

IMPACT OF ETHICAL VALUES PROMOTED BY PROFESSIONAL ACCOUNTANTS ON THE ORGANIZATIONAL CULTURE

Togoe Greti Daniela, Mateş Dorel, Mănescu Dragotoiu Mileva Valentina

1,2, Faculty of Economic and Business Administration, West University, Timisoara, Romania

3 Faculty of Economic and Business Administration, University of Craiova, Romania

greti_togoe@yahoo.com

dorel.mates@yahoo.com

tyna_manescu@yahoo.com

Abstract: *This paper aims to point out the contribution of professional accountants to the sustainable development of organization and the way they generate sustainable organizational success through their direct involvement in creating organizational culture. Professional accountants can be considered value creators in organizations because of their commitment in developing and implementing strategies, policies, plans, structures and governance measures which set the framework for the creation of added value. The ethics and values of conduct in organizations are supported by professional accountants through their behavior and the actions they carry out. Thus, the quality of professional judgment becomes a differentiating factor for accounting professionals.*

Keywords: organizational culture, ethical values, ethical behavior, accounting professionals.

JEL classification: M41, M49.

1. Introduction

In international literature, organizational culture has been interpreted in different ways by many researchers famous in this field.

Authors such Thomas J. Peters and Robert H. Waterman in "In Search of Excellence", which became a best-selling success, defined organizational culture as "a dominant and coherent set of values shared by the organization's members, induced by symbolic means." The two authors have contributed to spreading the concept of organizational culture, demonstrating through concrete cases there is a close link between large corporations' dimensions of organizational culture and their performances.

Author Antonio Strati (1992) stated: "Organizational culture is a set of symbols, beliefs and behavior patterns learned, produced and recreated by people who devote their energy and life's work to an organization. It is expressed in the design and organization of work, the events created by this culture and into the services the organization produces. "

American researcher Edgar Schein (2010) defines culture of economic groups as "a pattern of basic assumptions shared by the group in solving the problems of external adaptation and internal integration, that have worked well enough to be considered valid and, therefore, good to be shared with other new members as the correct way to perceive, understand and feel in relation to those problems."

According to the author Geert Hofstede (1996), organizational culture can be defined as "a collective mental programming that distinguishes the members of an

organization of the members of other organizations."

French author Maurice Thevenet (2010), in a recent paper, considers that there is a culture specific to each enterprise, "*consisting of ways to meet current situations occurring in the professional life*" and proposes a description of the organizational culture, looking at it as an essential resource of organizations, which must be taken into account by their management.

In a practical study, author Samuel Certo (2002) defines organizational culture as "*a set of common values and beliefs that the members of the organization have on the operation and existence of their organization.*"

According to some American authors, organizational culture "*involves rituals, symbols and stories associated with categories of people, offering an insight into their beliefs and values, the things that are important to them and the reasons behind those choices.*"(Dygert and Jacobs, 2006)

Also, the term organizational culture has been debated as well in the specialized literature in our country by many authors concerned with this field of interest.

Thus the author Alexander Puiu (2007), in "Management - analysis and comparative studies", defines organizational culture as "*a structured set of material and spiritual results of the organization, which integrates a system of values and beliefs that is systematically cultivated and transmitted among its members and outside the unit.*"

This view is different because it highlights both the spiritual and material elements that make up the culture of an organization.

Romanian authors Ovidiu Nicolescu and Ion Verboncu (2008) defined organizational culture as "*a set of values, beliefs, aspirations, expectations and behaviors shaped over time in each organization prevailing therein and conditioning directly and indirectly its functionality and performance.*"

In the perspective of Romanian authors Tatiana Gavrila and Viorel Lefter (2002), organizational culture reflects "*managers' thinking, ethical standards, types of behavior, management policies adopted, traditions, attitudes and specific events that have marked the evolution of the firm*".

Authors Eugen Burdus and Gheorghita Căprărescu (1999) stated that organizational culture is "*an assembly of artificial products, core values and concepts, modes of thinking and behavior patterns that are generally accepted in an organization as common basis for action*".

Organizational culture "*is represented by the beliefs of an organization's employees expressed through a system of attitudes, behaviors, empathies, expectations, aspirations and values of performers and managers, outlined during its development, determining in a considerable manner its functionality and performance while having an impact on the satisfaction of its members*".(Ciochină, 2004).

