

MARKETING OF PROFESSIONAL ACCOUNTING SERVICES: APPLICATION IN TURKEY

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Abstract: Developments in the field of technology and the world's way to globalization have made some alterations in the expectations from "accounting services". In parallel to these alterations the implementation of "The Law of Independent Accountancy, Certified Public Accountancy and Sworn-in Certified Public Accountancy" (1989), and "The Uniform Chart of Accounts" (January 1, 1994), also made considerable contributions to the accounting profession.

Professional accounting services started to get more efficient role in business life, particularly after industrialization. Consequently, need to improve professional accounting services has been getting bigger and bigger in due course. Thus accounting service is no longer ordinary but a professional occupation recently.

A research survey was applied in Trabzon on certified accountants in 40 firms to find out how professional accounting services can be best marketed.

Keywords: Professional Accounting, Accounting Services, Marketing

PROFESYONEL MUHASEBE HİZMETLERİNİN PAZARLANMASI: TÜRKİYE UYGULAMASI

Özet: Dünyanın global bir ortama ilerlemesi ve teknolojik alandaki gelişmeler, muhasebe hizmetlerinden beklentileri de değiştirmiştir. Bu değişime paralel olarak da 1989 yılında çıkarılan Serbest Muhasebeci- Serbest Muhasebeci Mali Müşavirlik ve Yeminli Mali Müşavirlik Kanunu ile 1 Ocak 1994 tarihinde uygulamaya konulan Tekdüzen Hesap Planı da muhasebe mesleğinin gelişimine önemli katkılarda bulunmuştur.

Profesyonel muhasebe hizmetleri iş hayatında özellikle sanayileşmeden sonra daha etkin rol oynamaya başlamıştır. Sonuçta da, profesyonel muhasebe hizmetlerindeki gelişme ihtiyacı zamanla daha büyük önem kazanmaya başlamıştır. Bundan dolayı, günümüzde muhasebe hizmetleri sıradan bir iş olmaktan çıkıp, profesyonel bir meslek haline dönüşmüştür.

Bu çalışmada, profesyonel muhasebe hizmetlerinin en iyi nasıl pazarlanabileceğini ortaya koymak amacıyla Trabzon'daki 40 firmada muhasebeciler üzerinde yapılan bir anket uygulaması yer almaktadır.

Anahtar Kelimeler: Profesyonel Muhasebe, Muhasebe Hizmetleri, Pazarlama

I. PROFESSIONALISM and PROFESSIONAL ACCOUNTING

I.1. Professionalism

Professionalism is the presentation of knowledge, skills, and experience acquired during undergraduate years and practice in terms of professional laws and within the framework determined by the professional organization.

Specialism is necessary for professionalism likewise advanced theoretical and applied training is necessary for specialism. Specialism in professionalism is confirmed with a certification or a license. An examination of competence is given to determine whether one has enough knowledge required for specialism. Therefore, carrying out the work which requires specialism is limited to those with a certificate or license.

Any professional occupation requires working through official professional organizations and under a certain authority. Similarly, any member of a profession

or an organization, who carries out the service, must also have a legal responsibility. The lack of such a legal responsibility puts the member of that profession in an ordinary position. Yet this does not conform to professionalism.

Professional occupations that are based on market principle are medical profession, dentistry, pharmaceuticals, capital market specialism, banking specialism, the profession of law, engineering, architecture, and accountancy, etc.. There are some criteria behind such a classification. They are professional education, a self-organization system based on professional ethics, and evaluation or certification by public organizations.

Those who are involved in a professional occupation must have some characteristics in common [1]. They are:

a) Having an accumulation of specialist knowledge of the profession,

b) Being a university graduate,

- c) Keeping public interests over individual priorities,
- d) Being a member of a professional organization,
- e) Being able to take on legal responsibilities,
- f) Being able to comply with the professional rules,
- g) Acknowledging the presence of the accepted professional standards.
- h) Being accepted by the public.

Beside the above mentioned common characteristic of the professional people, there are some other common rules with which they must comply. Those common rules are ethics of profession, taxation and moral understanding of the society.

I.2. Professional Accountancy

A professional accountant is a person who is legally given the authority to be an accountant, and who has the necessary qualifications required for membership to national, auditing, and professional accounting organizations.

In order to be a professional accountant, one must have been a university graduate, have completed a training period, and have succeeded in an examination of occupational competence. Another important requirement in developing countries is the application of "occupational training".

