

Microeconomics

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**GNOSEOLOGICAL ASPECT
OF RESEARCH OF THE PROCESSES
OF FORMATION AND DEVELOPMENT
OF AUDIT AS A SCIENCE**

Abstract

The processes of development of audit as a science from the different viewpoints are considered. The attention to the key problems, which emerge while these processes of examination, is paid. Processes of development of audit are studied from the position of gnoseology.

The interpretation of sciences which are presented in the works of famous scholars is given, the philosophical views on the science are considered, the criteria of scientific character are defined. All these facts are adapted to audit which can be considered as a science.

Key words:

Audit, theory of audit, auditing science, auditing activity, criteria of scientific character, gnoseological aspect.

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Introduction

At present time the audit science in Ukraine is at the initial stage. In connection with this, it is necessary to examine the processes of audit development and define the range of problems which will determine the future of this field of study for the long-term perspective.

It is admitted that under the modern conditions, scientists adhere to the different viewpoints: ontological, managerial, information, gnoseological. Such approach allows overcoming the primitive understanding of not only the essence of audit, but also the development of its processes.

From the ontological point of view, audit is peculiar for the social-economic essence, where this science presents the economic relations inside enterprises and in the society. In connection with this, ontological aspect discovers interrelations in the process of audit development.

From the managerial point of view, audit is a function of management, subsystem of management and element of management process; therefore, managerial aspect is an interpretation of the process of audit development from the perspective of management. In the audit, its information essence is brightly presented, speaking about the data origination, concerning state of business at the objects under control. Thus, information aspect of audit development provides its consideration from the point of view of necessity of creation of cognitive processes in conditions of economic transformations.

Gnoseological aspect of audit development helps to examine the economic reality in comparison with desirable state or other enterprises. From the viewpoint of gnoseology, emergence and development of audit causes the existence of its three forms: science, practical activity, educational subject.

Separation of the certain aspects is conditional, but it provides the arrangement of existed knowledge about the audit development to the system, convenient for the practical use.

Development of audit as a science

Let us consider in more detail the gnoseological point of view and pay attention on the topical issues, which emerge in case of examination of the processes of development of audit as a science.

It is admitted that in accordance with the philosophical definitions, science is a process of creative activity for the acquisition of the new knowledge, and the result of this activity is the entire system of knowledge, which is based on the certain principles. It is obvious, that such definition can be referred also to audit, which without doubt, can be called as a science [1].

Criteria of scientific character, which differ science from the other forms of cognition, is objectiveness, systemacity, practical determination, orientation on foresight, severe conclusiveness, feasibility and authenticity of results [1].

Any science as a unique system of knowledge is divided into certain branches, therefore audit art present moment, can be considered as a separate independent branch of economic sciences, which runs along the path of transformational growth.

To prove this statement, we should consider the philosophical interpretation of science in the works of famous scholars: Hegel, Contes, Popper, Kuhn, Feyerabend, where we can see that audit corresponds to the criteria of science. In particular, Hegel (1770–1831) considered science in the context of objective, spiritual activity. Formation of audit science for a long period of time demonstrates the dialectic of this development.

Hegel tried to prove theoretically the phenomenon of science, considering it as a part of entire system. He admitted that knowledge can be considered scientific only if it describes the objective regularities, in connection with which, history of development has internally legitimate character [2, 124–127].

Scientific knowledge in audit is specified by such regularities:

- Any researches of the enterprise activity are finished by the utterance of statements concerning economic actions and events, which took place within the prior periods;
- Estimation of accounting reflexion is conducted in accordance with the rules, stipulated in the regulatory legislative acts and instructions;
- Collection and estimation of arguments is objective, inasmuch as subject always bring in the certain element of subjectiveness towards object;
- Systematic character of audit, which requires regularity and planned nature in work;

- Messages of the information users concerning the results of audit, aimed at elimination of unwarranted deviations at the object under control;
- Interrelations of accounting and audit.

O. Comte (1798–1857) pointed out that the source of the real knowledge is a system of partial sciences, which only by means of common efforts, can give positive material. O. Comte understood that under a science knowledge is systematized, therefore audit is a part of economic science and corresponds to this criterion. Applying the principle of historicism, O. Comte proved that none of ideas can be understood without exposure to its history, underlying the actuality of studying the question concerning development of formation and development of audit at present time [4].

