

## **PRIORITIES OF PROFESSIONAL JUDGMENT IN ORGANIZING ACCOUNTING**

**Tudor TUHARI, Prof., PhD**

Trade Co-operative University of Moldova  
Email: [contabilitateuccm@rambler.ru](mailto:contabilitateuccm@rambler.ru)

**DOI:** <https://doi.org/10.59642/JRTMED.2.2023.03>

**Universal Decimal Classification:** 331.54:657.05(478)

**JEL Classification:** M41

---

### **Abstract**

*The profession of an accountant has always been not only essential but also significant, and recently, it has gained additional prestige. Accountants play a crucial role in organizations, reflecting all financial transactions in accordance with the legislation and regulatory framework applicable to micro and macroeconomic entities. The chief accountant of a company possesses characteristics such as good competence, confidentiality, high professionalism, quality of work and control, objectivity and integrity. They also demonstrate reliability and a high level of trust within the team and at various management levels.*

*In the context of reforming accounting and auditing in the Republic of Moldova, in addition to regulatory frameworks, there arises the question of the accountant's professional judgment, representing the opinion expressed by a professional accountant about the economic situation to make effective managerial decisions.*

*In this article, the author aims to characterize the category of professional judgment of the accountant and define the functional content of a specialist in this field.*

---

**Keywords:** *profession, professionalism, accounting, audit, knowledge, competence, accountant's professional judgment*

---

### **1. Introduction**

Modern economy is impossible without the existence of a well-organized accounting system, aligned with the requirements of the legislative and regulatory framework of the state. The Law on Accounting and Financial Reporting (287/2017) [1] and National Accounting Standards (Order of the Ministry of Finance of the Republic of Moldova no. 48 dated 12.03.2019) [2] provide for significant changes regarding the professional activities of accounting specialists. This increases both the authority and responsibility of accounting professionals.

Accounting specialists must possess the following specific qualities: diligence, care, and integrity; accuracy in calculations (in mathematics); collegial cooperation; emotional stability; an openness to novelty; as well as energy, moral upbringing, and persistence in their field.

Qualification improvement and acquiring new knowledge during the internationalization of the accounting system are highly significant factors which no accounting department or accounting professional can function without.

The accumulated knowledge forms the intellectual wealth of human society in any field. Values today are primarily created through increased productivity and innovative implementations - in other words, through the utilization of knowledge and its application in practical activities. Knowledge is achieved through the excellence of the state's educational policy and the improvement of its quality.

The development of education in the field of accounting involves preparing qualified professionals in accounting and auditing who can understand and apply professional concepts and rules in the formation of accounting information and financial reporting. In their professional practice, every accounting professional strives to enhance their experience, opting for the best combination of accounting or auditing techniques and methods. While the qualifications of an accountant are studied at specific courses in colleges and higher education institutions, professionalism is acquired through independent qualification enhancement and the continuous accumulation of additional knowledge and extensive practical experience in one's accounting career.

In the article, the author focuses attention on the substantive nature of a new scientific category in the field of accounting – the professional judgment of an accountant. This category is associated with the multifaceted and multifunctional activities carried out under the compliance with the requirements of international and national standards for accounting and auditing. The author believes that the time has come to establish a specific regulation, accompanied by a comprehensive professional description, to delineate the level of professional judgment for an accountant, including its significance and evaluation in terms of knowledge and experience within society.

## **2. The degree of investigation of the problem currently, and purpose of research**

The system of reforming accounting and auditing, viewed through the lens of international and national standards, as well as specific national economic development factors, shapes a new, broader scientific approach to the level of demanded knowledge and professionalism. The birth of a new category of expert assessment is manifested through the concept of "professional judgment of an accountant."

In recent times, increasing attention has been given to the issues of professional judgment by scholars and experts at both national and international levels, such as L. V. Grabarovski, G. M. Bejan, N. P. Zlatina, M. A. Manoli, A. D. Nedeřița, V. S. Bukur (Moldova), A. A. Shaposhnikov, T. Z. Sinitsyna, S. A. Nikolaeva, V. D. Andreev, A. D. Sheremet, V. Ya Sokolov (Russia), N. V. Gurina, N. S. Len, N. S. Marushko, T. M. Storozhuk, I. I. Melnichiuc, T. L. Tarasova (Ukraine), and others.

