ETHICAL CHALLENGES IN MARKETING OF ACCOUNTING SERVICES: THE CASE OF ROMANIA

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Abstract

For a long time, marketing has not been used for accounting services or, when used, has generated some controversy. The main criticism is that marketing can induce unrealistic perceptions and expectations about the quality of services provided by professional accountants. In any profession changes occur over time, new approaches are emerging in line with economic, social, technological developments. Nor should the accounting profession be an exception, and the use of marketing within it should not be regarded with reluctance as long as it is fair, in accordance with the observance of ethical and deontological principles.

The last years have made important changes. More and more accounting companies choose to promote their own services. The first to turn to marketing was the big companies in the field of accounting and auditing. Gradually, it was also adopted by small companies and independent accountants.

The problems and reluctance of marketing accounting services can be overcome by understanding a broader optic of marketing. Also, ethical issues may be somewhat overcome by complying with the rules set out in accounting codes of ethics.

In Romania, marketing of accounting services is at the beginning. Generally, it is approached sporadically without a well-developed strategy without the coordination of mix marketing elements, with low budgets, with some ethical problems (the most important is in our opinion misleading advertising).

Keywords: marketing mix, professional accounts, accounting profession, misleading advertising, comparative advertising

JEL Classification: M41, M31

1. Introduction

In recent years, as a result of changes in the business environment, image crises affecting the profession, increased competition in the field, many accounting firms and professional accountants have begun to give increasing importance to marketing and promotion of their own services.

In an interview given in 2016 by the President of The Body of Expert and Licensed Accountants of Romania (CECCAR), the main body of the accounting profession in Romania, he highlighted that "the accountant should learn marketing, communicate and educate his client" (Ziaruldeiasi.ro, 2016). For a long time, professional accountants have had a traditional approach to the market and customers, convinced that professionalism is the best business card without giving too much marketing importance. The last few years have shown that this is no longer sufficient, and some proactivity is needed.

In this article we will focus on marketing by Romanian professional accountants. First, we feel the need for conceptual clarification. In our analysis we will take into account the IFAC Code of Ethics for Professional Accountants and the ethical codes of CECCAR, CAFR (Chamber of Financial Auditors of Romania) and CCF (Chamber of Tax Consultants from Romania). They use unambiguously, often interchangeably, the terms "marketing", "promoting", "advertising". Given the context in which these terms are used, the meaning given to them is, in our view, the way in which professional accountants make their professional offer available to potential clients.
A second necessary explanation is that we will focus on the particular case of regulations regarding the Romanian accounting profession. This is important, since the marketing of accounting services varies from one country to another, the main element which determines these differences is the cultural one.

2. Literature review

Historically, in the accounting profession, marketing has entered the 1980s. The pioneers were the big companies (Big Eight at that time) who developed formal marketing plans and set up marketing departments (Picard, 2016). Gradually, according to the model of the big companies, smaller companies and self-employed professionals followed this trend, wishing to expand their clientele and increase their profits. Thus, marketing has become a necessary component for the activity of accounting firms, despite the fact that in the past professional accountants dismissed it and criticized it (Picard, 2016, p. 7). In the early 1970s, US and Canadian governments pushed for practitioners like doctors, dentists, lawyers, accountants to stop self-promotion. Towards the end of the 1970s, pressures and restrictions have faded, and from the codes of ethics of many professional organizations, ban on advertising has disappeared. Interestingly, even some members of the profession have viewed these changes with reluctance or even critically, arguing that eliminating this restriction will encourage aggressive, unfair competition among professionals (Picard, 2016, p. 7). Although marketing in accounting profession has widened, the point of view that such an approach erodes traditional accountant professionalism has not disappeared. The professional accountants are, in turn, businessmen and must naturally pursue profitability, but they must not forget the public interest, a superior goal for the profession, which, according to critics, could go into the second plane with an approach in the optics marketing of the profession.

