

Наукове обґрунтування потреби у новій – інституціональній теорії бухгалтерського обліку

В сучасній економіці зростає значення бухгалтерської професії. Бухгалтери не тільки кількісно, але і якісно (за функціональними обов'язками) переважають інші спеціалізації економічної діяльності. Міжнародна федерація бухгалтерів, її регіональні національні об'єднання, Рада з міжнародних стандартів бухгалтерського обліку нараощують вплив на розвиток глобальної економіки. В сучасній науці більшість досліджень з проблем економіки починаються з фінансової звітності, її впливу на забезпечення довіри, безпеки і керованості в соціально-економічному просторі. Однак класичні теорії не готові до такого зростання значення і місії бухгалтерського обліку. Вони не дають фундаментальних орієнтирів для ефективного освоєння Міжнародних стандартів фінансової звітності, стандартів розвитку професії та багато іншого (останнє продемонстровано на прикладі України та інших країн СНД).

В сучасному світі бухгалтерський облік став важливим соціально-економічним інститутом, і розвиток його в такій якості вимагає нової теорії. Вершиною сучасної економічної думки є інституціональна теорія. Вона дала світу кілька лауреатів Нобелівської премії, вона ефективно використовується в соціально-економічній політиці процвітаючих країн. Інституціональний вплив помітно і в сучасних дослідженнях з бухгалтерського обліку. В статті обґрунтовано необхідність розробки інституціональної парадигми і теорії бухгалтерського обліку. Метою нової парадигми і теорії є формування наукового фундаменту для досягнення бухгалтерським обліком рівня важливого соціально-економічного інституту, що забезпечує довіру, розуміння і керованість у національних й глобальних вимірах. Інституціональна теорія переглядає зміст і місію, уточнює функції, предмет, розширює об'єкти бухгалтерського обліку, розглядає інститут професійних бухгалтерів, як головну складову інституту бухгалтерського обліку. Обґрунтовує необхідність реалізації політики адаптації новачків та інновацій в обліковій практиці до особливостей національного інституціонального середовища, використання «бухгалтерського інжинірингу» та «бухгалтерського імперіалізму» для більш ефективного розвитку інституту бухгалтерського обліку. Стаття також інформує читачів про монографію «Основи інституціональної теорії бухгалтерського обліку», яка вийшла в світ російською мовою в Україні та Російській Федерації.

Ключові слова: інституціональна парадигма і теорія бухгалтерського обліку, соціально-економічний простір, інститут бухгалтерського обліку, інститут професійних бухгалтерів.

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Научное обоснование потребности в новой - институциональной теории бухгалтерского учета

В современной экономике возрастает значение бухгалтерской профессии. Бухгалтеры не только количественно, но и качественно (по функциональным обязанностям) превосходят другие специализации экономической деятельности. Международная федерация бухгалтеров, её региональные национальные объединения, Совет по международным стандартам бухгалтерского учета наращивают влияние на развитие глобальной экономики. В современной науке большинство исследований проблем экономики начинаются с финансовой отчетности, её влияния на обеспечение доверия, безопасности и управляемости в социально-экономическом пространстве. Однако классические теории не готовы к такому возрастанию значения и миссии бухгалтерского учета. Они не дают фундаментальных ориентиров для эффективного освоения Международных стандартов финансовой отчетности, стандартов развития профессии и много другого (последнее продемонстрировано на примере Украины и других стран СНГ).

В современном мире бухгалтерский учет стал важным социально-экономическим институтом, и развитие его в таком качестве требует новой теории. Вершиной современной экономической мысли является институциональная теория. Она дала миру несколько лауреатов Нобелевской премии, она эффективно используется в социально-экономической политике преуспевающих стран. Институциональное влияние заметно и в современных исследованиях по бухгалтерскому учету. В статье обоснована необходимость разработки институциональной парадигмы и теории бухгалтерского учета. Целью новой парадигмы и теории

является формирование научного фундамента для достижения бухгалтерским учетом уровня важного социально-экономического института, что обеспечивает доверие, понимание и управляемость в национальных и глобальных измерениях. Институциональная теория пересматривает содержание и миссию, уточняет функции, предмет, расширяет объекты бухгалтерского учета, рассматривает институт профессиональных бухгалтеров как главную составную института бухгалтерского учета. Обосновывает необходимость реализации политики адаптации новаций и инноваций в учетной практике к особенностям национальной институциональной среды, использования «бухгалтерского инжиниринга» и «бухгалтерского империализма» для более эффективного развития института бухгалтерского учета. Статья также информирует читателей о монографии «Основы институциональной теории бухгалтерского учета», которая вышла в свет на русском языке в Украине и Российской Федерации.