In the research conducted by these scholars, amidst evolutionary changes in the field of accounting, the aspect of demand in professional judgment is interpreted in terms of the functionality of the professional and their responsibility for the quality of accounting and reporting. Therefore, in our opinion, there is still room in the research on the categorization of professional judgment, from the perspective of the new professional personality in public activities.

### **3. Applied methods and materials**

The methodological algorithm of the conducted research in the article is built upon fundamental and specific developments in the field of conceptual phenomena, classification, evaluation, recognition of economic and accounting elements, and the use of tools, rules, techniques, and methods in accounting and financial reporting [3, 4]. The scientific research extensively employs the dialectical method of cognition with its inherent fundamental elements: the priority of the primary over the secondary, the use of the particular and the general, development from simple to complex, cause and effect, and others. Through the prism of dialectical perception of the world, the individual, as a person and a specialist in a particular field, evolves, becoming a professional in the ever-changing activities of everyday life. A simple accountant transforms into a professional with a multifaceted judgment in the formation of accounting information and the preparation of financial and non-financial reports at the micro and macroeconomic levels of management.

The author uses scientific methods such as synthesis and analysis, induction and deduction to elucidate the process of forming accounting professional judgment. The research also allocates a significant place to observation, comparison, grouping, and selection of information. In the examination of the professional training of accounting and auditing specialists and the formation of their multifaceted judgment in decision-making, the authors use their rich experience in preparing highly qualified professionals in the field of accounting and control, from student benches to achieving the level of professional judgment as a chief accountant, enterprise manager, educator in the educational system, Doctor, Doctor of Sciences (habilitat) and professor. The author of the article has studied the works of domestic and foreign scholars, as well as the system of legislative and normative acts and their practical application in several enterprises in the Republic of Moldova.

### **4. Results obtained and discussions**

The professional judgment of accountants and auditors is based on their knowledge, qualifications, and work experience, serving as the foundation for their subjective decisions in circumstances where unequivocally determining the course of action is not possible.

The formation of professional judgment can be schematically outlined in the following sequence:

- Information related to professional activities reaches the accountant or auditor.
- Through the performance of their professional duties, data processing transforms into professional judgment regarding the studied information.

Typically, the use of professional judgment as a priority in accounting is stipulated by international and national accounting and auditing standards. In such cases, professionals make standard decisions based on the conditions outlined in accounting policies and other elements of the financial policy of the economic entity. However, as known, in every norm, there can often be hidden "pitfalls" — unforeseen circumstances requiring a timely and non-standard approach to resolution. In such circumstances, there comes into play the professional judgment of the accountant or auditor.

As it is known, the boundaries of the application of professional judgment in accounting and auditing are not defined by regulatory acts, implying that they should be determined by subjects of professional judgment in internal regulatory documents.

Unfortunately, at present, the extensive functional content of the accountant's professional judgment is viewed only through the prism of multifaceted requirements expressed in what the accountant "must know" and what they are "obliged to do"—their responsibilities. According to V. D. Andreev and I. V. Lisikhina, the professional status of an accountant entails knowledge of about 20 groups of cognitive and executive rules, methods, techniques, and norms to perform their functions. Among them are knowledge of civil, financial, tax, economic, labor law; legislation in the field of accounting, reporting, and its analysis; rules and norms of labor protection, etc. [8, pp. 54-55].

Simultaneously, the professional status of the chief accountant obliges them to perform an extensive list of both standard and non-standard tasks. These include: organizing the accounting of the enterprise's activities, formulating accounting policies, as well as tax and contractual policies; exercising control over the preservation of the organization's assets; ensuring financial stability and solvency of the enterprise; and other types of obligations of accounting, analytical, financial, and administrative nature. Due to such extensive responsibilities, the position of the chief accountant and their deputy is considered a managerial role [8, pp. 47-52].