A study investigating the same issue (Broberg et al., 2018), but for the auditors, concludes that an auditor can maintain two identities (professional and organizational), can respect two sets of values, organizational and professional, values it is possible not to conflict with marketing orientation (more likely to be such a contradiction as professional values). Marketization of the profession should not be treated a priori as a negative phenomenon, but can only be categorized if the commercial orientation affects the professional values. It also has to be understood that being a professional in a field does not imply immutable elements but coordinates of knowledge, skills, skills that can change over time (Broberg et al., 2018).

Another critique of marketing use for services related to the accounting profession is that it can create unrealistic expectations among interested audiences about the quality of services provided by professionals. In the literature, there is the concept of the "audit expectation gap" (Liggio, 1975) is the first to introduce and define the concept of "the difference between the levels of expected performance as envisioned by both the user of a financial statement and the independent accountant." The notion then developed, defining today the "discrepancy between the expectations of society regarding the auditors and their performance, as perceived by society" (Porter, 1993, p. 50). This discrepancy can also be created through marketing, when it is based on a non-incredulous, interpretable, manipulative communication.

The last 10 years have brought a new ethical challenge to the marketing of services related to the accounting profession, namely social media marketing. Facebook, Twitter, Google Plus, Pinterest, LinkedIn, YouTube are platforms that are increasingly appealing to professional accountants to promote their own services. They must be careful and prudent as to the content of the material they disseminate through these channels, which may entail moral or even legal liability. Also, most specialists believe that social media platforms should not be used to provide services directly (such as consultancy), but only to mediate the contact between the professional accountant and the customer interested in a particular service. The service should be provided subject to certain confidentiality conditions, after the problem and the situation of the client have been deepened. Perhaps such a provision will soon appear in the ethical codes of the profession.
(such provisions are found, for example, in the ethical codes of physicians, psychologists). Another problem may be that interaction with customers is often public. Professionals need to be very careful about how they handle the various reviews placed by clients on social media pages, some of which or the answers that may affect the reputation of the professional, or can bring him ethical, legal sanctions.

The main reason for these ethical criticisms is, in our opinion, the fact that marketing is seen in a limited optic, that is a "dopant" factor for the number of clients, for profit, for those who appeal to it. Such an approach has been reached since the group of those who developed the subject was generally a professional accountant and not marketing. Marketing should be seen in a wider optics, namely building and developing a brand, on a permanent relationship with customers, rather than in a narrow optic focusing only on attracting customers, accepting increased rates for the services offered.

Marketing can be defined in multiple approaches, with each author highlighting a particular component or emphasizing certain functions. In our opinion, the most comprehensive definition of marketing, of its role in the business world today, is that of the Chartered Institute of Marketing: "the strategic business function that creates value by stimulating, facilitating and fulfilling customer demand. It does this by building brands, nurturing innovation, developing relationships, creating good customer service and communicating benefits. With a customer-centric view, marketing brings positive return on investment, satisfies shareholders and stakeholders from business and the community, and contributes to positive behavioral change and a sustainable business future." (CIM, 2007, p. 14).

The marketing mix is the central element in modern marketing theory and can be defined as a "set of controllable variables that a company can use to achieve a certain level of sales on a target market" (Kotler and Armstrong, 2004). The elements of the marketing mix, or the 4P, are: price, product, promotion, and place. In recent years, the model has been the subject of several revisions. For the services sector, the 7P model, the four variables in the original model, was added to people, process and physical evidence (even if we refer to the service sector, there are certain physical components of them).

Once these conceptual clarifications have been made, we will try to summarize the findings of studies that have analyzed how marketing is implemented within companies that provide services related to the accounting profession (accounting, auditing, accounting consultancy), insisting on ethical, deontological aspects.

Mangos et al. (1995) conducted a study on how US, Australian, UK and Hong Kong accounting firms were designing their marketing activity. Of course, in these countries, things have evolved a lot from this study, but their retrospective can serve as a model for Romanian companies in the field where marketing is at an early stage (at least in small and medium-sized ones). The authors, investigating previous studies, reveal the following aspects regarding the marketing of accounting companies at that time (we mainly took into account those specific to small and medium-sized companies): the issue of market research is dealt with superficially; marketing tools are used in isolation without being aggregated into a marketing strategy; there is no systematic monitoring of customer expectations, their perception of service quality and satisfaction; there are no formalized marketing plans; the less experienced accountants are more open to use of marketing tools (Mangos et al., 1995, p. 68).

