

The Regulation of Accounting Profession in Turkey: In the Public or Private interest?

Türkiye’de muhasebe mesleğinin düzenlenmesi: Kamu Yararı mı Özel Çıkarı mı?

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Öz

Bu çalışma, Türkiye’de muhasebe düzenlemelerinin işlevlerinin altını çizmeyi amaçlamaktadır. Bu araştırma kavramsal olarak mesleklere ilişkin Fonksiyonel görüş ile Neo-Weberyen görüş arasındaki karşıtlığa dayanmaktadır. Anglo-Amerikan ülkelerinde yapılan önceki bir çalışma, muhasebe mesleğinin çoğunlukla özel çıkarlarını savunmaya odaklandığını ortaya koymuştur. Sonuç olarak, devletin kamu yararının korunmasında önemli bir rol oynamasının beklendiği Kıta Avrupası hukukunu benimsemiş bir ülkede bu konuyu incelemeye ihtiyaç vardır. Çalışmamız, İstanbul Serbest Muhasebeci Mali Müşavirler Odası (İSMMM) disiplin kurulu tarafından 2011-2020 yılları arasında muhasebecilere uygulanan 6507 disiplin suçunun içerik analizini içermektedir. Bu incelemede, 5499 farklı ihlal türü kamu yararı suçları ve 1166 özel çıkar suçu olarak sınıflandırılmıştır. Bulgularımız, muhasebe mesleğinin Türkiye gibi Kıta Avrupası hukukunu benimsemiş bir ülkede hem özel hem de kamu çıkarlarını koruma eğiliminde olduğunu göstermektedir.

Anahtar Kelimeler: Muhasebe mesleği, düzenleme, kamu yararı, özel çıkar.

JEL Kodları: O12

ABSTRACT

This study aims to understand the functions of accounting regulations in Turkey. This research is conceptually based on the contrast between a functionalist view of professions and a neo-Weber view. A prior study undertaken in Anglo-American countries revealed that the accounting profession has mostly focused on defending its private interests. As a result, there is a need to study this issue in a civil-law country, where the state is anticipated to play a prominent role in preserving the public interest. Our study includes a content analysis of 6507 disciplinary offenses imposed on accountants by the disciplinary committee of the Istanbul Chamber of Certified Public Accountants (ISMMM) between 2011 and 2020. In this investigation, 5499 different types of infractions were categorized as public-interest offenses and 1166 as private-interest offenses. Our findings show that the accounting profession tends to protect both private and public interests in civil-law countries, such as Turkey.

Keywords: Accounting profession, regulation, public interest, private interest.

JEL Classification: O12

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1.INTRODUCTION

Beginning in the early 1930s, the public still largely lack understanding of accounting. The concept of accounting became more popular in 1970 but continued to have little influence on interpersonal relationships. However, accounting and the accounting profession are becoming increasingly crucial for estimating and controlling production and trade processes. Accounting is also crucial for advancing the public interest (Willmott, 1990).

Furthermore, in the United States in the late 1970s, the leadership of the accounting and auditing profession, particularly big audit firms, began to emphasise the business's commercial components, such as growth and international expansion. Concerns about these "business values" replacing "professional principles", such as auditor independence and defending the public interest are frequently voiced (Zeff, 1995).

The acknowledgment of the need to act in the public interest is described as "a label for the accounting profession" in the International Federation of Accountants Committee Code of Ethics (IFAC, 2012).

The accounting field and the accounting profession have witnessed several important advancements in recent years. The public's perception of the accounting profession has significantly declined because of the extensive media coverage of well-known multinational financial crises such as Enron, WorldCom, Parmalat, and Lehman Brothers. These alterations have heightened considerably the complexity of accounting-related tasks, which, when combined with a series of changes in law, have resulted in ineffective activity control and conflicts of interest.

A high level of regulation is necessary, given the types of work accountants and auditors do. The regulation covers all guidelines for appropriate moral behavior, values, and the human situation from the standpoint of moral principles and their application to social life.

Prior studies, specially in Anglo-American nations, have shown that professional bodies' disciplinary procedures have a greater emphasis on defending the private interests of practising accountants than on defending the public interest (Montagna, 1974; Loeb, 1984; Parker, 1994; Bédard, 2001; Canning and O'Dwyer, 2001). However, little is known about how practising accountants in other nations defend the public interest (Bédard, 2001).

This paper aims to investigate whether decisions by accounting disciplinary bodies against practising accountants in Turkey concentrate on serving the public interest to a greater extent than on protecting the private interests of the profession.

