

Why Regulate Accounting?

Many people wonder why the idea to regulate accounting is becoming so popular. Due to past experiences with manipulating accounting figures, it is no wonder that accounting has been under so much scrutiny. This is the reason why so many people feel it is time to regulate accounting, due to so many companies not abiding by the rules set forth. Because of the many negative incidents that have occurred with different scandals and schemes, there has been a lot of mistrust from the public in the accounting field. To regulate accounting, will give confidence back to the public. Here are some of the benefits that will arise when we set higher standards to regulate accounting.

A majority of the public feel that accountants are working in the interest of their own company and the companies that they work for, instead of working to inform the public properly. When you regulate accounting, this prohibits any company and accounting firm to hide the truths about the company and its financial status from the public. The regulation of accounting, will force companies and their accountants to be more open and straightforward about their financial dealings and show their true financial situation.

When you regulate accounting, it will play an important role in the stock market as well. There are many mixed feelings about investing in publicly traded companies, because of the capabilities to hide a companies financial distress. If you regulate the accounting laws, then it will lower the chances of a company being able to manipulate any financial reports shown to the public, which is a dilemma that has happened in the past.

When you regulate the accounting laws, you will hold corporations and public organizations responsible for their actions. This is a very important part in regulating accounting practices. With tougher laws in place to prevent fraud and to prevent special favors, the public will be safer against fraud. To regulate the laws, will let not accounting firms and businesses alike, aware that they will be held accountable for their actions. Not only will this give confidence back into the accounting field, but it will also deter fraudulent activities in the accounting industry due to the strict consequences.

The most important reason to regulate accounting laws, is to protect the public. Whether it is a publicly traded company, or a company that gains a majority of investments from its workers, both alike need to be protected from fraudulent activities. This is very important and is why the government has leaned to regulate accounting and its laws and practices. It has been proven by past experience, to not have strong accounting guidelines in place and enforced, only leaves room to lead to a disastrous result.

There are many mixed feelings regarding the ideas to regulate accounting. However, despite the mixed opinions, the idea to regulate accounting is strong. It is not only the responsible thing to do, but it will also safeguard the public form companies and fraudulent activities that could occur. To not regulate accounting laws and practices will only leave room to gather more mistrust in the accounting.