A professional accountant carries out the profession of accounting. Accounting is a permanent occupation, which determines, classifies, records and summarizes the financial activities of firms, and which informs the related parts of the society through financial tables.

The profession of accounting, also, have qualities such as constantly changing and developing structure of knowledge, the use of occupational judgement, and liability to the public, which are all necessary for an activity to be accepted as a profession.

In order to fulfil the requirements of the profession of accountancy, those who will work as accountants must have some ethical qualities as well as occupational qualities. These ethical qualities are a body of both legal and occupational rules developed by the work of legal and occupational organizations.

In line with the economic, social, financial and technological developments, the importance of accounting has increased. It has had a quite important place in today's commercial life.

The most important and best known professional accountant organization in the world is the "Institute of Chartered Accountants". It was founded in the UK in 1870 and was recognized legally by the "Royal Charter" in 1880. Today, the name of 'professional accountant' stems from this code of law. Following this code, similar occupational organizations were established in France in 1881, in the USA in 1886, in the Netherlands in 1895 and in Germany in 1899.

As a result of this movement of occupational organization, accounting recorded a significant development especially after the World War I by spreading all over the world, so it became as prestigious an independent profession as medicine and law.

In line with the development of the profession, accounting did not confine itself only to accounting but also started to carry out functions such as analyzing activities of companies, taxation, and auditing, etc.

II. PROFESSIONAL ACCOUNTING SERVICES AND MARKETING

II.1. Professional Accounting Services

Professional accounting service is an occupation, which requires a professional accountant to carry out accounting skills or occupational skills such as bookkeeping, auditing, taxation, management consultancy, and preparation of financial tables.

In developed countries, professional accountants have changed from mere legal auditors and classic accountants into financial advisers and consultants in different areas in both the public and private sectors. Consequently, professional accounting has affected administrative consultancy. These developments led to some changes in various areas of the profession. These changes took place mostly in the types of service provided. The activities that are considered as professional accounting services are bookkeeping, preparing financial tables, auditing, taxation, and management consultancy.

The size of accounting firms affects the variety of the services presented and the proportional distribution of these services in itself. For example, small accounting firms concentrate on bookkeeping and preparing financial tables while large ones concentrate on auditing and management consultancy.

The above-mentioned services are explained below.

Bookkeeping means entering the financial transactions in the general journal and ledger in terms of laws, and trial balancing. **Accounting** means preparing the financial tables based on trial balancing. **Auditing** refers to investigating the financial conditions and outcomes of the enterprises in terms of the requirements of laws, and whether the company reports are prepared correctly and properly. **Taxation** refers to preparing the tax statements of the enterprises, solutions to tax problems, and settling the problems of the enterprises with the tax office. Management consultancy refers to developing the system of accounting and production and automation by installing the computer systems and by providing different engineering services in accounting and other areas [1].

Different people or organizations carry out professional accounting services in different countries. They are Certified Public Accountant (CPA), Certified Management Accountant (CMA), General Accounting Office in the

USA; Chartered Accountants (CA) in the UK; Expert Computable in France; Wirtschaftsprüfer (WP) in Germany.

The services that professional accountants will provide have been determined by regulations in all countries.

These services may include reports required by authorities, notification and similar procedures.

In general, the framework of professional accounting services is determined by the states. There can be two types of classification. One of them is connected with the services presented in the sector (taxation, auditing, bookkeeping, etc), and the second is connected with accountants (training, probation, occupational organization, etc.)

In most countries, organizational authorities have been given to the related occupational organizations. The authorities differ from one country to another.

The structure of professional accounting services can show some changes depending on the level of knowledge and decision-making of the client firms. The reason for this is that the man gets satisfied with the service. Man is a creature in addition, are also men and the same is true for them too. Friendly individual relationships and effective communication will provide good opportunities and conditions to offer good service.

II.2. Marketing Professional Accounting Services

Marketing professional accounting services is a performance process of enterprise practices, which identifies and meets (the) clients' needs and organizes this flow of services towards the clients.

Producing goods and services is not enough to meet the needs of clients. It is necessary to make it possible for clients to purchase all these goods, which is possible only through marketing practices. Marketing, (which is) one of the basic functions of an enterprise, contributes to the productions process. Therefore, marketing is at least as important as producing. Marketing activities, people have the opportunity to purchase the services they demand for under the best conditions of place and time. Enterprises reorganize their producing practices and investment in terms of marketing [2].