Ключевые слова: институциональная парадигма и теория бухгалтерского учета, социально-экономическое пространство, институт бухгалтерского учета, институт профессиональных бухгалтеров.

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Scientific Grounds for Brand New – Institutional – Accounting Theory

In up-to-date economics the accountant's significance is increasing. Accountancy overweighs other economic specializations in terms of both quantity and quality (by functional duties). The International Federation of Accountants, its national unions and International Accounting Standards Board are extending their influence on global economy development. In modern science the majority of economic problem research start from financial reporting, its impact on ensuring confidence, safety and controllability in social-and-economic space. However, the classic theories are not prepared for such enhancement of accounting importance and mission. They do not provide fundamental guidelines for efficient adoption of the International Financial Reporting Standards, job development standards and others (the latter has been illustrated by way of Ukraine and other CIS countries examples).

In present day world accounting has become a significant social-and-business institution and its development in this capacity requires a brand new theory. The height of the u-to-date economic thought is the institutional theory. It has given the world several Nobel Prize winners and it is used effectively in social-and-economic policy of some flourishing countries. Institutional influence can be also found in contemporary accounting research studies. The new paradigm and theory objective is development of scientific base so that accounting can reach the level of significant social-and-economic institution, which would ensure confidence, understanding and controllability within national and global perspectives. The institutional theory has its aim in content and mission revision, function and subject specification, accounting objects extension and considering professional accountants institution as the principle element of accounting institution. The necessity of policy for adaptation of novations and innovations in reporting to national instutualization environment specifics, usage of 'accounting engineering' and accounting imperialism' for more efficient development of accounting institution have been grounded. Notably, for readers awareness, the monograph of the 'Basics of Instutualization Theory of Accounting' has been published and is available in the Russian language in Ukraine and the Russian Federation.

Keywords: *instutualization paradigm and accounting theory, social-and-economic space, accounting institution, institution of professional accountants.*

Research Urgency: After Enron collapse (2000) and latest crisis (2008-2012) in developed countries the economic problem research have been frequently connected with financial reporting, its influence on ensuring confidence, safety and controllability in national and global social-and-economic spaces [1, 2]. Such trend of economic science is based on increasing role of financial reporting, social accounting unions, the International Federation of Accountants within national and global safety.

Under the World Bank estimates, the number of accountants in Ukrainian enterprises (500 thousand) is many times more than the number of specialists of other business professions [3]. In majority of small and medium enterprises accountants are the only workers of economic sector. Even in larger companies they

supersede economists while organizing management accounting and controlling services work. In general, this profession development chain and responsibility (operator – accountant - chief accountant – internal auditor – external auditor) have the best career growth ratings.

Despite the above, in Ukraine the accountant's aspect of economic science and practice is not given proper consideration on the government level. Economic policy, as it used to be in Soviet time, is more oriented at other professions. We attribute such state of the matter not only to the stereotypes but also to the problems of establishing up-to-date accounting institution and institution of professional accountants. A considerable issue is also connected with the lack of effective theoretical aspect of these problems solution.

The objective of the article is grounding and revealing general content of institutionalization paradigm and accounting theory as the base for accounting and accounting profession development under globalization.

Recent Research Analysis: Institutionalization aspects of accounting theory enhancement have found its higher development in scientific schools of the USA.

Well-known in economics, the institutionalization theory was developed and popularized by outstanding scientists D. North, T. Eggertsson, R. Coase, T. Veblen and J. Hodgson. Their works study [4, 5, 6, 7, 8.] develops firm conception of the institutions and organizations existence and their impact on social-and-economic environments development in every particular country and worldwide. This theory has given the world several Nobel Prize winners in Economics which means that its triumph could not have been ignored by accounting specialization of economic science.

Since the end of the last century the institutional theory has been widely influencing the research study in accounting. It has been used by scientists as the doctrine capable to explain current state and prospects of accounting development within interactions of base economic institutions.