Moser and Freeman (2009) conducted a study to analyze public attitudes towards the advertising of professional accountants (including from the point of view of its ethical dimension). The survey sample was of 528 respondents in the US, customers or potential clients of professional accountants. The main findings of the study were: the respondents, although they consider that advertising by the accounting firms is useful, when they choose an accounting firm to do it according to the recommendations of their friends, rather than according to the advertising messages; the public is generally not suspicious about the information they broadcast by advertisements; the public seems to want first of all information about the services offered by
companies, the qualification and the experience of the professional accountants working at it, at the company’s location and less about the prices; low prices do not favor attracting new customers, but rather affect the company’s reputation; respondents with higher incomes or with important professional positions tend to believe that firms that advertise have less credibility than those who do not; Consequently, advertising targeted to these segments must provide useful, professional information so that the image of the firm is not affected. In these circumstances, the two authors believe that companies need to find the balance between the information function and image, reputation and credibility in their advertising messages (Moser and Freeman, 2009). Any mistakes in communication, any misleading communication can affect these symbolic elements. Given that the recommendations of existing customers are extremely important, in its marketing actions the firm must focus on managing relationships with them.

Hansson and Löfvendal (2016) conducted a study aimed at analyzing how Swedish auditors use marketing in their work and its implications for the quality of the services provided. The main issues revealed by the studies of the two authors were: about 10% of the auditor's work time is allocated for marketing; all auditors involved in the study had a positive attitude regarding the use of marketing to promote their own services; the Internet is the main marketing channel (most of them are very active on Facebook and LinkedIn); the use of marketing has had no impact on the prices applied (although marketing costs are a cost element); the use of marketing for audit services has increased their quality (a possible explanation being that marketing communications have also produced an educated audience interested in knowing what to ask an auditor); the audit wait delay occurs more often for young auditors inclined to promise things they can not do; marketing actions, when not properly managed, may interfere with the independence of auditors (for example, it may contribute too much to customers or potential customers by participating together in so-called networking events).

Bunget et al. (2014) conducted a study on marketing of accounting services within accounting firms in Timiș County. Their main findings are: the relationship with customers is generally taken into account, with some monitoring of their satisfaction being achieved, through relatively regular information and communication; word-of-mouth recommendations remain the primary marketing technique, especially for companies that do not have marketing budgets or they are modest; marketing is often confused with sales; marketing services are outsourced in a few cases (in conjunction with the fact that very few companies have a marketing budget, the conclusion is that marketing is not paid much attention); firms that have a marketing budget also have a more structured, articulated marketing approach (far from talking about a strategy) (Bunget et al., 2014, p. 194).

3. Characteristics of Marketing Accounting Services in Romania

Focusing on the situation in Romania, the marketing of services related to the accounting profession as a practice is at the beginning. Professional organizations (CECCAR, CAFR, and CCF) also do little to promote such a member-level approach to their awareness of the legal and ethical norms that they should observe in promoting their own services. Last but not least, the local literature on this issue is restricted. We will briefly argue each of these statements.

A survey conducted in 2015 among the visitors of the contzilla.ro site, a site known to the professional accountants in Romania, revealed that many professional accountants do not use, according to their own statements, to promote services. We will briefly present some of the results of this study, pointing out that it presents a series of scientific limits, among which: the size of the sample is not specified; its structure is unknown; the verification elements regarding the professional accountancy status of the respondents are not specified. However, we prefer to present these results because they are a fragment of a state of fact, a piece of a puzzle.

