

## *Social and Cultural Functions of Accounting*

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**Abstract:** *The concept of accounting information and its characteristics, allow us to treat, accounting functions and their role in managerial work without setting them strictly on the two circuits generated by the accounting information (one that plays "external face" of the company, and another that shows processes inside or "internal face" of the company). Optimal management of financial resources is therefore a key element of business activity, which depends on a priority basis to maximize profits and thereby undertaking the task.*

**Keywords:** *Educational function, Function evidence or verification and test instrument generated by reasons legal and taxation, Function bias*

### **Introduction**

Accounting as a science and practical activity, has a number of tasks. As a scientific discipline, based on my own research has the following accounts [1, 32]:

- accurately define the subject and scope;
- accurate research method of the object and its procedures, following define the general rules and principles based on precise wording identical for all users of accounting information;
- determining the role and place that it has in the sciences of records economic;
- development means for the practical application of accounting (documents, registers, records, etc.) to ensure comparability of information over time and space.

Accounting research object snaps instead of "science accounts" in the human knowledge. It includes, in general, all aspects of the movement of matter in the circuits economic value and efficiency. To investigate this movement, accounting uses its own method which is achieved through a combination of practical processes which constitute accounting technique. [2, 129]

As a scientific theory accounting role is threefold:

- explanatory, which it explains different aspects of accounting practice;
- normative role, which gives the accounting quality assessment works and accounting solutions;
- forward role, which requires the solution of new problems arising in the field.

This triple role of accounting theory makes it to be useful both producers accounting information, accounting and users of accounting documents. [3, 61-62]

As in any field of science, accounting theory knows a continuous process of improvement. It is premised on a more complete and comprehensive definition of the objectives assigned accounts with which to correlate the deductive principles, methods and accounting rules. [4, 42]

Conquering accounting in science consists precisely in the fact that the facts set theory, thus lowering speculative thinking, abstract, along with reality. Practical work is conducted accounting principles, laws theoretical, scientific, fixed the indicative mood. [5, 607]

Modern enterprise is characterized in that it has an open, both inside and outside. Links with inside and outside is through accounting information provided. [6, 246]

Amplification accounting functions (financial or management) should lead to greater future cooperation with other sciences, a new spirit to address issues that do not take into account only the financial aspects thereof. Their role should be seen as a dynamic process. [2, 130]

Through financial accounting function, maximizing its profits the company, objective corresponding classical theory of the firm and also constitutes the main objective of financial management.

Maximizing profits in the company envisages achieving best value as profit-investment ratio, ie profit-risk.

Accounting has always been closely related to corporate governance, but now it brings a more effective management report. [7, 115]

Such function research, development and marketing tool, a key feature of the financial accounting function is its role as a predictor of future events. In this sense, each firm must pay particular importance periodic cash flow forecasting and in close correlation with the development of a business plan for the next period of activity.

From crystallizing them as distinctive technique, bookkeeping placed in an interdependent relationship with the economic, social and cultural. This symbiotic relationship is more evident today, when more and more are those who pay into social science status accounting. The object is accounting knowledge through social and economic organization. [8, 39]

Accounting gives a characterization of overall economic and financial side of the business and social entities grouping and summarizing accounting of primary data. It highlights ways to concern economic means in correlation with how to use them in the unit.

Closely related to the subject of accounting is accounting functions which fall into two main groups:

- social and cultural functions;
- economic functions.

### **1. Social and Cultural Functions of Accounting**

Trying to understand the different cultural bases of accounting can be considered a paradox, given the obvious pressures in favor of international uniformity. Apparently, wherever we locate, there seems to be a common interest to increase the intensity of use of similar financial accounting practices. But on closer analysis, can be revealed two trends: increased awareness of the cultural specificity and the threat of international harmonization. However, local interests may be favored in violation of local trends.

With the development of the EU single market policies, cultural awareness was enhanced. Stepping identify differences created itself a greater awareness of national elements. [9]

This function does not appear explicitly, but it results from its efforts: [10, 31-32]

- create trust between the protagonists of economic life (producers and users information): simple transaction between two persons requires mutual trust;
- constitute an auxiliary power: the state taxation, planning, national accounts, the governing bodies of the company, potential investors etc.;
- play a mediating role in social relations and promote negotiations between protagonists.

Increasing social function of accounting has led some authors to consider as a social game with actors and its normalization and regulation courts. [3, 399]

Building on the above statements can refer to scientific arguments made by French researcher Leo-Paul Lanzoni on "accounting as a social science". Bring considerations as follows: [11, 8]

- Is a creation of the human being;
- Reflect events, activities, events and social facts;
- Addresses different user groups that are part of society;

We produce financial statements that have an impact on society and which modify the behavior of individuals, these financial statements generate mutations or social change;

- Accounting information is generated by entities that are part of society, therefore, refers to social agents,
- Is dependent or influenced by social phenomena.