Institutionalization theory doctrine is considered by scientists as the guidelines and principles under which both accounting [9, 11, 13.] and management reporting [12], control and audit [10] have been improving.

The Base character of institutional theory is also the principle one for accounting science development in the countries of the former USSR. This theory, in particular, was taken as the basis for the Concept of accounting development in agrarian sector of economy [14] and research study of current accounting concepts [15]. In 2011 in Russian Economic University named after G. Plekhanov a scientific practical conference was held on 'Institutional Development of Accounting Reporting and Control. New Opportunities for Accounting Education'.

However, in some originals of west and former USSR countries' researchers the appropriateness of institutional accounting theory development was not mentioned. At the same time, the need for practice and complex of the views and ideas worked is, in our opinion, sufficient for grounding a particular institutionalization paradigm and accounting theory.

Main Text: Ukraine's conversion to market economy was accompanied by numerous borrowings of western formal institutions (written 'rules of the game') without allowing for already existing traditions. However, soon these 'rules of the game' encountered with informal institutions operating in Ukraine which caused the need borrowed institutions to the stable national social-and-cultural psycho-types. This problem could not but miss the accounting area.

The task has been set before Ukrainian economic science of overcoming, within 2011 -2015, the problems of adaptation to the national market 'rules of the game' specifics and developing a fundamental scientific provision of accounting system and profession in the national interests for further integration into the world

economy. The interim result of such research is presented in the monograph of '*Basics of Institutionalization Theory of Accounting*' by the Institute of Accounting and Finance and *Agricultural Economy Institute* National Scientific Centre, published in 2013 in Ukraine and the Russian Federation.

We would like to give only two examples of many institutional problems occurring in Ukraine while acquiring western models of accounting and job formation which encouraged us in taking up this study.

The first one lies in the superficial substitution of traditional (former Soviet) reporting methods by the International Financial Reporting Standards (IFRS). As a result of ignoring the urgency of IFRS adaptation to the institutional specifics, unbalancing of accounting in financial, managerial and tax fields occurred. The National accounting information system impaired its positions at all levels of management.

It should be noted that of all IFRS only introduction of IAS 41 – *Agriculture* – was accompanied by scientific discussions. It made it possible to partially adapt it to home institutional environment. As a result, the native analog of IAS 41 – AS 30- 'Biological Assets' – was the only Accounting Standard of Ukraine to have been introduced with consequent adoption of methodical recommendations on its application. Nothing more than that, though.

Five years of applying Accounting Standard 30 in agricultural enterprises of Ukraine did confirm the necessity of deep adaptation of IFRS to the national institutionalization environment.

As five years ago, the academic science still grounds that the introduction of the key methodical base of IAS 41 and AS 30 (evaluation of biological assets and agricultural produce at fair value) is only possible in case of applying a single industry account policy. First, such policy must be developed under responsibility of the Ministry of Agrarian Policy and Food of Ukraine with further transfer of responsibility to the Accounts and Reporting Committee of the Social Board under the Ministry of Agrarian Policy.

Lack of such approaches in present-day accounting regulation results in the situation where the Financial Statements of agricultural industry in Ukraine show, within five-year compliance with AS 30, the production profitability of 4-5 times higher than of financial, metallurgical and other economic sectors (Table1).

However, In fact, the industry suffers definite losses (except for grain production). Such reporting provokes withdrawal of tax reliefs and reducing government-financed support for agrarian sector.

Lack of industry accounting policy also leads to businesses' ignoring the significance of land revaluation, non-current assets, balancing intangible assets (first of all, right to usage of leased land of agricultural purpose). Today, according to expert valuations, assets of small and medium agro-businesses of Ukraine are ten times underestimated. The latter is obvious against financial reporting of home agro-holdings which used to overestimate the assets to market value before stock floatation in IPO (Initial Public Offering).

Informational Presentation of Industry

No	Industry	Profitability		
		2010	2011	2012
1	Economy of Ukraine, total including:	4,0	5,9	4,5
2	Agriculture	23,2	23,6	19,7
3	Financial activity	3,2	6,3	3,6

Thus, ignoring institutionalization specifics at implementing IFRS reduces the efficiency of national data systems. However, before the institutionalization theory of accounting was developed, it had been difficult to ground the requirement of IFRS adaptation to the stable social-and-cultural psycho-types of home officials, business owners and accountants.