All the mentioned elements of professional judgment underscore the multifaceted role it plays in guiding the effective activities of the economic entity in the right direction, ensuring correctness and timeliness.

The priority factors influencing the formation of the accountant's professional judgment, from our perspective, include:

- Personal specific qualities required for a professional accountant – being hardworking, diligent, honest, caring, and precise in all calculations and financial and economic indicators related to the entity's activities.
- General civic qualities of the specialist – being honest, objective, impartial, competent, independent, and maintaining confidentiality in their career.
- Adherence to professional ethics, high moral character in behavior and relationships within the team, regardless of conflicting interests between the owner, the state, and personal interests. This involves embodying qualities such as diligence, tact, and intelligence as outlined in international codes of professional ethics for accountants and auditors.
- Constant pursuit of novelty, perfection, and searching for the most rational methods and rules in work to evenly distribute working time without overloading and achieve high performance results.
- Possession of a worthy level of professional and practical knowledge in organizing current accounting (document circulation, accounting registers, chart of accounts, financial reporting), economic analysis of the company's performance indicators, accounting management and its labor regulation.

The entire complex of priority listed factors is an integral part of the multifaceted structure of the accountant's professional judgment in the conditions of the market economy's development.

The significance and necessity of developing professional judgment have been expressed in the research of both domestic and foreign scholars. According to Ukrainian researchers I. I. Melnichiuk and O. O. Lopatovska, due to constant reforms and changes in accounting and taxation legislation, accountants encounter problematic issues in their work that require timely solutions, even if these problems may not be directly regulated by legal norms. In such conditions, the role and importance of the accountant's professional judgment significantly increase. It is based on acquired knowledge, personal opinions, skills, achievements, and professional intuition, serving as a kind of enhancement to professional capabilities [7, p. 138].

Another Ukrainian scholar, N. S. Marushko, has the opinion that in modern domestic practice, professional judgment should be disclosed at the international level. The thoughts of a professional accountant are considered invaluable, impartial, and selfless judgments about the facts of the economic life of the enterprise. Thus, the author views the professional judgment of an accountant as a tool to ensure the economic security of the enterprise [9, p. 320].

When discussing the circumstances that accountants should consider in their work, regulatory documents (46%) and professional judgment (20%) play a significant role. The guiding principles for accountants in forming their professional judgment are the principles of financial reporting: understandability, relevance, reliability, and comparability [8, p. 55].

In addition to the principles for financial reporting, I. I. Melnichiuk and O. O. Lopatovska identify several principles for forming the accountant's professional judgment, including:

- Continuous self-improvement through training at various seminars, courses, conferences, and other national and international forums.
- Argumentation, achieved by justifying all processes and operations based on legislative arguments, practical methodologies, and confirmation through calculations.
- Reliability, ensuring that the data on which professional judgment is based are reliable.
- Completeness, ensuring that the data forming the basis of professional judgments are complete and timely [7, p. 140].

The opinion of L. V. Grabarovschi and G. M. Bejan is in agreement with the idea that professional judgment regarding the rules of organizing and conducting accounting, as well as the choice of accounting methods, depends largely on the category of economic entities to which the enterprises belong and their industry-specific features. This consideration determines the accounting system, the applicable accounting standards (National or International), and the composition of the presented financial statements (abbreviated, simplified, or full) [5, p. 18].

In their research, Grabarovschi and Bejan conclude that the accountant's professional judgment allows for an objective reflection of the state of accounts receivable of a specific economic entity. Considering professional judgment as a driving force for the development and further improvement of regulatory frameworks for accounting, they argue that it is crucial for choosing the strategy and tactics of accounting to provide information to interested users [5].

Thus, professional judgment of the accountant should be understood as the search and selection of the most rational methods and approaches to disclose reliable information about

the financial state for the sustainable development of the economic entity. In Romanian, professional judgment of the accountant is translated as "Rationament profesional contabil," which inherently expresses rational content, that is the most effective, favorable actions, methods, and options used in the interests of economic management.