A first question was aimed at clarifying the ways in which professional accountants promote their services. A large percentage of respondents (46.55%) said they did not promote their services
in any way. The second question, related to the budget allocated to marketing, confirms that for many professional accountants marketing is not taken into account (62.93% declare that they do not allocate any amount of money for promotion.) The last question is to find out accounting for 45% of respondents do not see the need for online promotion (30.17% do not think this would bring results, 14.66% have no opinion). In summary, this survey shows that Romanian accountants do not pay too much attention to the marketing of their own services, either by classical tools or by online tools (without, however, being a solid scientific generalization).

Nor do the professional bodies in Romania seem to be very concerned about the marketing issues used by professional accountants, the ethical challenges that might arise. However, at the Fourth Edition of the National Forum for Small and Medium Practices in 2013, four presentations on marketing and the promotion of accounting services were supported by professional accountants. They remain at a very general level, presenting the elements of deontology to be respected, definitions of marketing and marketing mix, description of concrete ways in which professional accountants can promote their services. In addition to these elements, we find many truisms, a surface approach to things, with no reference to any controversial issues that we have previously pointed out on the basis of specialized literature, also without reference to online marketing.

From our point of view, professional bodies should have a certain position on these issues, organize debates, inform, educate. By comparison, although he has not issued any position papers on this issue, IFAC regularly takes on important articles from the literature on the site.

Unfortunately, in Romania, the literature on the marketing of services related to the accounting profession is not very broad and we dare to say, not very deeply and very closely related to the tendencies manifested in this field in the foreign literature. We will briefly review the articles that seemed to us the most relevant, highlighting the novelty elements of substance brought to the forefront.

Trifan and Anton (2012) conducted a qualitative study based on semi-structured interviews to analyze the relationships between companies providing accounting services and their clients. Some of the aspects revealed by this study should be thorough and considered in each company's marketing policy:

- The "barriers" in building a long-term relationship between the accountant and the client are: unfair competition of so-called professional accountants who offer lower prices without providing quality services and without taking responsibility for them; lack of customer economic education and lack of interest in quality services; lack of unity between members of the accounting profession; insufficient public promotion of the role and importance of professional accountants by professional organizations; the reluctance to communicate to the client under the pressure of fiscal burdens, sometimes repeated controls, which make him also circumspect with his own accountant;

- The "ingredients" of a long-term business-client relationship are: harmony, understanding, fairness, integrity, confidentiality, permanent and open communication, mutual trust, a certain level of customer education.

Busuioceanu (2013) addresses the issue of marketing financial and accounting services at the theoretical level, starting with the deontological norms of promotion, continuing with the elements of peculiarity and ending with some references to online marketing. The study also included a survey based on a questionnaire, but questions were little associated with promotion and marketing. The answer to the question about the considerations according to which the accounting firm chooses is made: 69% of the respondents (out of a total of 163) indicated the recommendations; 21% costs; 10% of the accounting firm's customer portfolio. Considering that the idea resulted from other studies (including those conducted in Romania, previously mentioned in Bunget et al., 2014), we believe that it should be taken into account in setting up the marketing actions of accounting firms, which should consequently a privileged place for customer relationship management.

Sudacevschi (2016) reviews the peculiarities of marketing in services, briefly identifies some specific elements of marketing of accounting services, and also refers to the provisions of the
National Ethics Code of Professional Accountants. We retain an idea that professional accountants should take into account in their work: in promoting services it is important to personally promote the professional accountant, personal brand management (Sudacevschi, 2016, p. 719; Barbu et al., 2010).

Duțescu et al. (2017) investigated the role of marketing in the sustainability of financial accounting services. The term of sustainability has the meaning of surviving / keeping on the market of a professional accountant or a firm providing services related to the accounting profession. The conclusion of the study is quite worrying: although professional accountants understand and appreciate the role of an effective, innovative marketing strategy, they have some inertia in using only sporadic, uncoordinated marketing methods and techniques.

Finally, we will make some references to the ethical issues identified in the marketing of accounting services on the Romanian market.

