

Experience and Reference of Development of Certified Public Accountant Industry - Analysis based on international perspective and Chinese perspective

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Abstract. In recent years, China's certified public accountant (CPA) industry has carefully performed CPA Law and other laws, regarded maintaining public interest as the aim, enhanced construction of honesty and faithfulness, strived to develop internationally, continuously improved industrial development scale and quality and gained great development. But, if the analysis is based on international perspective, China's CPA industry also has some problems in urgent need of improvement. This paper analyzes development status of China's CPA industry, introduces development experience of foreign CPA industry and sets forth development countermeasures of China's CPA industry from international perspective and Chinese perspective.

Introduction

China's CPA industry has developed for more than 30 years and walked on the new track of standardized development. Construction of CPA industry has gained great progress. CPA industry gives play to an irreplaceable important role in maintaining socialist market economy with Chinese characteristics, accelerating opening to the outside world, perfecting capital market and guiding resource allocation. Since General Office of the State Council transmitted some opinions on accelerating development of CPA industry, great impetus has been injected to development of CPA industry. Since then, China's CPA industry has ushered in the spring of development and gained great development. However, some problems in need of urgent solutions also exist in development of China's CPA industry. So, it is necessary to discuss how to further drive development of China's CPA industry from international and Chinese perspectives.

Development status of China's CPA industry

There have been more than one hundred of years since CPA system was born. Great development appeared after the Third Plenary Session of the 11th Central Committee of the Chinese Communist Party. Since then, China's CPA system has gained rapid development with the acceleration of the reform and opening-up. China's CPA system has gained important achievements in many aspects: legal norm construction, recognition of qualifications and personnel team building. Thus, it has made remarkable contributions to China's economic construction. According to the statistics of CICPA (The Chinese Institute of Certified Public Accountants), as of the end of 2012, there had been 98170 CPAs, 96185 non-professional members, 8066 accounting firms and 300000 personnel in China. Although China's CPA industry has achieved great development, compared with western developed countries, there is a large gap. In particular, China's CPA industry is still in the initial stage in terms of international development. As the connection between Chinese economy and global economy continuously enhances, continuous openness of accounting market makes China's CPA industry walk in the leading edge of international competitions. This provides a huge opportunity for international development of China's CPA industry and leads to austere challenges to development of this industry. On this account, it is very important to timely formulate and implement rational development strategies according to current situations of China's CPA industry.

Development experience of foreign CPA industry

Foreign CPA industry has gone through more than one hundred of development history. Especially, it has gained great development since 1990s. For China's CPA industry, the experience of development of foreign CPA industry is as follows: 1) laws give it very high status. Foreign CPAs are strictly protected by national laws, regardless of the scope of practice, qualification acquisition, organization of firms and legal liability. Since CPAs participate in each field of national economic life, legal standards for this industry become severer and legal liability continuous expands after the effects improve continuously. For example, economically developed countries such as British, America and Australia adopt unwritten law and regard the case judgment made by the court as the main basis, which greatly expands liability scope of CPAs and improves punishment force. 2) Business scope of CPAs continues expand. Audit authentication, management consultancy and other services gain great development. Nongovernmental audit at the beginning of the last century was dominated by balance sheet. In 1930s-1940s, nongovernmental audit mainly developed to pure financial statement audit and stressed notarization function of the audit. Due to diversified enterprise ownership, the service object of CPAs expanded to government sectors, shareholders and creditors related to enterprise economy benefit. Thus, the responsibility of CPAs had socialization tendency. Then, services of foreign CPAs started to develop towards operating management audit and improved the limit of management consultancy and realized equal financial authentication and management authentication which together became important pillars of accounting enterprises. In 1990s, international accounting enterprises started to enter legal consultancy and information consultancy. Management consultancy also became important duties of CPAs. 3) Union and merger rise. International development tendency becomes increasingly outstanding. Looking back development history of international CPA profession, union and merger never interrupt. To occupy the market quickly, each international accounting enterprise expands through union and merger strategies. Internationalized course of international accounting enterprises speeds up continuously. Their international development also promotes internationalization of standards of practice. Thus, international accounting coordination and communication enhance continuously. This also accelerates development of accountant professionalism. 4) Self-discipline level of CPA organizations is very high. The effects of regional international CPAs enhance continuously. To strengthen management of development of CPA industry by application of accountant professional team becomes an advisable method of market economy countries. The above originations affirm and manage qualification of CPA, coordinate the relationship with the government and realize perfection and development of professional CPA mechanism. Accelerated integrative development of global economy promotes continuous establishment of regional accountant organizations. Since IFAC (International Federation of Accountants) was set up in 1977, accountant firms from about 200 countries in the world have become the members. Thus, increasingly greater effects have been brought for establishing accountant professional standards and coordinating international accounting affairs.

Development countermeasures of China's CPA industry under Chinese perspective

To promote threshold of accounting firms

Firstly, substantive examination of CPAs applying for setting up accounting firms should replace current formal examination. Comprehensive evaluation of working years, quality, integrity and managerial experience of CPAs should be implemented to make sure accounting firms can own the conditions to carry out various kinds of work. Secondly, various supervision forms for CPAs such as qualification inspection, practice quality inspection and information reporting should be applied to continuously add punishment force, eliminate bad accounting firms with deficient professional ethics, low practice quality and strong reflection in the industry and make the accounting firms breaking the laws and regulations quit from this market. Thirdly, it is required to perfect evaluation and rating mechanism of accounting firms so as to establish new mechanism of survival of the fittest.