Marketing has the advantages of providing place, time, and property and name profile. Prior to marketing accounting services, people didn't know of these advantages [3]. But increased competition in this field of business has led to marketing activities. Today these activities are performed through advertising, seminars, brochures, reference letters, mail and so on. The efficiency degree of these devices differs from country to country. While, while there are some restrictions on advertising marketing services in UK and Australia, it is prohibited in Hong Kong. In Australia, the most efficient marketing devices are reference letters, seminars and client network in UK, they are advertising and brochures, but in Hong Kong it is positive word of mouth that forms the accountants attitudes to advertising [4]. Professional accountants need strategic plans to market their services. Therefore, they have to know what effects are dominant on clients to make their choice of accountant [5]. There are;

- a) Individual relationship between the accountant and the client,
- b) Accounting firms' quality of technical expertise,
- c) Pricing,
- d) Firm's expertise in the industry.

On the other hand, in response to a question to six US major firms, people said that cultural considerations were very important in marketing services. But the research concluded that five of the six firms believed cultural considerations were very important in departmentalized markets, and only one rated it as important [6].

III. MARKETING OF PROFESSIONAL ACCOUNTING SERVICES IN TURKEY

III.1. Accounting Profession in Turkey

Through the law of Independent Accountancy, Certified Public Accountancy and Sworn-in Certified Public Accountancy, in 1989, Accounting Profession in Turkey was based on some certain principles resulting from years of studies. Therefore, legal regulations in Turkey, when compared with those in other countries, seem to be new. In compliance with these regulations accounting profession acquired some particular principles and accountants were given some efficient and sensitive responsibilities. The regulations promoted the accountants' name profile, and the profession became attractive. In addition, members of the profession were given active duties in the process of marketing practices.

Structural changes in tax-relationships and confusing financial and economic problems arising from the regulation changes in the field of trading and industry led to the need of a new profession which required expertise in accounting business, professional management and tax-laws [6]. Recent improvements in accounting profession have been the formation of laws for Auditing Standards of Accounting in Turkey. Progressing to a new era through all above-mentioned legal regulations, enterprising process of accounting profession has also influenced in-service training to some extent. After gaining a legal status parallel to the world practices the authority of UCCPAT (Union of Chamber of Certified Public Accountants of Turkey) to give professional title increased the interaction between the professional groups and those working as trainers. Proficiency test started a new period in which this interaction has been intense.

According to the law of Independent Accountancy, Certified Public Accountancy and Sworn-in Certified Public Accountancy, members of the accounting process have got into three groups.

- a) Independent Accountants,
- b) Certified Public Accountants,
- c) Sworn-in Certified Public Accountants.

An Independent Accountant is a person who keeps accounting books and organizes financial reports and tax return forms for a legal or real entity. To become an Independent Accountant, one must have professional training of 2 – 6 years after graduating from a high school.

A Certified Public Accountant, in addition to performing the same activities on the independent accountants do, set up and improve the accounting systems of the enterprises, organizes practice of management, accounting, finance and economy according to the regulations and work on consultants to these branches. To become a Certified Public Accountant, you must specialize in this field for two years after studying law, management, finance, banking, political sciences, economics or accounting and succeed in a proficiency test.

A Sworn-in Certified Public Accountant, in addition to working as consultant auditors, as do Independent Accountants and Certified Public Accountants, a Sworn-in Certified Public Accountant has the authority to certify all related performances. To become a Sworn-in Certified Public Accountant, it is necessary to work as a Certified Public Accountant at least for ten years and to take a proficiency test. Furthermore, auditors and tax collectors have been given the title of Sworn-in Certified Public Accountant under some special issues of the regulations.