In the National Code of Ethics for Professional Accountants (CECCAR, 2011), also found in the CAFR Code of Ethics (in fact, the translation of the IFAC Code of Ethics), there is only one article on the promotion of services provided by professional accountants: „In marketing and promoting themselves and their work, professional accountants should not bring the profession into disrepute. Professional accountants should be honest and truthful and should not: (a) Make exaggerated claims for the services they are able to offer, the qualifications they possess, or experience them have gained; or (b) Make disparaging references or unsubstantiated comparisons to the work of others.” (Article 250.2)

The same article also states that when a professional accountant is in an ethical dilemma regarding certain forms of advertising and promotion, he should consult the professional body to which he is a member. We dare to say that we are facing a form without substance. We ask ourselves how and to whom a professional accountant will address such a problem: a local affiliate, a national organization, by telephone, by email. Who will offer her ethical counseling? In short, we believe that although ethical counseling offered by professional bodies is very necessary, it is not institutionalized, or easily accessible to an interested potential. For example, professional bodies from other states and international organizations - the CIMA (Chartered Institute of Management Accountants), ICAEW (The Institute of Chartered Accountants in England and Wales), ICAS (The Institute of Chartered Accountants of Scotland) - have so-called ethics helpline, accessible anonymously, by telephone or email, through which it provides ethical advice to professional accountants who request it. Such lines should also be operationalized by Romanian professional organizations.

Similar provisions, also very brief, also appear in the Code of Ethics for Tax Consultants: "The tax consultant can advertise his / her business, subject to the following rules:

a) correct presentation of professional experience and skills;

b) avoiding any clarifications regarding the quality of the tax advisory services offered and the fees paid by other tax consultants;

c) avoidance of any claims that affect the professional interests of other tax consultants." (Article 10, CCF Decision 2/2007)

The provisions of the two codes of ethics refer, in summary, to two issues: misleading advertising and comparative advertising. They are not only moral, deontological, but also of a legal nature (in Romania deceptive advertising is forbidden, and comparative advertising is allowed only under very restrictive conditions).

The lawful sanctioning of misleading and comparative advertising is done by the National Authority for Consumer Protection (ANPC) and representatives of the Ministry of Public Finance, specialized in state aid, unfair practices and regulated prices.

Investigating cases sanctioned by the two control bodies did not find any cases in the accounting profession. Are not such practices used by accountants, accounting firms, auditing and tax consultancy? We tend to believe that such firms have not been the object of the competent
bodies, perhaps because the advertising and/or promotion actions of these firms were not very intense in Romania.

In a communique from the Ministry of Public Finance, about the verification actions on misleading advertising and comparative advertising in the first quarter of 2017, it is revealed that several marketing messages have been identified in the marketing campaigns of different firms be placed in the sphere of misleading advertising: "the lowest prices"; "best quality products"; "the most varied range of products"; "best solution for your success"; "always the lowest prices" etc. (MFP, 2017). We have carried out a brief investigation of several sites of some accounting, auditing and consulting firms, some of which have messages similar to those sanctioned by the Ministry of Public Finance. In Table no. 1 we have synthesized some examples (but we do not have the power to strictly categorize them to misleading advertising or comparative advertising).