2.PUBLIC INTEREST AND PRIVATE INTEREST IN ACCOUNTING PROFESSION: THEORETICAL BACKGROUND

This section discusses the theoretical underpinnings of the study. The functionalist viewpoint (Durkheim, 1902; Carr-Saunders and Wilson, 1933; Parsons, 1939/1963),

which lays a considerable focus on the role of professionals in serving and safeguarding the public interest, is presented first, followed by the neo-Weberian perspective, which places greater emphasis on the role of professionals in furthering the private interests of the members of the profession. Thirdly, we analyze the function of the code of ethics in serving the private interests of the profession as well as in defending public interest. Finally, we show how regulation might affect the profession's focus on defending these two categories of interests (i.e., public vs. private).

2.1. The public interest and the private interests

Early proponents of the theory in the sociology of professions literature (Durkheim, 1902; Carr-Saunders and Wilson, 1933) asserted that professions are crucial to advancing public interest. The term "functionalist" has been used to describe this position formally. The works of Parsons (1939/1963) and Wilensky (1964), who believed that the preservation of public interest was one of the essential qualities of the accounting profession, gave rise to this theoretical viewpoint. Considering this, a profession may be described as an occupational group whose members use a specific body of knowledge to fulfil duties to customers and the common good (Bédard, 2001). The accounting profession, like other professional associations has associated its professional activity with assertions that it is protecting the public interest (Robson et al., 1994; MacDonald, 1995). According to Parker (1987, 1994), Bédard (2001), Canning and O'Dwyer (2001), and others, the public interest activities of the accounting profession aim to safeguard the interests of outside parties who rely on the judgments and recommendations made by professional members. Public interest refers explicitly to safeguarding the interests of those who utilize verified financial accounts, especially creditors and stockholders (Parker, 1994; Bédard, 2001).

The Neo-Weberian approach in earlier literature (Larson, 1977; Freidson, 1986, 1994, 2001) cast doubt on the functionalist perspective in the sociology of professions. According to the Neo-Weberian theory, a profession is an identified group of people with the shared objective of acquiring a monopoly on a certain body of labor to safeguard the interests of the profession's members (Abbott, 1988). According to Parker (1987), a profession's private interest activities safeguard its 'members' interests. The profession's private interests are protected by safeguarding practitioners against competition both within and outside the profession (such as restrictions on client solicitation, advertising, and disparaging other practitioners). Higher social standing, more money, and greater work satisfaction may result from the protection of the profession's private interests being protected (Sikka et al., 1989; Parker, 1994; Puxty et al., 1997). According to the neo-Weberian viewpoint, the assertion that the public interest is being protected serves as a rhetorical tactic for professionals to strengthen or retain their monopoly and advance the interests of its members (Carr-Saunders and Wilson, 1933; Cooper et al., 1993; Suchman, 1995). These authors view the safeguards put in place by the profession to safeguard public interest as instruments for legitimation. A formal code of ethics, a structured set of disciplinary practices, the periodic issuance of publicly observable disciplinary sanctions, and self-regulation, which places the regulation of professional production in the hands of producers (i.e., practitioners), are some of these mechanisms (Abel, 1988; Greenwood, 1957; Abbott, 1983). The adoption of a code of ethics serves to improve the legitimacy

of the profession in the eyes of interested parties by reinforcing their perceptions of high professional standards (Freidson, 1970). Additionally, by providing professional control over disciplinary procedures, the profession's power to advance its own interests increases (Greenwood, 1957; Abbott, 1983; Abel, 1988; Faulconbridge and Muzio, 2012).

2.2. The accounting profession's use of disciplinary procedures as a strategy for legitimization

High service quality is the stated goal of disciplinary accounting procedures. However, because accounting services are specialized, it is sometimes difficult for the general public to evaluate their quality (Abbott, 1983). As a result, disciplinary committees have been formed to decide on claims of professional behavior and codes of ethics infractions (Millerson, 1964). Professional disciplinary committees constitute a salient aspect of the profession in most developed capitalist nations (Bédard 2001). According to Maurice (1996), a code of ethics is necessary for a profession to gain public recognition and legitimacy, along with a strict, responsible, and open set of disciplinary standards. On the other hand, professional bodies' assertions that they are defending the public interest could just be smokescreens to deflect criticism and preserve their authority and independence (Mitchell et al. 1994; Canning and O'Dwyer, 2003). According to earlier research on disciplinary procedures in the Anglo-American setting (Loeb, 1972; Montagna, 1974; Graese, 1980; Parker, 1994; Bédard, 2001; Canning and O'Dwyer, 2001), disciplinary procedures could be public relations strategies aimed at persuading the public that professionals can be trusted (Preston et al., 1995). Furthermore, the accounting profession has been accused of seeking "economic self-interest in the name of the public interest" (Lee, 1995; also see Willmott, 1986; Sikka et al., 1989; Parker, 1994; Sikka and Willmott, 1995) and using the public interest's role as a shield to advance its own private interests (Mitchell et al., 1994). Therefore, upholding professional autonomy may be the real goal of disciplinary procedures. The accounting profession effectively relates disciplinary practices to its code of ethics to ensure adherence to professional standards and to preserve the right to self-regulation. Regularly issued disciplinary punishments serve as symbolic reminders of the profession's dedication to defend the public interest as well as a line of defense against attempts to meddle professional activities. Consequently, disciplinary procedures might be referred to as "disciplinary symbolism" (Parker, 1994).