Analyzing the definitions given by great researchers, both in the international as well as in the national literature, our opinion is that the term organizational culture reflects a set of principles, strategies, ethical and behavioral values implemented within an organization in order to increase its economic and financial performances.

The characteristics of organizational culture were identified by several researchers depending on the approach of the term organizational culture as follows:

- Authors Peters and Waterman identified eight characteristics as common features among companies with superior results. These included: *unity of action and decision making; openness to customer; assuring quality and reliability; atmosphere that encourages creative thinking and innovation;*

respect and focus on the contribution of each employee; maintaining the basic philosophy of the company; performing in domains and business related to organizational management; maintaining the number of senior management positions at a minimum; decentralization and centralization of certain functions.

- Author Gary Johns (1997), in one of his works of reference, pointed out synthetically the following features of organizational culture:
 1. Culture is a *true lifestyle* for members. Organizational culture becomes evident only when it is compared to that of other organizations or is subject to change;
 2. Culture tends to *be stable over time* because it involves assumptions, values and core beliefs.

Unlike the characteristics identified by the previous researchers, other features of organizational culture have been identified such as:

- organizational culture comprises an integrated model of human behavior: values, ethical standards, symbols, beliefs, aspirations accepted by most of the employees;
- these components are formed over time and become more powerful;
- the behavior pattern is characteristic and dominant and is stable over time;
- organizational culture characterizes all members of an organization or most of them;
- organizational culture plays an important role in integrating employees and adaptation to the external environment of the organization;
- organizational culture takes into consideration the material results and expresses itself through the products and services the company offers.

Factors that may influence organizational culture are business environment, leadership, management practices and the interaction process, both formally and informally, and they should be taken into account in any analysis, especially when change is needed in the organization. As stated by Schein (1991), culture operates with a default set of beliefs that can not be changed unless they are brought to the surface and analyzed.

Organizational culture influences the expectations of individuals that are part of an organization, defines the type of persons who will fit into the organization and affects how people interact with each other both in the internal and external environment. Regulations imposed by organizational culture determine what is desirable or undesirable, the appropriate or inappropriate behavior in an organization, and their lack affects the optimal function of organization.

2. Interrelation organizational culture – ethical values

Organizational culture includes values, attitudes, beliefs and behavioral norms that consider the ethical component transmitted by the founders or senior managers and adopted by all employees of an organization, provided that they meet their expectations. Once these expectations are adopted they translate into behaviors and attitudes expected both within the company and in relation to the external environment. Behaviors, attitudes are formed over time, based on the rules of conduct established by codes of conduct, but also on plans, company objectives, job descriptions, and reward and punishment system. Ethical behavior is a prerequisite to obtain high performance and competitive advantage in business environment.

An important place is held by managerial ethics, which determines the behavior and actions of managers within organizations and the manner in which decisions affect individuals and social groups.

Romanian managers should be aware that the starting point in determining ethical behavior is the organizational culture, by the mean of which information about the desired ethical climate are transmitted. Companies that are characterized by positive and strong ethical climate set clear expectations from their members, thus creating preconditions for increased performance.

Decision of one person can influence the trajectory of an entire organization. Contemporary organizations illustrates how managers, in their run for success and following own interest, have decreased the company's values, if not the total disappearance of their business because of unethical decisions. The Corporation's Savior became its gravedigger. And it was not a matter of competence!

In the organizational context, business ethics plays a fundamental role in promoting or undermining the image of the corporation. Ethics means a set of standards used to assess the correctness or unfairness of a person's relationships with others in terms of truth and justice.

Professional ethics also plays a dual role: an ethical reflection applied to a particular field of work (profession) or the rules established by a professional group to ensure the practices of each of his members, gathered in a code, including the code of ethics of the profession. Broadening of the meaning of the word „code” led to the inclusion in it of rules set by organizations outside professional ones, such as governments. This raises the question of the relationship between "public" and "private", between professionals and non-professionals. Professional accountants are subject to the strictest ethical standards.

The ethical decision is a process meant to explore all aspects of choosing between several possible actions, depending on the organization's recognized moral values, and then to weigh those options and recommend a course of action.