The following types of actors involved in the social game, which accounts:

- enterprises or more precisely their leaders;
- accountants who prepare company accounts (producers accounting information) and those who ensure the reliability of accounting information (external verifiers Auditor or auditors);
- users of accounting information (shareholders, tax, creditors, managers, etc.) who accounting information needed to determine the actual situation and make decisions;
- courts accounting normalization (public bodies, professional or mixed).

Since the number of potential users of the accounts has a tendency considerable growth, they pressure the publication of accounting information. Between users and producers of information, namely business leaders unwilling to publish, but to some extent the information, conflicts of interest arise. Therefore each of the groups pressuring setters accountants.

To demonstrate the link between accounting and cultural environment we refer to specialists British Radebough and Sidney H. Lee I. Gray, who from social cultural values defined by Geert Hofstede makes four dichotomous cultural values accounting namely:

Professionalism - legal control, which involves alternative of a priority to support the professional judgment of accounting rules and a priority control over the applicability of accounting standards developed with or without consulting masterful - accountants. This is a significant cultural value accounting as worldwide accountancy profession ratio of influence on the one hand and its exercise legal control is put more or less categorical.

Uniformity - flexibility, which involves alternative of uniform accounting practices so highly standardized and / or normalized and flexible accounting practices adopted in circumstances which are evolving and companies. It is also a significant cultural value accounting as comparability of accounting data is a fundamental requirement of all national systems of accounting.

Conservatism - optimism, which involves alternate between a control uncertainty of future events and the freedom to take risks. This is a significant book value because the principle of prudence in accounting valuation multiple and complex consequences.

Discretion, transparency, involving alternative of preference for confidentiality and disclosure limitation accounting only for those directly involved in acts of management and financing company and a total or almost total advertising accounting information. It appears increasingly as a significant cultural value accounting due to the growing needs of accounting information to managers and accountants professionals moral obligations to provide information necessary for decision acts as a wide range of users.

These "four values" is an "qualitative" culturalist analysis, which is a method of method compared. Culturalist analysis, aims to establish rigorous accounting of cultural values and ways of their application in practice contabilă different countries.

Harmonization and standardization policies have led to a deepening of national practices that can be modified by rules and international guidelines. Pressures regional standardization and later international financial accounting resulted in the development of national accounting identity (given

that it does not already exist). Therefore, national and cultural specificity are not necessarily in opposition to internationalization. The two can generate creative relationships with each other.

The relationship between national and global can not be understood immediately in managerial accounting, although it seems that failure international practices favoring a certain degree of specificity and prevalence reflection on national practices. In this area there are also other reasons on trying to understand the differences and national-global interaction between them. Being deeply related to other corporate and management practices, shape, function and importance of management accounting systems may vary depending on the position in the complex structures of organizations. Different configurations can behave different explanations of cultural and economic factors may result in different forms of management, and through it, the different forms of economic calculations. [9]

The purpose or social-cultural environment, accounting performs the following functions: [2, 133-134]

- Educational function;
- Function evidence or verification and test instrument generated by reasons legal and taxation;
- Function bias.

## **2. Educational Function**

Instruction is an art and education: training someone for a augury meant, of purpose in life. Accounting is a value in society and that complements other disciplines to achieve specific instruction and education in the social environment. This is easily demonstrated, because accounting is a creative force characteristic spiritual qualities and training of individuals to exercise a profession.

Instruction sheet accomplished economist order, the person applying knowledge acquired through his own power and finds the reality and the result of his science. His judgment is based on facts related to abstract concepts to obtain information management. Nature gives him that accounting specialty practice an overview of the environment that we observed. To do this in the management and administration of companies, accountant plays an important role as it provides general information starting, translate and express the probable consequences of actions are suggested or agreed upon. Controls the execution of the overall plan their activities. "I know of a superior spirit, more cultivated than the merchant (accountant) who is aware of his destiny" - Goethe.

Accounting specialist is able to cover by an overview of the situation of the company and define in each case the consequences that can have a decision Ie general activity under certain conditions.

Educational effort of the ending of the millennium is facing a thorough training of specialists. Throughout the economic faculties should be categorically study accounting. Accounting claims and skill training. Ask deepening and theoretical knowledge that applies to one who can draw conclusions and provide. "Who can understand accounting and sometimes to apply, but who applies not mean that I understand."