In the Development Report 2000, by UCCPAT, statistical number of the members throughout is as follows:

Table.1: The Number of Independent Accountant, Certified Public Accountant and Sworn-in Certified Public Accountant in Turkey

Members of Profession	Working in Offices	Dependent + Not Active	Total
Independent Accountant	15 489	11 575	27 064
Certified Public Accountant	11 003	11 470	22 473
Sworn-in Certified Public Accountant	1 625	1 558	3 182
Total	28 117	24 603	52 720

There has not been the healthy datum about the number of the registered taxpayers in Turkey, which has the population of 66.000.000. Nevertheless, in its Development Report 2000, UCCPAT reports the information below:

Tax Type	The Number Registered Taxpayers
Income Tax	2 080 877
Corporation Tax	581 574
Ordinary Official Taxes	758 751
Total	3 421 202
Value Added Taxpayers	2 849 385

In sum, we see that the number of income taxpayers, corporation taxpayers and value-added taxpayers (or the number of tax statements) is 6 260 587. Yet, there are 165 types of taxes such as official taxes and funds in Turkey. As for the number of the auditors, there are about 4000 official auditors in 2000.

However, since there aren't enough auditors, they cannot manage to audit all these complex taxes, applications, and their records. Therefore, only 5% of the annual account audits could be fulfilled. Under such circumstances, it immediately appears that there might be a serious tax evasion in Turkey. This is one of the basic reasons that cause significant problems for the government who needs a sufficient tax auditing and tax collecting system.

III.2. Marketing of Professional Accounting Services in Turkey

It has been apparent that too much attention has been given to the marketing of professional accounting service by the certified public accountants in Turkey in recent years. We see that the accountants have spent a remarkable effort in order to understand the needs and preferences of the clients. Moreover, they have also been interested in the marketing affairs in harmony with the quality of the service given.

However there have been several limitations that can prevent the marketing of the accounting service. These limitations can be explained as follows:

The accountants in Turkey do not want to be considered as the ordinary sellers whose main concern is just profit. They think that the work they do, the accounting service is something more important and that money cannot be taken as a priority in accounting service. In accounting service, there have been some other regulations dealing with the marketing and promotion. Furthermore, promotion and marketing of the service have some pejorative meanings in this field. So, promotion is banned by the article 17th of 'the regulations that certified public accountants have to keep'. Similarly, the article 11th doesn't let them make any changes in the prices approved by the Union of Chambers. The competition is banned by the article 14th, and the

corruption by 13th.

Professional accountants should choose one from those, which are minimum marketing, hard-sell marketing or professional marketing so they could reach their targets such as stability and development [7].

Professional Marketing is the most acceptable and reasonable way for Turkey because it cares most to keep the commercial and social ethical norms, and it also concerns, for instance, the present clients and their market share as well as the new ones. The relationship between the client and the accounting service can be figured as given below:

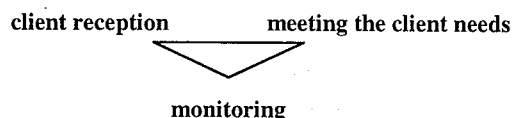


Figure.1: Accounting Service Triangle

To promote a good relationship between the clients and the accountants, to keep promises, to support and encourage the clients whenever they need, to have enough interest for this profession, and to have enough knowledge and experience play important roles in the marketing of the professional accounting services. This fact has already been known in Turkey. These are called as the five keys of the service quality. We can easily make the need analysis due to these factors. Only in this way could we make the client satisfied enough with our service. Nevertheless, both the service quality and the client satisfaction should tend to increase in due course.

The professional accountants in Turkey have adopted a 'client oriented administration strategy' in marketing of accounting service. This makes the client the main criteria of all the business around. In other words, the client's needs are the central concern of the service. These needs are thoroughly met by the accounting administrator and the services are distributed in accordance with the expectations of the client. That client oriented administration strategy is employed in an enterprise provides the accounting service with some new marketing opportunities.

To identify what instruments play the most important roles in marketing professional accounting services a research survey was applied to 40 certified professional accountants and 40 enterprises in Trabzon, all having the same common characteristics of professionalism.

Questions related to the survey are listed in the following tables according to their order in the form of "public accountant".

Table.2: How Do You Choose The Firm Whose Book Decide to Keep?

Choices	Number of Answers	%
Upon my friends advise	9	22.5
Upon my name profile in the market	20	50.0
Upon my own researches	11	27.5
Total	40	100

Table.3: How Do You Market Your Services?

Way of Marketing	Number of Answers	%
Personal promotion	-	-
Offering good services	30	75
Knowledge and competence	8	20
Individual Relationships	2	5
Total	40	100

Table.4: What is The Most Effective Instrument in Marketing Your Services?

Instrument	Number of Answers	%
Personal reference	18	45
Client net	14	35
Individual relationship	8	20
Promotion	-	-
Positive word of mouth	-	-
Total	40	100

Table.5: What Factor Affects The Marketing of Your Services Most?