2.3. The impact of context on preserving the public interest

According to research on the sociology of professions, the degree of governmental intervention affects how different countries regulate their professional activities (Abbott, 1983; Loeb, 1984; Burrage et al., 1990; Faulconbridge and Muzio, 2012). There are four ideal forms of regulation according to the typology proposed by Colasse (2005): self-regulation, professional regulation, regulation by an independent agency, and state regulation. Following the typology proposed by Puxty et al. (1987), Bédard et al. (2002) recommend four different types of accounting regulation: the associationist mode, which is comparable to professional regulation in the United States and Ontario, Canada; the corporatist mode, which is comparable to regulation by an independent body in Quebec;

and a combination of corporatism and legalism (state regulation), which is found in France. These studies show that the state has been involved in the regulation of the accounting profession to varying degrees, particularly regarding disciplinary elements.

The results of earlier studies in Anglo-American nations suggest that the accounting profession focuses more on defending its own private interests than on defending the public interest (Loeb, 1972; Montagna, 1974; Parker, 1994; Canning and O'Dwyer, 2001, 2003; Sikka, 2001). These findings align with the associationist (professional regulation) model of professional regulation. Investigating the types of regulations that define regulations in Turkey would be interesting.

According to Abbott (1983), the European Continental environment encourages more bureaucratic forms of regulation, whereas the Anglo-American context favors individualism. This distinction suggests that in the Anglo-American environment, the protection of the public interest could be given less priority than preserving the profession's private interests (Parker, 1994). In contrast, professions are less independent in the European Continental environment, where governmental interference in the operation of the profession is more apparent (Abbott, 1983). Because the state is involved in the regulation of professions in Continental Europe, it is vital to highlight the preservation of the public interest (Abbott, 1983; Puxty et al., 1987; Abbott, 1988; Krause, 1996).

Lastly, most prior studies on the disciplinary practices of the accounting profession conducted in the Anglo-American context have adopted a neo-Weberian perspective, where the profession's efforts to defend its monopoly of practice are seen as facilitated by the profession's claim to protect the public interest. The process of self-regulation may cast doubt on the validity of this kind of disciplinary system because of the delegation of the disciplinary process to the profession.

3. TURKEY'S ACCOUNTING PROFESSION EVOLUTION

Turkey's accounting procedures have a long history. Accounting procedures existed from the time of Ilhanlilar in the 13th century. These activities, up until the 19th century, were limited to the oversight of public finance. Until the first commercial code, which was more of a translation of the French Commercial Code, was established in the 1850s, accounting in the Ottoman Empire was performed using the customary one-way recording method (TURMOB 2011).

Owing to historical economic and political relations, several Western nations' accounting methods have significantly impacted the evolution of accounting practices in Turkey. The Commercial Law of 1850 (taken from the French Commercial Code and practise) was the first legal initiative to influence the development of accounting in Turkey, and as a consequence, "the impact of French accounting on Turkish Accounting Practices was enormous" (Simga-Mugan 1995, 352). French accounting substantially affected Turkish accounting practices from 1850 to the beginning of the century. Following the First World War and the founding of the Turkish Republic, the second Commercial Code Law 826, which was primarily based on German Commercial Law, impacted accounting methods

(Askary et al. 2008). Owing to the tight relations between the two countries, German accounting continued to have an impact until the 1960s (Cooke and Ürük 1996, 341). However, the accounting system changed to match the US accounting model after 1960.

The Turkish accounting profession has advanced through economic development since the founding of the Turkish Republic in 1923. Industrialization has led to an increase in the need for accountants. Because of this, State Economic Enterprises mostly transferred the business managers and management accountants needed in private enterprises. Unfortunately, legalization, which was a crucial element in the growth of the accounting profession, was not completed until 1989. However, since 1957, accounting organizations have organised several accounting events, such as 25 accounting education symposiums and 17 accounting congresses (AYSAN, 2006).

Law No. 3568, which was passed in Turkey in 1989, made the accounting profession a recognized profession. The arrangements made by organizations such as the Capital Market Board of Turkey, the Union of Chambers of Certified Public Accountants of Turkey, the Ministry of Finance, and other institutions and organizations over the past 33 years, from 1989 to the present, have helped establish the accounting profession as a career.