Analyzing the phenomena they study, a mathematical skeleton and the use of modern computing, accounting develops clear reasoning. To use the electronic computer in its contabiliul will have to know the essential features, constituent parts and scheduling and multiprogramming system or able algorithmic problems. It made such a dream of the future: "Man plus computer plus computer economist".

Also, given the close link between accounting and economic and legal disciplines, the selection of facts that determine accountant accounting records requires a thorough knowledge of economic and legal principles. "Accounting - says Professor Finney - the person versed in the knowledge of legal principles, industrial, commercial and financial. It can be future accountant registers, in which case it will record transactions in accordance with accounting principles. Or it can be an accountant reviewer when the task is to investigate whether the accounting records recorded concubines operations in accordance with accounting principles exact. "

Many other considerations can be made on educational instructiv accounting function. The evidence, however, is the importance that we must Accounting as a subject in modern economic education for

educating and training accounting specialists. Since 1901 Prof. I.C.Panțu said "accounting study should be introduced in all strata of society."

Today we can fill "to be studied and applied so as to be a fair witness of the past, an indispensable guide the present and future actions precious counsel in any area of life in which they are born and develop creative activities and bodies stock movements." [2, 135-136]

### **3. Function Evidence or Verification and Test Instrument Generated by Reasons Legal and Taxation**

Accounting is an evidence in court because of its characteristics which give it the status of 'written memory of a business transaction. "By law, businesses are required to organize and manage their own accounts, ensuring:

- preparation of supporting documents for any operation heritage affect the unit;
- accounting record property transactions;
- unit property inventory;
- preparing the balance sheet;
- provide, publish and maintain information on the situation Heritage and drive results."

Running a proper accounting and without omission is a legal obligation, "as knowingly making false entries and deliberate omission of accounting records, resulting in distortion of revenues, expenditures, financial results and patrimonial elements is reflected in the balance sheet constitute the crime of forgery and is punishable by law. the law also penalizes the offense of fraudulent bankruptcy and facts represented as "forgery, theft or destruction of company records (...); nonexistent debt appearance or presentation in company records, or otherwise act in accounting language of amounts unduly, each of these acts being committed in order to reduce the apparent value of assets ".

In cases of dispute between the various participants in social and economic activities, the prosecution or the court may resort to judicial accounting expertise. The judicial accounting expertise is constituted as a legal evidence, intended to contribute to establishing the truth and correct settlement of the case, being under investigation or trial. "Accounting information has the ability to prove the facts and actual production confirming the facts that attract liability for damage to materials." [2, 137-138]

### **4. Function Bias**

Accounting is governed by the general theoretical and methodological principles that any science. As theory and method aligns other economics and therefore it is natural that in defining and explaining his concepts to build on the common ground of all these sciences - political economy.

Accounting policy has close links with the economy from taking over all basic economic categories which reflect the essence of phenomena and processes that fall within the scope of its research. "Political Economy starting form the theoretical basis for the establishment of accounting theory".

Between accounting and law are settled in relation links theoretical and practical object and determined their method. While the law governing social relations such as those that contain economic, accounting calculations evidenced by economic and legal relations arising between social units –economic on the one hand and their partners (statues, other economic entities, associates or shareholders etc.) on the other hand, based on legal norms.

Knowing that both political economy and law are elements of the superstructure of society, and intertwining relationships of accounting with them in his mission of interpretation and reflection of economic phenomena and social-processes, we can not deny that accounting bias. The statement does not entitle us to consider, accounting as having only to serve the economic and social system that created it. Interpretation of economic and financial phenomenon and legal relations, accounting observed receives a universal value judgment. The application of its principles is uniform regardless of socio-economic system is applied, changing only its purpose. "Regardless of the nature, private or public accounting normalization (the process of establishing a set of rules and regulations to be

followed by businesses, both for the preparation and presentation of accounting information) will always be necessarily a political work, the point of view of the fittest will have more chances to win.

Accounting and control actually ideal synthesis of the process becomes all the more necessary because the process is performed more social scale and loses its purely individual; it is therefore more necessary in capitalist production than the peasant handicraft production or broken, it is necessary to joint production than in capitalist production.

### Conclusions

The twentieth century witnessed the emergence of a new social-economic system. Socialism and excessive planned economy call accounting to reflect and control the process of social reproduction, to obtain information on how organisms meet their socio-economic plan and how the funds received from the state household.

Although in many countries, the history of the socialist system today is removed, this is not guilty of accounting. The collapse of the totalitarian communist socialist-proletarian state was due to the inability to solve economic and social needs of the individual and society.

The book of human history remains open. Accounting will always be with man's social and economic activities, regardless of the political system in which it is conducted.

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