

# The Influence of Chinese Traditional Culture on the Development of Accounting

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## Abstract

Each country's accounting model is formed in a specific environment. China is a country with a long history, the development of traditional culture has a profound impact on the formation and development of accounting values and accounting models in China. Therefore, this paper makes use of the research ideas of G.Hofstede and S.J. Gray to further analyze the influence of Chinese culture on the development of accounting.

## Keywords

Accounting Model; Traditional Culture; Accounting Values; Accounting Development.

## 1. Introduction

Accounting is the product of the development of human society to a certain stage, it is closely related to people's life. It is generally believed that the characteristics of accounting models largely depend on the external environment in which they are located. The different economic, political, social, legal, geographical and cultural environments of different countries have created different accounting theories and practices with different characteristics in different countries. However, in the study of the above factors, people tend to ignore the important influence of specific cultural background on the development of accounting.

As one of the four ancient civilizations, China's traditional culture has a long history of 5,000 years. Therefore, the influence of Chinese traditional culture on the development of accounting is self-evident. It will influence the accounting theory and practice by influencing the value of accounting in our country, and finally form an accounting model with Chinese characteristics. The study of the influence of traditional culture on the development of accounting is helpful for us to have a deeper understanding of the historical origin of accounting in China, and it is also the basis for us to explore the future development direction of accounting. Especially in today's more and more obvious trend of global integration of the era, the study of China's accounting internationalization also has a huge role in promoting the process.

## 2. Related Notion

### 2.1. Traditional Culture

Culture is a kind of ideology, which unconsciously affects people's way of thinking and behavior habits. And traditional culture is a region or a nation in the long-term production and life of the formation of the total of the unique thought and behavior. In China, the traditional culture is based on the three schools of Confucianism, Buddhism and Taoism, which are collectively called the "Three Religions". Traditional culture has a relatively stable and distinct national character, which preserves the basic characteristics from generation to generation, and maintains the survival and development of the nation.

## 2.2. Accounting Values

Accounting values refer to a general view and fundamental point of view that guides the subject of accounting practice to choose a certain accounting behavior or accounting activity purposefully to achieve the satisfaction of accounting object to accounting subject, and judges the good or bad of this accounting behavior or activity, so as to determine whether its accounting value is good or bad, positive or negative, and size [1]. It has purpose, objectivity, uniqueness, limitation and multi-dimension. It affects the behavior of accounting personnel in different degrees.

## 2.3. Accounting Model

Accounting model is a summary and description of the accounting practice system of a specific country (or region). It is deeply influenced by accounting values. Different accounting models may represent different accounting objectives, accounting principles, accounting organization and management systems, etc. However, influenced by the assimilation of international accounting, the current accounting model of our country is formed with Chinese characteristics based on drawing lessons from international accounting.

## 3. G.Hofstede and S.J.Gray's Point of View

The first person to study the relationship between culture and accounting development is Dutch scholar Hofstede. He summed up four national cultural dimensions based on the analysis of the data of employees of a large multinational company in the United States that has operations in 40 countries. Based on Hofstede's analysis, Gray in the late 1980s proposed a framework to link culture and accounting -- four dimensions of accounting values -- that really connected culture and accounting models.

### 3.1. Four Cultural Dimensions of G.Hofstede

Hofstede identifies four national cultural dimensions : (1) Individualism (as opposed to collectivism) is more inclined to a loosely intertwined social framework than to an interdependent and closely connected one; (2) Power distance refers to the degree to which unfair distribution of hierarchy and power is acceptable in institutions and organizations; (3) Uncertainty avoidance is the degree to which society feels uneasy about the uncertain future; (4) Masculinity (as opposed to femininity) is the degree to which it differentiates gender function from an emphasis on performance and visible achievement (traditional male values) rather than on relationship and caring (traditional female values). [2]

### 3.2. S.J.Gray's Four Dimensions of Accounting Values

Gray's four dimensions of accounting values mainly include: (1) Professionalism, as opposed to legal control: the tendency to use personal professional judgment and professional self-discipline rather than to comply with mandatory legal provisions. (2) Unity, as opposed to flexibility: in response to different situations, more inclined to unity and consistency. (3) Moderatism, as opposed to radicalism: the tendency to measure in a cautious way to cope with the uncertainty of future events. [2] (4) Confidentiality, as opposed to transparency: prefer to keep secrets and keep enterprise information within the scope that should be known, rather than disclose information to the public.