The following list by Tenker and Tetik (2007) summarized the turning points in the evolution of the Turkish accounting profession:

➤ **The Chart of Accounts for Sumerbank**

Sumerbank, a State-Owned Enterprise (SOE), first attempted to impose uniformity in accounting methods nationwide in 1938. The homogeneity of Sumerbank's accounting programmes was being worked on at the time by commissions that were explicitly created for the task. In the following years, several SOEs adopted the Sumerbank Accounting System (Tenker and Tetik 2007, 459).

➤ **Endeavours of the reorganisation committee of the SOEs**

In 1960, the Turkish Prime Ministry created a panel to reorganize SOEs to keep up with current global trends. The accounting system for state firms was reorganized as part of this effort. In 1968, the project's final product, titled "Uniform accounting system for state-owned companies," was published. The new accounting system was not implemented in the state firms for the next four years. The adoption of broad, fundamental accounting assumptions and principles, a unified chart of accounts, and the financial accounting rules and regulations that went into force in 1972 were all requirements for state-owned businesses. Although not required, several private sector businesses later accepted and made extensive use of the system. The 1972 unified accounting system was still in use until 1993, when a new system emerged.

➤ **Endeavours of the Capital Markets Board of Turkey**

Another significant moment in Turkish accounting history is the establishment of the Capital Markets Board of Turkey (CMB) under the 1981-enacted Capital Markets Law (CML), which significantly influenced Turkish accounting practices and the profession (Cooke and Ürük 1996, 345). Based on its primary goals of ensuring the fair and orderly

operation of markets and defending 'investors' interests, the CMB has a broad range of duties. To "conduct research on the formation of general and private accounting standards relevant to the institutions subject to the CMB, in harmony with worldwide accounting standards," is one of the CMB's primary responsibilities, among others.

To carry out this duty and oversee the operations of independent auditing companies, beginning with their start-ups and the calibre of the services they offer, the CMB has a specific unit called the "Department of Accounting Standards." This CMB function, which was new to the nation, was crucial in advancing the accounting profession to where it is today (Tenker and Tetik 2007, 461). Publicly held businesses adhered to the accounting principles and practices developed by the department in accordance with worldwide accounting standards.

➤ **Efforts of the Banks Association of Turkey**

The Bank Association of Turkey was established in 1958 and serves as the governing organization for all Turkish banks. This association has consistently attempted to ensure consistency in accounting and financial reporting across Turkish banks (Tenker and Tetik 2007, 462). For instance, in 1969, the organization originally proposed the need to utilize a uniform balance sheet and income statement for the past three years of a company's financial records before submitting a credit application to any bank (Başpnar, 2004).

Another significant achievement is the association's leadership in developing a consistent accounting system, norms, and regulations for Turkish banks. This project had two key goals.

- ✓ to establish uniform accounting and financial reporting standards throughout the country's banks
- ✓ to establish a standard numerate coding system for accounts to automate banking accounting.

The project was completed in 1986 and upgraded in 1992. More work has been put into coordinating domestic applications with advancements in global accounting standards advancements (Tenker and Tetik 2007, 462).

➤ **Turkish Standardization Institute**

The Turkish Standardization Institute was forced to form a committee to develop accounting standards in 1987 due to the demand for a single standard accounting practice for use in the economy as a whole. The committee created 43 accounting standards and is ready for publication. Although the Institute was a vital player in the first stages of the standardization process, it was unable to assist in the distribution of standardization works throughout a large portion of Turkey. Consequently, the Turkish Accounting and Auditing Standards Board overtook the committee's duties (Başpnar, 2004).

➤ **The Auditing Council for Insurance Companies**

To establish a uniform accounting system for insurance businesses, the audit council for insurance 'companies' efforts ended in 1994 (Başpnar, 2004). The project resulted in a

standard chart of accounts for insurance and reinsurance businesses as well as standard financial reporting throughout the field.

➤ **Regulations by the Ministry of Finance and Uniform Accounting System**

In 1990, the Ministry of Finance gathered a team of specialists from universities, CMB and SOEs. The commission's goals included consolidating all work made on this issue by various parties or institutions and creating a new, consistent chart of accounts. In 1992, the Commission announced the results of its investigation as a government order. As of January 1, 1994, the chart was in force for all industries barring financial institutions. According to government regulations, the goal of this endeavor was to "provide honest and fair, sound, comparable financial information in the financial statements for the public." This endeavor differed from earlier efforts in that the new system was mandated for use by all sectors, with the exception of financial institutions, such as banks, regardless of size, whether they were state-owned or privately held. All businesses in the nation have successfully implemented the standard accounting system since its implementation in 1994 (Tenker and Tetik 2007, 464).