The high-quality content of the accountant's professional judgment is most often demonstrated through the selection of the most rational and effective methods, techniques, and rules for organizing and conducting accounting when forming and adjusting accounting policies. Competence and professionalism of the accountant are manifested in these choices by identifying the most favorable factors influencing the profitability of the enterprise.

The preparatory organizational work for developing and providing the company with primary documents and accounting registers, creating a working plan for accounting accounts, distributing accounting responsibilities among accounting staff, compiling functional characteristics and work schedules for each, as well as developing the overall annual plan (program) for the work of the entire accounting department are significant and reflect the quality of the accountant's professional judgment. Pertinent professionalism issues include conducting preliminary operations with high quality before preparing and presenting the company's financial statements, such as inventory of assets and calculations, closing income and expense accounts, managerial accounts, transferring shares of income and expenses from future periods to current ones, and correcting possible errors in accounting.

A significant role in professional judgment is played by questions related to the effective use of recognition and measurement criteria for accounting elements, establishment of materiality thresholds, and valuation reserves. Rationalism in accounting, as reflected in professional judgment, is demonstrated through the selection of the most appropriate methods, techniques, and accounting options recommended by national accounting standards (NSBU in Ukrainian), for example, in the depreciation of intangible and tangible assets, their evaluation, determining the cost of finished products, sold goods, wear and tear of PPE, etc. In this regard, a professional accountant, when choosing a specific method of accounting option for accounting elements, needs to calculate and analyze its profitability and effectiveness on the financial condition of the enterprise beforehand. Such requirements are outlined in NSBU "Accounting Policies, Changes in Accounting Estimates, Errors, and Subsequent Events" and other standards of international and national significance.

Unfortunately, in accounting practices, there are numerous negative factors and shortcomings in the rational approach to the quality of organizing accounting due to insufficient levels of professional judgment.

From our perspective, the inadequacy of professional judgment is related to the absence of normative regulation on this matter both at the top levels of government and at the grassroots level (enterprises). Currently, there are no prescribed standards for the required level of competence, knowledge, and work experience for accounting professionals in any normative or legislative act.

There is a lack of provisions regarding the rights, responsibilities, and duties of the chief accountant, as it was during the Soviet era. Moreover, the role of the chief accountant at the enterprise is often underestimated and undervalued.

Dr. V. P. Fulga rightly points out in his article that the Law on Accounting and Financial Reporting (no. 287 of December 15, 2017) lists only managerial positions of economic

entities of various categories and institutions, which are responsible for the state and quality of accounting. At the same time, it overlooks the main figure in the professional accounting field - the chief accountant. This is a true "paradox in the accounting profession," as noted by the author. The law enumerates significant and important functional responsibilities of accountants, not only in current accounting and financial reporting but also in planning and budgeting future economic indicators for the entity. However, the job classification in the Republic of Moldova and the Employment Standard for "Accountant" assign an inadequate role to accountants. Despite, accounting being recognized as an independent science for over 100 years and the training of specialists in this field gaining the highest recognition in educational and research institutions, the law implies that anyone with an economics background can be considered an accountant [6, p. 82]. This directly undervalues the role of the accountant's professional judgment!

Not all economists can possess the specific knowledge of the accounting field. Only a professional who has received education in the field of accounting and audit, through acquiring extensive knowledge in a range of accounting, analytical, and financial-economic subjects, can be considered an accountant or chief accountant.

The career ladder for accountants is multi-tiered, encompassing various levels such as: a junior specialist (accountant); a head of a department (accountant for a specific accounting area); a head of a separate accounting unit (senior accountant for production, commercial operations, payroll, etc.); a chief accountant and their deputy at an enterprise or conglomerate; a public service employee, and more. It is important to note that the career ladder for accountants depends on the type and categorization of the enterprise (micro, small, medium, large, etc.). At each step of the career ladder, the management object becomes more complex, the level of responsibility increases, the range of external relationships expands, the nature of incentives for upward mobility changes, and skills and work style are developed.