The second example deals with the borrowing of approaches to accounting profession development. As mentioned at the beginning of the article, Ukraine does have some problems with the professional accountant institution formation.

On the one hand, this economic activity specialization has become determining for business entity. But on the other hand, professional development and accountants' consciousness of their responsibility for ensuring awareness and controllability in social-and-cultural environment, still remains on the level of former Soviet stereotypes.

With USAID (U.S. Agency for International Development) project, since 1995 there has been the first

professional accounting organization financed in Ukraine and then the second one (Federation of Professional Accountants and Auditors of Ukraine and Ukrainian Association of Certified Accountants and Auditors). The principle volume of financing was focused on developing the system of accountants' professional training and certification.

Sufficient attention has been also paid to the translation of IFRS and developed countries' accounting legislation into Ukrainian. Measures on lobbying the adoption of these documents as the national 'game rules' have been also financed. Thus, Ukraine has borrowed the western approaches not just to accounting control and regulation but also to accountant profession development.

However, the efficiency of the borrowed novels remains low. It can be vividly demonstrated by the number of accountants certified according to the CIPA (Certified International Professional Accountant) (Table 2). Notably, at USAID expense the CIPA has been also introduced in other CIS countries as the Russian language version.

Table 2

Efficiency of CIPA implementation in CIS countries (as of 01.01.2013)

No	Country / Professional Accounting Organization	Number of CIPA ¹ Certificates, issued, thousand pcs.	Total accountants number in the country ² , thousand people	Specific ratio of CIPA certified accountants in total accountants number, %
1	2	3	4	5
1	Ukraine in all, incl.	4,8	500	0,96
1.1.	Federation of Professional Accountants and Auditors of Ukraine	2,1	x	x
1.2	Federation of Auditors, Accountants and Financiers of Agricultural Sector of Ukraine	0,2	x	x
1.3	Ukrainian Association of Certified Accountants and Auditors	2,5	x	x
2	Kazakhstan	6,4	100 ³	6,40
3	Uzbekistan	2,3	170	1,35
4	Russia	0,5	5000 ⁴	0,01
5	Moldova	0,3	40	0,75
6	Belarus	0,2	400 ⁵	0,05

¹ Official Eurasian Council of Certified Accountants and Auditors website: <http://www.eccaa.org>.

² The World Bank: <http://www.worldbank.org/eca/russian>.

³ Accounting Profession Market in the Republic of Kazakhstan: quality-and-quantity analysis: <http://www.zakon.kz/145441-rynok-professii-bukhgaltera-v.html>.

⁴ In Russia there are 5 million accountants: <http://ekonomizer.ru/page992.html>.

⁵ KPMG cutting through complexity: <http://www.kpmg.com/by/ru/issuesandinsights/articlespublications/press%20releases/pages>.

The question arises why for the period of almost twenty years of accountant's profession institute formation under the Certified Accountants Institution Project have such low results obtained in the CIS countries?

The answer is straightforward. Such result has been mainly caused by ignoring institutional theory basic rules. To reach the goal it is required to take into account the impact of social and cultural psycho-types of the Soviet period, adapt the borrowed approaches and change all institutional problem elements within the system but not its one (surface) part.

Overestimation of significance and focusing on certification (which is also typical for foreign grants other offered in Ukraine and CIS countries by other programs (The Association of Chartered Certified Accountants, etc) and having rather lower success that the CIPA) while forming professional accountants institution have not been theoretically grounded.

As a result, the society, social-and-economic space of Ukraine and other CIS countries does not obtain the institute of professional accountants so necessary in market conditions.

In practice, for most accountants, professional association has merely become a formal screen for obtaining certificates. The majority of accountants do not realize the importance of efficient functioning of professional accounting institutions. Just because of their weak social status, they are not able to support their association.

The academic science of Ukraine keeps studying this problem. Scientific provision of agrarian professional accounting organization (Federation of Auditors, Accountants and Financiers of Agro-Industrial Sector in Ukraine) has been carried out. This Organization development has not been financed by the USAID. However, the practitioners and scientists enthusiasm has enabled it to gain recognition and membership in the regional group with International Federation of Accountants in CIS countries (Eurasian Council of Certified Accountants and Auditors). The research studies have proved that the problems Ukraine has to face while developing professional accounting organization are mainly of institutional basis.