To strictly implement charging standards of accounting firms

Since NDRC (National Development and Reform Commission) and Ministry of Finance jointly issued Management methods on service charging of accounting firms in January 2010., service charging management of China's CPA industry has tended to standardization. Thus, it is required to limit the guide price of the government for mandatory auditing services, stress floor price, standardize charging of Chinese accounting firms, prevent and govern low-price competitions in this industry. This is also the first adjustment of charging standard of accounting firms since 16 years. This adjustment will certainly promote new development of China's CPA industry. Accounting firms should strictly implement new charging standards and avoid cutthroat competition. Only in this way, income level of accounting firms and subordinate CPAs can increase. The value of CPAs can be rally reflected. Beside, sustainable development of this industry can be realized.

Scale development through implementation of joint and reorganization

The overall scale of accounting firms in China's CPA industry is not large and the competitions are not strong. These are the main problems persecuting industrial development. So, it is required to accelerate adjustment of organization structure and scale structure of this industry, adapt new development and lead those firms with good foundation and high level to develop towards a large scale. Joint form can be adopted to complement each other's advantages. It is necessary to accelerate development through scale expansion of accounting firms and boost market competitiveness and risk prevention ability of accounting firms so as to drive overall progress and sound development of CPA industry. Various accounting firms and CPAs should analyze current situation in detail, master main situations of the market, seize development opportunities and become large and strong. For some large-scale firms, merger form can be adopted to improve strength. Meanwhile, for the accounting firms concentrated in a region, regional reorganization can be accelerated to avoid excessive competitions and speed up intensive development.

Development countermeasures of China's CPA industry under international perspective

To cultivate international professional personnel

To enter international market, China's CPA industry must cultivate a batch of professional personnel with abundant international experience. To accelerate personnel cultivation for China; PCA industry, it is required to establish scientific and normative CPA cultivation mechanism according to ability requirement of CPAs, realize close combination of education before qualification acquisition, continuous education and on-job education, depend on scientific and rigorous examination and evaluation mechanism, comprehensively mobilize enthusiasm of each training subject and continuously boost cultivation level of CPAs. It is also required to actively improve professional quality and professional ethics level of CPAs within about 20 years and cultivate high-quality personnel who can actually undertake international business and comply with international needs. On this basis, it is required to establish and perfect more scientific and perfect reserve personnel cultivation mechanism for CPA industry.

To continuously expand scale of firms

To really achieve internationalization, China's CPA industry should have some large-scale accounting firms which play the leading role. Only when accounting firms own certain scale can they practically reduce cost and form scale benefit. Of course, we can also improve the quality of practice, risk-resistance capacity and international competitiveness. It is required to actively expand the scale of Chinese accounting firms and cultivate more large-scale accounting firms which can drive international development of CPA industry and compete against large transnational accounting enterprises. Of course, there are many methods to develop the scale of firms. Accounting firms can select the methods according to specific conditions. They can purchase some Chinese accounting firms, which can not just generate brand effects, but also improve service quality. Certainly, trans-regional joint development or membership form can be adopted to improve the scale of accounting firms, form large service functions and improve quality of practice. Stricter internal management system should be applied to gradually establish accounting firm network for the sake of

competitions with large international accounting enterprises and utilizing their advanced technology and management experience to improve international market competitiveness.

To establish excellent enterprise culture

Unique enterprise culture of large international accounting enterprises is the source of success worldwide. In order to really develop towards internationalization, China's CPA industry needs large accounting firms to drive development. Establishing excellent enterprise culture is important impetus to drive development and growth of accounting firms. However, currently, Chinese accounting firms generally lack cognition of the effects of enterprise culture and do not value it enough. This also causes high personnel mobility in CPA industry. This is to the disadvantage of the stability and development. For accounting firms, they must deeply ponder over the enterprise culture they want to establish. Only in this way, they can boost cohesion of the firms and employees can generate the maximum work initiative.

To intensify CPA brand building

Brand building means to formulate scientific and standard powerful brand for daily work of an organization, create good brand value and gain completion advantage through setting objective, direction and guiding principles for the brand. However, accounting firms lack the opportunity to participate in international competitions. Brand building cannot be completed in one day. Thus, accounting firms should actively improve service quality. This is also a requirement of brand building. Besides, accounting firms should improve social satisfaction and cognition degree, gradually build the firms to brand firms and own the opportunity to create popularity in the international market.

Conclusions

Generally speaking, development China's CPA industry will not just promote industrial progress, but also drive prosperity of whole capital market and make contributions to perfecting socialist market economy with Chinese characteristics and promoting social civilization and progress. Through analysis in this paper, development of foreign CPA industry provides a large quantity of beneficial experience for China's CPA industry. So, it is required to implement international development strategy for CPA industry and promote faster and better development of China's CPA industry.

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