Every professional strives for improvement in their business practice by reproducing and replenishing knowledge, seeking to refine their experience, and choosing rational methods of work. All of this leads to the formation of a new accounting category called "professional judgment of the accountant."

It seems to us that in order to elevate the role and significance of professional judgment, it is advisable to develop a set of priority factors through a special regulatory act, specifying requirements for the quality of the preparation and modification of the accounting policies of the enterprise, without allowing a kind of formalism in their content. Additionally, it is necessary to raise the threshold, the evaluative status of the chief accountant as the highest expert in accounting, analytical and control activities, and decision-making, by approving a special regulation on the qualitative content of the accountant's professional judgment, taking into account its prestige in organizing accounting and financial reporting.

## 5. Conclusions

In the process of reforming accounting in Moldova, alongside with regulatory changes in accounting, there arises the question of the professional judgment of accountants. This professional judgment represents the objective opinion expressed by a professional accountant

about the economic and financial situation and its utility for making effective management decisions.

In order to improve the quality of professional judgment in accounting, refine its characteristics, highlight its role and significance, and identify priority factors in the rational organization of accounting and reporting, we consider it appropriate to recommend the following measures:

1. Due to the absence of a reliable and comprehensive professional description of the role and significance of the position of the chief accountant of an enterprise in the Law on Accounting and Financial Reporting, as the main expert in performing accounting, analytical, and control operations, determining the financial condition of the enterprise, and making decisions for sustainable development, the Ministry of Finance of the Republic of Moldova should develop a special regulation outlining the functional role, rights, responsibilities, and duties of the chief accountant, taking into account their qualities in the field of professional judgment.
2. Considering a creative approach to improving the category of professional judgment of accountants, it would be appropriate to develop a separate regulation that provides a comprehensive characterization of the priority factors shaping its content, ultimately influencing the enhancement of the quality of accounting and its organization as a whole.
3. To improve the quality of the preparation and amendment of accounting policies, as well as tax and contractual policies, through a creative analytical approach to the selection of the most favorable methods, options, and rules for the enterprise, we recommend developing a special regulation as a template for rational guidance in achieving profitable business results.

## REFERENCES

1. Law on Accounting and Financial Reporting no. 287 from 15.12.2017. In: Official Monitor of the Republic of Moldova no. 1-6 from 15.01.2018.
2. National Accounting Standards (with additions and amendments from 01.01.2020), approved by Minister of Finance of the Republic of Moldova order no. 48 of 12.03.2019. In: Official Monitor of the Republic of Moldova no. 101-107 from 22.03.2019.
3. TUHARI, T. The impact of factors of accounting elements recognition and valuation on the corporate profit. In: Journal of Research on Trade, Management and Economic Development. UCCM. 2020, volume 7, issue 2(14), pp. 17-25. ISSN 2345-1424. EISSN: 2345-1483. (Available: <http://jrtmed.uccm.md/index.php/ro/arhiva/volume-7-issue-2-14-2020>).
4. TUHARI, F. Principles of recognition and evaluation of accounting elements by business entities / Принципы признания и оценки элементов бухгалтерского учета хозяйствующими субъектами. In: Матеріали X Міжнародної науково-практичної конференції «Перспективи розвитку обліку, аналізу, та аудиту в контексті Євроінтеграції». Одеса: ОНЕУ, 2022, pp. 78-80.
5. GRABAROVSKI, L., BEJAN, G. Formation of information about debtor's debt in financial reports: Professional judgement. / Формирование информации о дебиторской задолженности в финансовых отчетах: Профессиональное суждение бухгалтера. In: Матеріали X Міжнародної науково-практичної конференції «Перспективи розвитку обліку, аналізу, та аудиту в контексті Євроінтеграції». Одеса: ОНЕУ, 2022, pp. 18-21.
6. FULGA, V. The paradox of the accounting profession / Парадокс бухгалтерской профессии. In: Матеріали X Міжнародної науково-практичної конференції «Перспективи розвитку обліку, аналізу, та аудиту в контексті Євроінтеграції». Одеса: ОНЕУ, 2022, pp. 82-85.
7. МЕЛЬНИЧУК, И. И., ЛОПАТОВСЬКА, О. О. Професійне судження бухгалтера в умовах невизначеності. In: Економічний простір. 2021, no. 165, pp. 138-141. ISSN 2224-6282. EISSN: 2224-6290. DOI: <https://doi.org/10.32782/2224-6282/168-23>. (Available: <http://prostir.pdaba.dp.ua/index.php/journal/article/view/870>).