➤ **Establishment of the Union of Certified Public Accountants and Sworn-in Certified Public Accountants of Turkey, TURMOB**

After parliament passed laws governing independent accounting, certified public accounting, and sworn-in-certified public accounting, 'Turkey's accounting profession received formal public recognition in 1989. The Law designated accounting as a profession, classified persons providing services in these domains as professionals, and formed the Union of Certified Public Accountants and Sworn-in Certified Public Accountants of Turkey, TURMOB, as the profession's professional association.

To provide effective and dependable accountancy and auditing services in Turkey, the Law passed in 1989 primarily pertains to the private sector and establishes the requirements for membership in the profession and its organizational structure.

The Education and Training Center (TESMER) for Professional Training and Development at TÜRMOB was founded in 1992.

➤ **Banking Regulation and Supervision Agency (BDDK)**

The BDDK was founded and is now the main authority to supervise and regulate banking institutions in Turkey following a financial catastrophe in the banking and financing sector in 2002. A set of accounting guidelines and norms for financial institutions were announced in a government order issued in June 2002. The order established worldwide accounting and auditing standards for the sector and modified prior accounting standards.

➤ **Turkey Accounting Standards Board, (TMSK)**

The only professional organization with the power to establish professional standards in Turkey is the Turkey Accounting Standards Board (TMSK), which was founded in 1999 and began operating in 2002. The board is a separate organization in terms of administration and finance. The board's primary responsibility is to establish professional

standards that are compatible with IAS and IFRS. The Board comprises nine representatives from the Ministry of Finance, Higher Education Council, CMB, Undersecretariat of Treasury, Ministry of Industry and Commerce, Banking Regulation and Supervision Agency (BDDK), Union of Chambers and Commodity Exchanges in Turkey (TOBB), Union of Certified Public Accountants and Sworn-in Certified Public Accountants in Turkey, self-employed accountant, certified financial consultant, and Ministry of Industry and Commerce (TURMOB).

An independent and autonomous Turkish Audit Standards Board (TUDESK) was established under TURMOB in 2003, after the formation and commissioning of the Turkish Accounting Standards Board (TMSK).

In 2010, the TMSK issued a complete set of Turkish Accounting Standards (TMSs) and Turkish Financial Reporting Standards (TFRSs), which completely converged with the IASs and IFRSs.

SMEs and corporations must adopt Accounting Standards for Turkey and Financial Reporting Standards for Turkey by January 1, 2013, in accordance with the new Turkish Commercial Code, enacted in February 2011 and fully compliant with IFRS.

➤ Congress and Symposiums

In addition to institutional and legal changes, 18 accounting congresses held since the 1950s and 30 symposiums convened on accounting education in 1979 constituted another pillar that significantly influenced the structure and expansion of the profession in Turkey.

Authorities from the Ministry of Finance, Ministry of Finance Board of Tax Inspectors, auditors from various government institutions, Ministry of Commerce and Industry representatives, private sector accountants, independent financial consultants, independent accountants, executives from state-owned economic enterprises, public finance, Law, and accounting academics have gathered on these platforms to discuss the difficulties faced by the accounting profession and ways to overcome them. After engaging in lengthy and contentious arguments, participants with competing interests stated their views and made significant decisions about the future of the accounting profession.

Aysan (2006) conducted an in-depth analysis of the historical development process while researching Accounting Congresses in Turkey. Although the majority of the choices made at these congresses and symposiums were never put into action, the majority of their lingering impacts on society were still visible. However, these discussions and disputes have made the most significant contribution to the growth of the accounting profession in the country (Avder 2007, 11).

4.THE TURKISH ACCOUNTING PROFESSION'S LEGAL FRAMEWORK

In Turkey, public accounting is governed by Law No. 3568 of the Certified Public Accountancy and Sworn-in-Certified Public Accounting. It was passed on June 13, 1989, and was updated in 2009. It primarily affects public accountants with the aim of delivering

efficient, reliable accountancy and auditing services. It establishes the qualifications necessary to join the profession as well as its organizational structure.

Three kinds of accounting and auditing professionals are created and defined by the Law;

- Independent accountant (SM)
- Certified Public Accountant, (SMMM)
- Sworn-in Certified Public Accountant, (YMM)

Although the law primarily governs public accounting services, it also applies to those working in business, government, and academia, who are referred to under the law as dependent or employed accountants as well as public accountants. Accountants who have joined other businesses as internal auditors, financial managers, or management accountants are persons who have held a licence to practice public accounting, but no longer do so.

Regardless of their position, professional accountants must offer accurate, timely, and reliable financial information to the public. Law No. 3568 is, therefore, recognized as the primary legislative foundation for the accounting profession in Turkey.

In the 1989 original law, which was only applied to record keepers, three categories of professionals were defined, including "independent accountant," which was later repealed in the 2009 amendment. The 2009 amendment added a five-year transition period, training requirements, and competency exam requirements for independent accountants seeking to become CPAs. Independent accountants currently in practice must complete a specialized training course, pass a competency test for certified public accounting, and then apply to become certified public accountants.