Well-known classic accounting theories are no longer able to provide this problem solution. They have not ever considered accounting as a significant social-and-economic institution and professional accounting institution as its key element.

However, there is an urgent necessity for Ukrainian economy to form the efficient accounting institution. It is the development of institutional paradigm and accounting theory as well as adaptation of west 'rules of the game' on its foundation where the academic science views the domestic accounting system movement towards the heights of accounting institution.

The essential is also the fact that in informational epoch the significance of accounting, financial reporting and business advantages positioning is increasing. Accounting like a unique language of business, becomes

a part of the national security and strategy of imposing values in global sense.

The recent example of valuation of *Facebook* (the USA) virtual assets compared to actual assets, say, of *Gazprom* (the Russian Federation), time and again prove the advantageous position of those who form international 'rules of the game' in this matter. Still, as it is usually common for Ukraine, instead of maximally attending to this, accounting specialization is by every means being lowered in the native academic science and linking it to mere 'writing technique'. The fact is ignored that today most foreign research studies on the problems of economic crisis settlement are mainly and precisely based on the development of financial reporting and treatment of accounting as an essential social-and-economic institution.

The latter has also motivated our development of the accounting institutional theory basics. As it is quite natural for the theory, we ground the basic provisions for Ukraine's pursuing an efficient policy in global strategy of values imposing. These regulations are extremely important for maintaining national interests when establishing in Ukraine, for instance, the land market of agricultural use, to name but one.

Fundamental aspect of transaction costs problem solution in developing countries is also essential. For business such costs are generated by the institutionalization environment. In Ukraine most of transaction costs are problem ones generated by inefficient institutions. In evaluation of national business environment as to its favorability, the state power and economic science today are governed by the world organizations research studies and consulting bodies. It also gives rise to the requirement of developing a new theory as the basis for transactions costs accounting, detection and elimination of problem institutions. This problem cannot be solved through classic accounting theories. Its solution is only possible on the basis of the institutional theory which, in fact, highlights the significance of transaction costs for economic development, increase of countries' competitiveness globally.

The developed basics of accounting institutionalization theory also have other fundamental provisions and recommendations. The new theory may become attractive for those interested in up-to-date scientific thought, those intended to protect national interests within global competition and values imposing strategy.

Thus, the extension of institutionalization theory influence on research in accounting area results in the appearance of the new paradigm of its development. The substance of the institutionalization paradigm is its aiming at enhance of accounting mission (from managerial function to important social-and -business institution) through new objects control and development – institution elements, through engagement of 'accounting engineering' and 'accounting imperialism' concepts, and of course though development of the brand new – institutional – accounting theory.

The new accounting paradigm, like any other classic paradigm, does not reduce the theory problem to the

issues of practical implementation of accounting functions. Despite all their significance, the institutional theory directs the science on extension of accounting internal and external opportunities.

The new system of values provides modeling and scientific grounding of changes in accounting practice rules and standards, broadening the subject an object limits, carrying-out efficient reforms, enhancing the profession status, to name but a few.

In new paradigm and theory the accounting institution is considered as essential catalyst of social-and-economic development.

Institutional paradigm and accounting theory formation allows the academic science of Ukraine to solve problems of scientific ensuring efficient state decisions and increasing competitiveness of the economy.

Conclusion: Prior to the development of institutionalization theory accountants did not realize that the institutions influence their performance and job progress. As a matter of fact, accounting is dependent on institutionalization impacts. It is the objective reality to be used but not ignored.

The institutional theory revises the accounting substance and mission, specifies its functions, subject and objects, analyses and directs the professional accountant institution.

The institutionalization paradigm and accounting theory concept is aimed at building a scientific base for planning and implementation of the desired accounting development in particular institutionalization conditions.

Rather than from scientific teams' - Accounting and Finance Institute and Institute of Agrarian Economy under the National Academy of Agrarian Science of Ukraine - ambitious intentions, our part in the theory development should be treated from the point of view of solving the problems set out before the academic science.

The monograph of the '*Basics of Institutionalization Theory in Accounting*' is available for the colleagues. Besides, seeking for ones who share our ideas, we are open for discussions and joint research studies: <http://www.iaf.kiev.ua/>; <http://magazine.faaf.org.ua/> and <http://federation.faaf.org.ua/>.

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