8. АНДРЕЕВ, В. Д., ЛИСИХИНА, И. В. Введение в профессию бухгалтера. Учебное пособие, М.: Магистр; Инфра. 2010. 190 с. ISBN 9780-5-9776-0107-8.
9. МАРУШКО, Н. С. Професійне судження бухгалтера як інструмент забезпечення економічної безпеки підприємства / Professional judgment of an accountant as a tool to ensure economic security of the enterprise. In: Науковий вісник Львівського державного університету внутрішніх справ. Серія економічна / головний редактор В.В. Серета. – Львів: ЛьвДУВС, 2014. – Вип. 2. – 408 с. pp. 319-330. (Available: <http://dspace.lvduvs.edu.ua/handle/1234567890/585>).

---

#### **Rezumat**

*Profesia contabilă a fost întotdeauna necesară și importantă, iar în ultima vreme a devenit și prestigioasă. Contabilul este la curent cu diferite probleme economice ale întreprinderii, deoarece acesta poartă obligațiunea de a înregistra totalitatea operațiunilor financiare conform cerințelor bazei legislative și normative aferente subiecților cu caracter micro și macroeconomic. Contabilul-șef al întreprinderii dispune de înaltă competență, confidențialitate, comportament profesional, profesionalism, calitate în muncă și control, obiectivitate și decență. El se caracterizează, de asemenea, prin fiabilitate și prezența încrederii majore în echipă și la alte niveluri de management.*

*În condițiile reformării contabilității și auditului în Republica Moldova, alături de reglementări, în sistemul contabil apare problema aferentă aprecierii și recunoașterii raționamentului profesional contabil, care constituie o opinie exprimată de profesionistul contabil referitor la situația afacerii pentru luarea deciziilor actuale manageriale.*

*Autorul prin articolul dat încercă să actualizeze categoria de raționament profesional contabil și să determine plenitudinea funcțională a specialistului în direcția data de activitate.*

---

**Cuvinte-cheie:** *profesie, profesionalism, contabilitate, audit, cunoștințe, competențe, raționament profesional contabil*

---

#### **Аннотация**

*Профессия бухгалтера всегда была нужной и важной, а в последнее время она стала ещё и престижной. Бухгалтер находится в курсе всех дел предприятия, так как он должен отразить в учёте все финансовые операции на основе требований законодательной и нормативной базы, действующей для субъектов микро и макроэкономического характера. Главному бухгалтеру предприятия присущи хорошая компетентность, конфиденциальность, высокое профессиональное поведение, профессионализм, качество работы и контроль, объективность и порядочность. Ему свойственны также надёжность и наличие высокого доверия в коллективе и на других уровнях управления.*

*В условиях реформирования бухгалтерского учёта и аудита в Республике Молдова, наряду с нормативным регулированием бухгалтерского учёта, возникает вопрос о профессиональном суждении бухгалтера, которое представляет собой мнение, выражаемое профессиональным бухгалтером о хозяйственной ситуации для принятия действующих управленческих решений.*

*В данной статье автор попытается охарактеризовать категорию профессионального суждения бухгалтера и определить функциональную наполняемость специалиста данного направления деятельности.*

---

**Ключевые слова:** *профессия, профессионализм, бухгалтерский учет, аудит, знания, компетентность, профессиональное суждение бухгалтера*

---

Received 13.10.2023

Accepted 15.12.2023

Published 29.12.2023