Notably, sworn-certified public accounting does not have a title equivalent in many countries. Rather, according to the law's definition, a higher level of certified public accounting, on which some privileges, primarily related to tax issues, are given by the state in exchange for additional duties (Büyükmirza,2009).

Auditing and attestation are generally acknowledged to represent certified public accountants' primary areas of expertise. However, Turkish legislation grants CPAs the authority to retain records and provide customers with financial accounting services in addition to auditing and associated services. However, newly sworn-in CPAs are only permitted to provide auditing and other tax-related services and are not permitted to retain records of any kind. It may be said that the legislation established the sworn-in CPA category as a vehicle to assign certain of the rights and responsibilities of tax-related government operations to experts who possess an extra ten years of CPA practical experience and pass competency exam series.

5.METHODOLOGY

5.1.Data

Our study methodology required us to evaluate the outcomes of a certain professional disciplinary procedure, and we had access to data of select discipline cases from the

Istanbul Chamber of Certified Public Accountants (ISMMMO) between 2011 and 2020. We tested the hypothesis that professional accountants follow ethical codes for both private and public interests. In general, our focus was on the 'organization's balancing of private and public interests, as well as how the organization implemented its rules across a broad membership. Consequently, a review of all the disciplinary decisions recorded by the ISMMMO between 2011 and 2020 was conducted.

5.2. An examination of recorded disciplinary decisions

Each member of the public, including shareholders, lenders, governmental entities, and private citizens, needs to feel confident in an ISMMMO member's professional expertise and personal integrity. Ensuring that members receive enough punishment for violations of the ISMMMO's ethical or professional code in order to dissuade any infractions is one approach to foster trust in the reliance on these abilities. In light of this, it would seem that the ISMMMO's sanctions serve the public interest in some way. As a result, any evaluation of the public interest function of the ISMMMO disciplinary processes must take into account the reporting of these sanctions as well as their nature, specifically with respect to their transparency and accountability. Therefore, an evaluation of all sanctions submitted by the ISMMMO Disciplinary Committee between 2011 and 2020 was conducted. 2990 instances in all were reported and investigated at applying content analysis.

Table I shows all the different activities realized by the disciplinary committee on the ethical problems identified in the association of accountants of Istanbul between 2011 and 2022. During this period, 433 meetings were held by the disciplinary committee, 9151 cases of offences in total reported to the board of discipline, and among these reported cases 2990 cases were confirmed and 5972 cases were under treatment. In this period, we observe that the number of meetings held by the disciplinary committee were not stable. For example, in 2011 42 meetings were held then 40 meetings were register in 2012 the in 2013 25 meetings were held. Then we in 2014 and 2015 the number of meetings increased significantly. The years 2013, 2014 and 2020 are periods when we held more than 50 meetings per year, therefore 63, 72 and 78 respectively.

Table I Number of cases reported and proven between 2011 and 2020				
Year	Number of meetings held by the disciplinary committee	Total cases reported to board of discipline	Cases confirmed	Cases under treatment
2011	42	399	189	210
2012	40	447	199	248
2013	25	389	130	259
2014	63	658	195	463
2015	72	902	477	425
2016	18	527	217	310
2017	23	672	389	283
2018	45	1009	379	630
2019	27	1594	303	1291
2020	78	2554	701	1853
Total	433	9151	2990	5972

5.3.Nature of disciplinary offences

This section presents all disciplinary violations that have been reported in the Disciplinary Committee of the Istanbul Chamber of Chartered Accountants. Table I summarizes all the decisions rendered on the violations committed during the period 2011 and 2020. These decisions are classified in order according to the articles related to each violation.

Table II Nature of disciplinary offenses

Article	Years										TOTAL
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	
6/a	346	206	30	145	60	117	170	366	110	1125	2675
6/b	0	15	20	30	30	15	39	65	100	10	324
6/c	2	3	5	10	10	15	20	40	45	13	163
6/ç	16	0	3	8	5	15	15	15	25	0	102
6/d	20	30	35	58	60	30	30	110	140	64	577
6/e	6	0	6	15	5	10	10	40	40	5	137
6/f	5	104	10	40	10	16	27	99	100	651	1062
6/g	6	0	10	15	3	10	8	15	20	0	87
6/ğ	0	0	0	0	0	0	0	0	0	0	0
6/h	2	0	5	10	5	5	5	5	10	19	66
6/ı	22	117	35	40	15	15	25	40	30	7	346
7/a	7	2	10	25	5	15	15	20	20	3	122
7/b	0	0	5	20	6	10	10	15	5	0	71
7/c	7	2	5	20	8	10	20	20	16	6	114
7/ç	0	18	0	10	7	6	6	6	10	10	73
7/d	1	0	5	5	3	10	12	10	5	2	53
7/e	2	4	5	5	0	5	8	10	5	0	44
7/f	0	2	20	30	8	9	16	15	15	0	115
7/g	3	0	10	15	0	5	7	5	5	2	52