**Table no. 1 Examples of potential misleading messages**

<table>
<thead>
<tr>
<th>Firm</th>
<th>Message</th>
<th>Web page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real Cont-Audit SRL București</td>
<td>&quot;Tariffs such as those provided by Real Account Audit for the accounting services provided are the most advantageous for our customers.&quot;</td>
<td><a href="https://www.realcont.ro/tarife-contabile.php">https://www.realcont.ro/tarife-contabile.php</a></td>
</tr>
<tr>
<td>Absolut Contabilitate &amp; Consultanta București</td>
<td>&quot;You have an account too expensive (we are cheaper at least 50 lei - 200 lei compared to other offers).&quot;</td>
<td><a href="http://www.actefirma.com/tarife/tarife_contabilitate_ieftina.html">http://www.actefirma.com/tarife/tarife_contabilitate_ieftina.html</a></td>
</tr>
<tr>
<td>Ochia Daniela Expert Contabil București</td>
<td>&quot;With us you benefit from the lowest accounting rates, the best value for money accounting service.&quot;</td>
<td><a href="http://www.ochia.ro/tarife-contabilitate.html">http://www.ochia.ro/tarife-contabilitate.html</a></td>
</tr>
<tr>
<td>PBA Contabilitate București</td>
<td>&quot;Our company offers you the best price-quality ratio for accounting services.&quot;</td>
<td><a href="http://pbacontabilitate.ro/tarife">http://pbacontabilitate.ro/tarife</a></td>
</tr>
<tr>
<td>Klass Accounting București</td>
<td>&quot;The firm offers accounting services at the lowest prices.&quot;</td>
<td><a href="https://www.bizoo.ro/firma/ramonabratosin/vanzare/163455/servicii-de-contabilitate">https://www.bizoo.ro/firma/ramonabratosin/vanzare/163455/servicii-de-contabilitate</a></td>
</tr>
<tr>
<td>Biroul de Contabilitate Brașov</td>
<td>&quot;We aim to offer you the best prices for excellent accounting services.&quot;</td>
<td><a href="http://www.biroul-de-contabilitate.ro/index.php/de-ce-noi/conceptul-bdc">http://www.biroul-de-contabilitate.ro/index.php/de-ce-noi/conceptul-bdc</a></td>
</tr>
</tbody>
</table>
| Unicont București | "Our team includes accountants, licensed accountants, tax consultants, human resources inspectors, to ensure that we can deliver performant accounting services and the best solution for our clients' needs."
"Unicont - The Accounting Company, knows that the relationship with the customer must be based on mutual trust so as to facilitate communication and to understand all the time, in a comprehensive manner, which are the needs of our clients so that we can provide the best solution existing." | http://www.unicont.ro/servicii-contabilitate/servicii-contabilitate |

Source: Author's synthesis

We find that messages that may be associated with misleading advertising are by no means an exception for companies that provide services related to the accounting profession. Under these circumstances, the institutionalization of ethical counseling within CECCAR, CAFR or CCF is absolutely necessary. The Romanian accounting professionals certainly need this in the particular field of promoting their own services and we believe that many do not even realize that their advertising could be considered misleading. Also, competent authorities (ANPC and MFP) should focus on verifying these issues also on the accounting services market.
4. Conclusions

At both practical and theoretical approaches, the marketing of services associated with the accounting profession is in its infancy in Romania, lacking subtlety and nuances found internationally. We certainly do not include Big Four companies in this characterization. Their experience in this field had to be applied in the specific Romanian context.

If in the early 1990s, when they entered the Romanian market, marketing was somewhat neglected after 2007-2008, amid the intensification of competition, reconfiguration of the Romanian business environment under the impact of integration into the European Union, maturing the market, Big companies Four have begun to pay more attention to marketing, communication, customer relationship management (CRM). Some of these (PwC, Deloitte) have developed and implemented integrated marketing and communication strategies for the entire Balkan region, coordinated in Romania.

For small and medium-sized Romanian companies, it will not be easy to compete with these giants in terms of marketing and communication, the main barriers being the expertise and the financial resources they can allocate for this purpose. In our opinion, they have to focus on marketing to the online environment and to social networks. The main consideration would be lower costs and, additionally, the ability to target a specific audience (customers or prospects) circumscribed to a specific region.

By focusing on small and medium-sized businesses and independent accountants, in order for marketing to bring added value, the following should be taken into account:

- the public interest in accounting information should not be subordinated to commercial considerations;
- ideally, marketing should be done by professionals in this field; if this is not possible, professional accountants need to get acquainted with marketing;
- all marketing actions must be done according to a plan;
- the lack of large budgets can be offset by a plus of creativity (Avram et al., 2016, p. 284);
- marketing actions must comply with the rules of the national/international ethical codes on the accounting profession.

Of course these are just a desideratum and probably some of the professional accountants will not follow these principles. Under these conditions, several "actors" must act to prevent and combat such behaviors:

- the responsible state bodies must apply the sanctions that are imposed when certain marketing actions are illegal;
- professional organizations must apply sanctions based on codes of ethics;
- users of accounting information must be careful and informed so that they are not the victim of misleading marketing actions.

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