Factors	Number of Answers	%
Culture	5	12.5
Professional standards	12	30.0
Professional principles	8	20.0
Image	2	5.0
Service quality	13	32.5
Total	40	100

Table.6: What is Your Opinion of The Ban On Promotion-Competition Between The Members of the Accounting Profession?

Choices	Number of Answers	%
I agree	27	67.5
I don't agree	9	22.5
I don't mind	4	10.0
Total	40	100

In the light of evaluation of the survey results, it is concluded that Certified Public Accountants Choose the enterprises whose books you decide to keep upon their credibility in the market (Table.2) and they market their services through good servicing (Table.3), and the most effective instrument in marketing their services is personal reference (Table.4), and the most effective factor

in marketing their service is the quality of the services they offer (Table.5) and that they agree on that there should be a ban on promotion and competition between members of the accounting profession (Table.6).

In the following tables are the questions related to the research survey in the form of enterprise-survey.

Table.7: What Factors Play Determining Roles in Choosing Your Accountant?

Factors	Number of Answers	%
The accountant's pricing	2	5
Professional knowledge and competence	27	67.5
Charging less tax	2	5
Friendly relationships	5	12.5
Meeting my needs	4	10
Total	40	100

Table.8: How To Choose An Accountant?

Way	Number of Answers	%
Positive word of mouth	-	-
My friends' advice	11	27.5
My own researches	29	72.5
Total	40	100

Table.9: What is The Most Important Characteristic Your Accountant Should Hold?

Characteristics	Number of Answers	%
Knowledge and competence	27	67.5
Paying my taxes when I'm short of money	1	2.5
Charging less fee	5	12.5
Solving my tax and other problems in the tax-office	6	15
Other	1	2.5
Total	40	100

Table.10: If You Changed Your Accountant, What would be Your Most Important Criteria in Doing This?

Criterion	Number of Answers	%
Pricing	1	3
Knowledge and competence	16	49
Charging too much tax	3	9
Inability to meet my needs	11	33
Behaviors	2	6
Total	40	100

It can be concluded from the evaluation of the survey results that "knowledge and competence" plays the most important role in enterprises choosing their accountants and this is also the most important characteristic they want to see of their accounts and the most important criteria in changing their accountant (Table.7,9,10) and that in choosing their accountants they rely on their own researches (Table.8).

IV. CONCLUSION

Accounting, named on "the language of administration", had to turn out to be "the international language of "world-wide enterprises". In 2000s, at the age of information, accounting profession will be a data bank providing the related parties with necessary information in a more effective and neutral way. Consequently, "human factors" namely "professional accountants" are

the most important elements of the data system relevant in a world, which is on its way to globalization.

Gradually increasing competition area has led most accountants to market their services under very harsh market conditions. For this reason, they have been developing some marketing strategies in terms of service. The most important part of these strategies is the "service-quality", which depends on the accountants' professional knowledge and competence. Because they serve their knowledge and competence.

As they improve their knowledge of profession, they get the society's attention in which they work, and obtain a high name profile and they enlarge their working environment.

In the past, the professional accounting was in Turkey, perceived in the form of "tax accounting". But, activities to get professionally organized in its

contemporary meaning started in 1989, with the implementation of The Law of Independent Accountancy, Certified Public Accountancy and Sworn-in Certified Public Accountancy. With these laws, the accounting profession has had a professional quality. In addition with the implementation of The Uniform Chart of Accounts January 1, 1994, public accountants had a prestigious name profile.

In this research survey, a study was conducted on 40 public accountants and 40 enterprises. In the light of survey results, it can be concluded that Certified Public Accountants choose their client enterprises relying on their name profile in the market, and they market their services by way of "good services", and that the most important element in service marketing is "reference" and the most important factor is the "service quality" and that they agree on the ban on promotion and competition between members of the profession.

And in the light of survey results concerning the enterprises we conclude that the reason why enterprises want to change their accountants is their lack of knowledge and competence, and what play the most important role in choosing their accountants are their own researches.

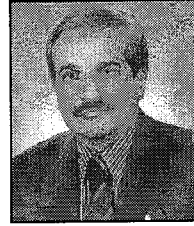
As a result, we can say, "accounting profession has become one that needs high standards of data as in other professions.

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