7/ğ	10	0	0	0	0	0	0	0	0	3	13
8/a	1	0	10	20	3	13	25	5	11	1	89
8/b	0	0	10	15	3	5	15	2	2	0	52
8/c	0	0	15	20	5	10	14	10	5	1	80
8/ç	0	0	0	0	0	0	5	10	6	1	22
8/d	1	3	0	0	0	0	12	3	3	1	23
8/e	18	17	15	20	3	5	10	10	9	2	109
8/f	0	1	15	15	8	10	20	15	10	0	94

5.4. Research hypothesis

It is conceivable to build the hypothesis that may be evaluated in the remaining sections of this article by taking what we know about The Istanbul Chamber of Certified Public Accountants (ISMMMO)², taking into account both the theoretical issues described above and the characteristics of disciplined accountants discovered in other research. We assume that both the public and private interests of the profession are considered when enforcing the ISMMMO ethical code. So, our hypothesis is:

Professional accountants' application of ethical rules is driven by private and public interests.

Data are available to test whether the distribution of types of offences is different for employed members in comparison to any member of the public, who can be a shareholder, lender, government body, or an individual who needs to be satisfied that they can rely on an ISMMMO member's professional expertise and integrity.

6. ANALYSIS AND RESULTS

To see whether the application of the code of ethics by accounting professionals is based on the protection of the public interest or the protection of the private interest, or both at the same time, we use the descriptive statistical method.

It is significant to note that regarding the distinction between public and private interests, disciplinary bodies did not do so while making verdicts. As defined by the Turkish accounting profession's code of ethics, the type of infraction was the only factor mentioned in disciplinary decisions. Accordingly, the theoretical framework described in

² Turkish Acronym

section 2.1 was used to deduce the public vs. private interests repartition from the decisions.

6.1.Descriptive results

This section provides a descriptive summary of the outcomes of the partition between public and private interests as well as conclusions related to the hypothesis.

Table II reports the classification of decisions. It shows all decisions referred to the public interest and those referred to private interest.

Table III Partition of offences between Public and Private interest			
Cases	PUBLIC INTEREST	PRIVATE INTEREST	TOTAL
6/a	2675		2675
6/b		324	324
6/c	163		163
6/ç	102		102
6/d	577		577
6/e	137		137
6/f	1062		1062
6/g		87	87
6/ğ	0	0	0
6/h	66		66
6/ı	346		346
7/a		122	122
7/b		71	71
7/c		114	114

7/ç		73	73
7/d	53		53
7/e		44	44
7/f		115	115
7/g	52		52
7/ğ		13	13
8/a	89		89
8/b	52		52
8/c	80		80
8/ç	22		22
8/d	23		23
8/e		109	109
8/f		94	94
TOTAL	5499	1166	6665

We identified 5499 offences that we believe to be in the public interest and 1166 offences that we believe to be in the private interest after conducting a content analysis of the 6665 offences listed in Table III.

6.1.1. Themes emerged from the offences that are in favor of the public interest

The most cited³ offences here were “6/a” (2675 times), “6/c” (163 times), “6/ç” (102 times), “6/d” (577 times), “6/e” (137 times), “6/f” (1062), “6/ı” (346), “6/h” (66 times), “7/d” (53 times), “7/g” (52 times), “8/a” (89 times), “8/b” (52), “8/c” (80 times), “8/ç” (22 times) and “8/d” (23).

6.1.2. Themes emerged from the offences that are in favour of the private interest

³ We consider as most cited decisions, the decisions cited more than 10 times.

The most cited offences in private interest were “6/b” (342 times), “6/g” (87 times), “7/a” (122), “7/b” (71), “7/c” (73), “7/e” (44), “7/f” (115), “7/g” (13 times), “8/e” (109), “8/f” (94 times).

It should be noted that the language is exceedingly careful and conveys no details about the client or accountant in any of the decisions. In conclusion, the decision specified the types of offences, but we could not find any information on the sanctions that would apply to committed offenses.

6.2. Public and Private offences

Our hypothesis states that the application of ethical rules by professional accountants is driven by both private and public interests. We analyzed the hypothesis regarding the frequency of offences.

Table IV: Frequency of offences in percentage		
PUBLIC INTEREST	PRIVATE INTEREST	TOTAL
82,5	17,5	100

Table IV shows a more significant number of disciplinary decisions for public-interest offenses than for private-interest offenses (82,5% vs 17,5%).