### 3.3. Relationship between the Two

The relationship between Gray's accounting values and Hofstede's cultural dimension is shown in Table 1, from which we can see that under the cultural influence of strong individualism, accounting is more dependent on personal professional judgment; The national accounting practice with large power distance may rely more on laws and regulations; With strong

uncertainty avoidance, accounting prefers to unity, conservatism and confidentiality. Masculinity, on the other hand, is negatively correlated with conservatism and secrecy. It can be seen that culture can have an impact on a country's accounting values to a certain extent.

**Table 1.** The relationship between Gehry's accounting values and Hosted's cultural dimension

Cultural dimension	Accounting values			
	Professionalism	Unity; oneness	Conservatism	Confidentiality; privacy; security
Individualism;privatism	+	-	-	-
power distance	-	+	?	+
uncertainty avoidance	-	+	+	+
masculinity	?	?	-	-

## 4. The Influence of Chinese Traditional Culture on Accounting Values

### 4.1. Cultural Characteristics of Our Country

(1) High degree of collectivism: China insists that the collective interest is higher than the individual interest. When there is a conflict between the two, the individual interest should be subordinate to the collective interest or even be sacrificed. Lei Feng once said, "A person is the most powerful only when he is integrated into the collective." In the development course of Chinese nation, collectivism spirit is propped up we resist outside insult, resist natural disaster to wait, from us closest is we resist together last year novel coronavirus, built a life to protect wall. This spirit has been passed on from generation to generation and kept pace with The Times.

(2) Large power distance: Influenced by thousands of years of traditional feudal culture, Chinese people have a high degree of acceptance of hierarchy and unfair distribution of power in organizations, and pay attention to the binding force of power. Today, China still has the concept of orderly senior and young, and the superior and subordinate system in work, which shows that the power distance in China is relatively large.

(3) High degree of uncertainty avoidance: since ancient times, Chinese people have a very long-term orientation, tend to make long-term planning and investment, and try their best to be prepared. China's policies and guidelines focus on the long-term future, such as the annual budget, the five-year plan and some major national development strategies, in an attempt to better cope with the uncertainty of the future through some forecasting and planning. In addition, the idea that "when there is no foresight, there must be immediate concern" still guides and influences people's lives today.

(4) The prevalence of feminine: in ancient China, Taoism and Confucianism emphasized the thoughts of "the mean", "propriety" and "gentle", emphasizing harmony, modesty, and paying attention to relationships and care. In the new historical period, we are carrying forward and carrying forward the social ideals cherished by China since ancient times, which are peace is precious and harmony is beautiful. We are also vigorously advocating the construction of a harmonious socialist society and encouraging people to unite, love and live-in harmony.

### 4.2. Characteristics of Our Cultural Values

(1) Pay attention to legal control: in terms of behavioral choices, accounting personnel in our country are more subject to the constraints of laws and codes of conduct formulated uniformly by the country, and their professional judgment consciousness is weak. For example, the Accounting Law of the People's Republic of China is the highest level of legal norms in the accounting legal system, as well as the highest standard for guiding accounting work.

Accounting Standards for Business Enterprises is the basic principle that accountants must follow when they are engaged in accounting work and the standard of accounting work.

