost all users (*destination*) need this information in order to⁵³³: decide when to buy, keep or sell parts of capital; evaluate the administration capacity or the responsibility of the management; evaluate the capacity of the entity to pay its personnel and to offer other benefits to the employees; assess the warranty that the entity can offer for the loans given to it; determine the profit and the dividends which can be distributed; elaborate and use statistical data concerning the national income; regulate the entities' activities.

The governments can establish different or supplementary requirements for its own aims, but these influence the financial statements if they respond to the needs of the other users, too.

The general framework for the elaboration and presentation of financial statements contains a classification of the various users of the information from the documents for the synthesis and the

530 Horomnea, E., Bazele contabilității, Ed. Sedcom Libris, Iași, 2003, page 308.

531 * * * Legea Contabilității nr. 82/1991 (The Accounting Law no. 82/1991) modified and completed, republished in the Official Monitor of Romania no. 454, June 18, 2008, article no. 9.

532 * * * The International Financial Reporting Standards (IFRS) 2007, including the International Accounting Standards (IAS) and interpretations on the 1st of January 2007, CECCAR, București, 2007, page 09.

533 Idem11, page 34.

financial-accounting reporting in seven categories (*investors, employees (and their representative agents), financial creditors, suppliers and other commercial creditors, clients, the government and its institutions, the public*), together with their informational necessities. We observe that in this enumeration the *management of the company/ entity* is missing and the reason is that, even if it is interested in the information comprised by the synthesis documents of accounting, it always has access to supplementary financial and management information which constantly helps in setting up the planning processes, those of decision-taking and of control. More than that, the management has the ability to determine the form and the contents of such supplementary information so as to satisfy its own needs.

In their diverse nature, the users of the accounting information and their informational needs can be rendered as follows:

- *the investors*, as the ones who use the capital, request information so as to decide whether they should buy, keep or sell. The shareholders are also interested in information which allows them to assess the company's capacity to pay the dividends;
- *the employees (and their representative agents)* are interested in information regarding the stability and profitability of the firm, as well as in information which allows them to evaluate the firm's capacity to offer them remuneration, pensions and other advantages, as well as other professional opportunities;
- *the financial creditors* are interested in information which allows them to determine whether the loans given and the corresponding interest rates will be reimbursed before the due date;
- *the suppliers and other commercial creditors* are interested in information which allows them to know whether the enterprise will be capable to pay the owed sums before the due date, and if it is liable to continue its activity (especially in the case of suppliers for whom the enterprise represents the main client);
- *the clients* are interested in information concerning the continuity of the firm's activity, especially when they develop a long-term collaboration with the respective firm or when they are dependent on it (as a main supplier);
- *the government and its institutions* are interested in information regarding the distribution of resources and the allotment of incomes, items of information that they need so as to regulate the activity of the firms and to determine the fiscal policy, as well as a basis for the calculation of the national income and of other similar statistical indicators;
- *the public* can be influenced by enterprises in various ways, and, as a consequence, this user is interested in information related to the recent evolution and the tendencies concerning the development of the enterprise and the consequences of the enterprise's activities upon the local economy.

Each user of the information within the financial statements will perceive, in a unique way, the reality connected to the patrimonial entities depending on the level of economic knowledge and, particularly, on the level of accounting knowledge a user has. More than that, the message transmitted by accounting is interpreted differently by various persons according to their informational necessities, to the actions they seek to start, etc.

If in the information above we have made reference to the financial reporting as being a form of accounting communication, we must not consider that the latter cannot take other forms too, as, for instance, the consultation of an account's situation in an account book, the presentation or the consultation of the trial balance, etc.

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