Thus, accountants seem to commit more public-interest offenses than violations related to private interests. As a result, we cannot conclude that the profession focuses on private interest offenses based on our finding that the majority of decisions are connected to offenses related to public interests. . On the other hand, we can conclude that Turkish accountants are more likely to violate public interests than private interests. This finding may be explained by the regulatory environment in Turkey, where legislation and standards governing accounting practices aggressively safeguard the public interest. Consequently, the number of public interest offenses committed by accountants may increase.

7. CONTRIBUTION AND LIMITATIONS

This section examines the contribution of our study to the literature and how our results differ from or complement the results of previous studies. The limitations of the study are also mentioned.

7.1. Contributions

To the best of our knowledge, no previous study has been conducted on this subject in Turkey. But on the other hand, several works have been carried out in the field of the application of the rules of ethics in the accounting profession.

Our study addresses the relatively few decisions made by ISMMMO disciplinary authorities, precisely the distinction between rulings for private interest and public interest offenses. A relatively low frequency of disciplinary actions against accountants has also been noted in accounting literature (Montagna, 1974; Graese, 1980; Parker, 1994; Bédard, 2001; Canning and O'Dwyer, 2001). This finding may suggest that the accounting profession is reluctant to punish its members or that disciplinary practices are a form of "disciplinary symbolism."

Furthermore, our results suggest that it is difficult to draw a clear line between public and private interest. The obstruction of the disciplinary procedure compromises the basic rationale for the existence of a profession. These findings provide a fresh perspective on how a profession acts on its members.

Our findings add to the existing research, which previously derived its conclusions from studies conducted in Anglo-American contexts, by supporting the claim that the public interest (as well as professional interests) is safeguarded in a civil-law country like Turkey. Thus, our approach reconciles the functionalist and neo-Weberian viewpoints on professions.

7.2.Limitations

The results of this study are limited in numerous ways. First, it is challenging to evaluate the consequences of any changes in disciplinary practises over time due to the lack of data on disciplinary sanctions. Second, we did not provide any information concerning negotiations that took place before a complaint was filed. Third, we were unable to conduct a thorough analysis of the disciplinary process due to the limitations imposed by the decisions' anonymity. It's possible that qualitative research that spoke with people participating in the disciplinary process might have improved comprehension of the process.

APPENDIX

Disciplinary decision reference

6/a	Not complying with Accounting and Auditing standards, not showing the necessary professional care in the conduct of professional activities
6/b	To direct the employers who have a contract with another professional to act in violation of the existing contracts or to terminate these contracts in order to conclude a contract.
6/c	To operate without permission, to continue the professional activity directly or indirectly even though the authorization certificates and licenses have been cancelled, or to continue the professional activities directly even though the activities are temporarily suspended.
6/ç	To use words or phrases in their titles, announcements and advertisements that will create the impression that they are engaged in professional activity, even though their authorization certificates and licenses have been cancelled or their activities have been temporarily suspended.
6/d	To provide non-professional people with the opportunity to operate by renting a professional license or providing various benefits
6/e	Employing those who are prohibited from doing the job or collaborating directly or indirectly with these people in any way.
6/f	Issuing and approving false documents in a way that misleads third parties
6/g	To provide or offer direct or indirect benefits to the employees and other assistants of another professional member in a way that may lead them to act contrary to their obligations while performing their jobs.
6/ğ	To direct the employees and other assistants of another professional to seize or reveal the secrets of the members of the profession or business by any means.

6/h	Assuming professional responsibilities in more than one business at the same time in terms of dependent professionals
6/ı	Gaining unfair advantage over the members of the profession by violating the mandatory rules of the legislation.

7/a	Gaining unfair advantage over the members of the profession by violating the mandatory rules of the legislation.
7/b	To charge below the minimum wage tariff or to provide free service
7/c	Without prejudice to the regulations in the fee schedule, making partnership agreements with the employer over the benefits obtained as a result of the service or work to be performed.
7/ç	To serve a business owner who has not paid his wage debt to a member of the profession
7/d	Collecting money from business owners, issuing false self-employment receipts or invoices in return for the fee received.
7/e	Issuing self-employment receipts or invoices below the contract value or not at all; failing to meet their financial obligations
7/f	Receiving a job by promising or providing wages or any benefit to third parties
7/g	Promising or providing benefits to business owners and thereby obtaining business.
7/ğ	To obtain economic benefits by using information belonging to or obtained from business owners

8/a	Making false and unfounded statements about the honesty, reliability and impartiality of professionals
8/b	Disparaging the services and activities of members of the profession with false, misleading or inappropriate statements
8/c	Making unfounded denunciations and complaints about members of the profession
8/ç	Making false or misleading statements about himself, his services and activities
8/d	Using a job title they don't have
8/e	Acting against the advertising principles and rules set by this Regulation
8/f	Using other titles other than professional and academic titles

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