Distinctive features of this method of ethical assessment of an organization are:

- procedural methods, thus more objective; procedures are generally designed so as to be assimilated relatively easily and not requiring any special ethical-philosophical knowledge;
- actions applied to resolve ethical issues that have great social, economic and political importance - through its impact on people and the financial interests involved (acceptance of new technologies, the development of ethical codes, the adoption of public policies and so on.);
- a complex framework, that must be organized by professionals and involves a large number of persons: well-structured groups of evaluation, different decision methods, techniques to achieve consensus, standards for reporting results etc.
- scientific competence when the problems assessed are not collected from the public agenda, but the work of various organizations (the consequences of the use of genetically modified organisms, the probabilities of those consequences, which are the stakeholders and so on).

Professional accountants play a central role in the organization's operating system. In today's economic, complex and fast evolving business environment, the financial position will be the champion of change. In this environment, the key will be the ability to deliver correct professional judgment on multidimensional subjects.

Central attributes of professional judgment, technical excellence and ethics should be protected and promoted further on - and this is why we need to increase the number of accounting professionals for our economies. They will be more than technically proficient.

The attributes possessed by accountants facilitates entrepreneurship, helps managers create added value and manage risk. They are specialists in building partnerships and communicate effectively. In other words they are the ones who add value to the business.

Within organizations, professional accountants may have different roles as creators, mediators, custodians and rapporteurs of sustainable value in terms of both performance and compliance:

- as creators of value, professional accountants have a role in the development and implementation of strategies, policies, plans, structures and governance measures that provide the framework for sustainable value creation.
- as mediators of value, accounting professionals have a role in informing and guiding decision-making process and implementing strategies to create sustainable value.
- as preservers of value, professional accountants provide protection for the strategies of sustainable value creation against strategic, operational and financial risks and ensure compliance with regulations, standards and best practices.
- as rapporteurs of value, accounting professionals are providing transparent information that give lasting value to stakeholders.

3. Conclusions

Organizational culture reflects a set of principles, strategies, ethical and behavioral implemented values within an organization in order to increase its financial and economic performance. Factors that may influence organizational culture are business environment, leadership, management practices and the interaction process, both formally and informally, and they should be taken into account in any analysis, especially when change is needed in the organization.

Professional accountants play a central role in the organization's system of operation and development. Attributes possessed by accountants facilitate entrepreneurship and help managers create value and manage risk. They are specialists in building partnerships and effective communication. In other words they are the ones who add value to the organization fully.

References

1. Burduș E., Căprărescu Gh. (1999) *Fundamentele managementului organizației*, Ed. Economică, București;
2. Certo S. (2002) *Managementul modern*, Ed. Teora, București;
3. Ciochină I. (2004) *Managementul general al firmei*, Ed. Tribuna Economică, București;
4. Dygert C.B., Jacobs R.A. (2006) *Managementul culturii organizaționale. Pași spre succes*, Ed. Polirom, Iași;
5. Hofstede G. (1996) *Managementul structurilor multiculturale. Software-ul gândirii*, Ed. Economică, București;

6. Johns G. (1997) *Comportament organizațional*, Ed. Economică, București;
7. Neag R. (2010) *Expertul contabil, artizanul cărții de vizită a unei firme*, Revista Antreprenariat Transilvan nr.5/2010;
8. Nicolescu O., Verboncu I. (2008) *Fundamentele managementului organizației*, Ed. Universitară, București;
9. Puiu Al. (2007) *Management – analize și studii comparative*, Ed. Independența Economică, Pitești;
10. Schein E. (2010) *Organizational Culture and Leadership*, 4th Edition, John Wiley and Sons, Inc., USA;
11. Strati A. (1992) *Organizational Culture*, Berlin-New York;
12. Thévenet M. (2010) *La culture d'entreprise*, Ed. Puf, Collection Que Sais-Je, numéro 2756;
13. Țurlea E., Ștefănescu A., Mocanu M. (2011) *Reglementări în materie de etică în profesia contabilă – o abordare europeană și internațională*, Revista Audit Financiar Nr.2/2011, Ed. CAFR;
14. Zeff, S. A. (2003) *How the US accounting profession got where it is today*, Accounting Horizons, Vol 17 Nr 4/2003.