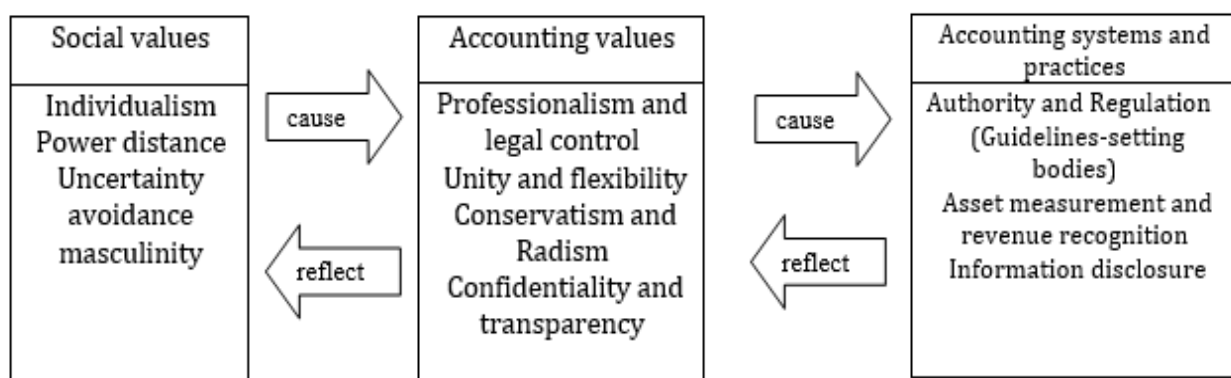
(2) High degree of uniformity: uniformity also tends to the observance of written rules and regulations. the central government has formulated accounting standards and accounting systems in a unified way, ensuring the authority of the systems and the consistency of actions. In the enterprise, also through the relevant accounting rules and regulations to standardize the behavior of accounting personnel. Thus, accounting personnel lack flexibility when dealing with business.

(3) Tend to conservatism: one of the requirements for the quality of accounting information in China is prudence. Possibility of loss and expense should be reasonably calculated, and income should be correctly and prudently confirmed. such as: for the possible loss of fixed assets to make provision for bad debts.

(4) High degree of confidentiality: in order to protect the interests of enterprises and creditors, accounting personnel are not required to fully disclose, but appropriate disclosure, which also causes the incomplete disclosure of accounting information. in addition, China only requires listed companies to disclose their financial information, while non-listed companies do not.

### 4.3. The Relationship between the Two and its Influence on Accounting System and Practice

Culture is a common social value and concept, which has a great influence on the formation of a country's accounting values. as shown in the figure below, China always advocates collective interests above everything and has a large power distance. Therefore, accounting values tend to be controlled by law and pay attention to unity. Accounting work is mainly regulated by the government with uniform laws and regulations, and accountants are used to abide by legal norms and lack flexibility in their work. The strong avoidance of national cultural uncertainty in China leads to the accounting bias towards conservatism, and the accounting practice is more cautious about asset measurement and income recognition. In addition, the prevalence of feminine gas, resulting in high accounting confidentiality, in the disclosure of information is insufficient. In the long history of development, our national culture is through the above-mentioned process to influence the accounting values, and then affect the accounting system and practice.



**Figure 1.** Traditional culture and accounting values and the relationship between accounting system and practice

## 5. Research Meaning

### 5.1. Further Enrich and Improve the Accounting System

As a marginal subject, accounting culture has dual characteristics of accounting and culture. Only the study of accounting technology cannot solve all the problems in the development of accounting, especially cannot solve a series of problems such as the ideological and moral quality, values and so on of the accounting behavior subject, but the study of accounting culture can make up for this defect, so that the accounting theory system is further enriched and improved.

### 5.2. Better Guide Accounting Practice

No culture is all positive. We should take the essence and discard the dross of culture. And with the development of The Times, culture is constantly innovating and changing. At present, the accounting reform is developing deeply, and the change of accounting values should keep pace with The Times. The study of accounting culture is helpful for us to update and perfect the accounting theory continuously, enhance the moral quality and professional level of the practitioners, and guide the accounting work better.

### 5.3. The Process of Promoting the Internationalization of Accounting in China

The introduction of international accounting standards and the establishment of international or regional organizations all mean that the coordination and assimilation of international accounting is an inevitable trend. In modern times, we have been learning from international norms. However, in order to truly realize the internationalization of Chinese accounting and gain the recognition of the world, it is far from enough to only achieve the internationalization and convergence of standards. It is necessary to export its own distinctive cultural concepts [3] and enhance the cultural soft power of China, so that China's accounting can have a foothold in the world.

## 6. Conclusion

Through the above research, we can find that culture is indeed a factor that cannot be ignored in the development of accounting. The traditional culture of a country will influence the accounting values and ultimately the formation of accounting models. As an important part of China's cultural system, Chinese traditional culture will also affect the development of China's accounting to a large extent. This research not only contributes to the self-promotion and self-perfection of China's accounting, but also is a powerful push for China's accounting to the world.

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