In Marx's conception (1818–1883) science is described as specific, independent, differentiate sphere of human labor. Marx was the first who transform the idea about the origination and development of science into the feasible philosophical and sociological conception.

In accordance with the given conception, audit is considered as a science or as its part, inasmuch as it is a social and historical phenomenon, which is based on the Marx's methodological principles, experience, which provide the formulation of practical conclusions [5].

K. Popper (1902–1994) offered two criteria of statements concerning scientific theory:

- 1) practice as a criterion of truth;
- 2) any theory can explain the majority of practical situations, if it claims the status of scientific one.

So called «falsified» model of Popper's science development is presented in his work «Logic and increase of scientific knowledge», 1934. Development of science in this model is defined as a circular process of construction of theories on the basis of hypothesizing, their empirical monitoring, which promotes the emergence of new assumptions.

Scientific knowledge is explained by Popper as a knowledge which has a hypothetic nature can have mistakes.

K. Popper pointed out that it can not be confirmed completely, but can be released from wrong hypothesis, therefore the principle of falsification is defined by means of the most important criterion of demarcation between the science and «metaphysics», and the deeper understanding of problem and formulation of new hypothesis is interpreted as a progressive development of scientific knowledge [6].

All this concerns also audit science, inasmuch as its development demonstrates not only the denial of wrong hypothesis, but also dissemination of wise guess, which deepen the main content of science.

Let us show the examples of development of audit science, which correspond to Popper's model. Firstly, the theory of audit requires availability of criteria for the comparison in the process of monitoring. But to conduct audit of the predicted financial information, there are no given criteria, although the empirical authenticity of the results of such monitoring are not doubted.

Secondly, audit activity requires orientation only on essential characteristics, although the determination of the essentiality in audit is extremely comparative, inasmuch as the same indicators can be essential for one economic entity and not essential – for another one. It is impossible to define the absolute ceiling of this essentiality.

Thirdly, the aim of any audit monitoring is auditor's assurance concerning examined issues. Philosophy defines assurance as a frame of mind, where the mind agrees with the assertion without the fair of possibility of error. While financial statements monitoring, formulation of the final opinion of auditor is presented in such kinds of reports: absolutely-positive, conditionally-positive, negative, refusal from the utterance of thought. It is believed that assurance in conditionally-positive report is out of question, although the modern views on knowledge in philosophy and other sciences do not require the absolute assurance.

Any information in the process of audit should be subjected to the quantitative estimation; at the same time the qualitative characteristics of the level of risk, essentiality and estimation of internal control are assumed. It means that from the viewpoint of Poppers' criteria audit is a science without doubt.

P. Feyerabend (1924–1994) in his work «Selected works on methodology of science» confirmed that the science is developed in subject to alteration of view of scholars [7].

Thomas Samuel Kuhn (1922–1995) in the work «Structure of scientific revolutions» advanced an idea of paradigm. On his opinion, paradigm is not only a theory but a mode of operation in the science while solving of research tasks. Transition from one paradigm to another presents scientific revolution. Scientific revolution is a period of breakdown of paradigm, competition between the alternative paradigms and as a conclusion, victory of one of them [8, 22–24].

Investigation of the certain stages of audit development speaks about the fact that each of them is specified by the certain paradigm and substitution of old paradigms by the new ones means the new level in the cognition of facts and intellectual revolution in the development of the theory of audit.

But critics of Kuhn's theory speak about the fact that considerable success in science can be reached without refusal from the available paradigms. Besides

it, development of science is not the immediate change of monopoly of one paradigm by another one, inasmuch as in reality, some paradigms continue their competitive existence.

In modern philosophical understanding, paradigm is the initial conceptual scheme, model of the problem definition and its solution, usage of the methods of research which dominate within the certain historical period in science.

Investigation of the historical development of audit science enabled us to find out regularities and prove the change of its paradigm. According to the above noted, we may say that audit science permanently develops as a re-interpretation of the famous elements of knowledge.

Conclusions

In accordance with the historical facts, from the moment of idea's origin until modern theoretical and applied understanding of audit, a considerable amount of time has elapsed. In conjunction with the pragmatic nature of knowledge, which has been accumulated in this sphere, the development of ideas got through the denial of the views of predecessors. Examination of the processes of formation and development of audit and definition of the range of problems, which will determine the future of this science for a long-term perspective, enabled us to conclude that audit as a science has approved itself, this science has future. At that, we consider that audit science is developed and changed in accordance with the call of the times.

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