

## ACCOUNTING NORMALIZATION AT THE CONFLUENCE BETWEEN GLOBALIZATION AND NATIONAL REFORMS

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**Abstract:** *In the recent years the normalization process has gained a profound international aspect by converging national regulations and standards and standardizing them for a better preparation of accounting financial statements. This process is determined by the evolution of European's Union and world economy characterized by interdependence of national economies by developing a so called "network capitalism". In the context of monetary fiscal and political union within the EU, a supranational perspective can be foreseen regarding the capital market, production processes, with more and more integrated markets and economic entities which became global players with actions and decisions which overcome national borders. The process of globalization represents both certitude and a challenge for everyone. Normalization and convergence of accounting represents a progress towards economic growth, trough supporting global markets and attracting and retaining capital within companies.*

**Keywords:** *Accounting normalization, IFRS, IASB*

### INTRODUCTION

The accounting reforms made international and national in normalization as well in the process of globalization and imparts accounting and taxation new guidelines that converge in three main areas, as follows (Mateș, 2009):

- meet the information needs of multinational companies;
- validation of accounting information in the national accounting system;
- to create an unitary system of international financial indicators to be pursued by all states.

Accounting is subject to the normalization in most countries. The need for harmonization, convergence and uniformity in accounting requires its normalization. In this way the objectives, concepts, methods, rules and procedures on the production and use of accounting information are formalizing, guaranteeing also quality financial information for external users. Moreover, the normalization process is an opportunity for reflection, which contributes both to improving practice as well as accounting thinking thus promoting the improvement of accounting.

Normalization process brings on stage in front of economic life, in a simplified opposition, two actors: public power, representing the interests of society as a whole, and the accountancy profession which tries to defend the business world. We cannot say with certainty that the two actors interests are opposing, but they do not identify themselves because at international level there are many cultural, economic, political, religious and social differences that influences accounting exercises. Although each accounting system has its own particularities, most discrepancy exists between Anglo-Saxon accounting systems and accounting systems mainland. So it was intended to achieve harmonization on two levels:

- European Union through the European Accounting Directives, and

- Internationally through the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) - the International Accounting Standards Board.

## MATERIALS AND METHODS

We aim for a fundamental positive and constructive research to further deepening the researched area, using empirical and statistic models. The topic of our research paper certainly is on the path of the current economic research priorities.

The methodology used consists of non-participating scientific observation, discrete research method (content analysis, analysis of existing statistic databases and compared and historical research), the inductive method (induction), economic analysis method, dynamic neoclassical model for evaluating financial statements, economic synthesis method, historical method, statistical method (we took into account the current methods used, the current trends) , sociological methods.

Methodological process used in this research paper involved systematizing existing data in the databases studied identification of new data and update the already held, developing new lines of research on the topic of accounting education.

## RESULTS AND DISCUSSIONS

The Accounting Normalization is defined as the process of harmonization with the presentation of the financial statements, accounting methods and terminology.

The main tasks of the process of the accounting normalization are the following:

1. The working out and bringing up-to-date of the conceptual accounting framework;
2. The doctrinarian information about the legislative proposals and the legal regulations in the accountancy fields;
3. The working out of the accounting rules regarding the assimilation and adaptation of the international accounting standards into a national accounting system.

The Accounting Harmonization is defined as the process by which the rules or the accounting norms are improved, put in “harmony”, and respectively brought “into unison” in order to be made comparable. Worldwide, regarding the accounting harmonization, I’d like to mention that there are, generally speaking, only two acting organizations, namely: IASB and IFAC.

The IASB (International Accounting Standards Board), founded in 1973, gathers 143 professional accounting organizations from 104 countries; they have as their main objective the working out on and the publication of IAS / IFRS regarding the presentation of the financial statements as well as the ensuring of their acceptance and application on a global scale. Although these IAS - sites are not mandatory, they exert a strong influence on the national accounting practices and regulations (Grosu, 2009).

The IFAC, founded in 1977, has got concerns especially related to the ISA (International Standards on Auditing), the professional ethics and the training accounting profession.

The FASB (Financial Accounting Standards Board) stands for the accounting standard-American body which is guided by the Financial Accounting Standards (FAS).

The European Union stands for the European Accounting Directives.

The international accounting harmonization is understood as a way of attenuation of the existing differences between the rules and practices which are specific to various

national accounting systems; respectively, it is a means of reconciliation among the various accounting cultures, against the background of the intensification of the efforts made by the main bodies involved in the working out and the implementation of an “accounting language universally understood” (Bogdan , 2004:70).

To assess progress toward the goal of global accounting standards, the IFRS Foundation is developing profiles of application of IFRS in individual jurisdictions.

Currently, profiles are completed for 140 jurisdictions, including all of the G20 jurisdictions.

The 140 jurisdictions represent all parts of the globe, as follows:

	Number of Jurisdictions	Percent of total
Europe	43	31%
Africa	19	14%
Middle East	9	6%
Asia and Oceania	32	23%
Americas	37	26%
Totals	140	100%

All this has contributed to the revision of the strategy of action in the accounting reform in Romania and they have aroused the interest of the Romanian legislator (which is the Ministry of Finance) in order to amend the legislative framework which, brought only a partial harmonization both with the IAS and with the up-dated European Directives of accountancy. Therefore, they decided to change the approach taking into account the European model because the convergence, at the European level, could be achieved only at two levels; on the one hand, between the European law and IAS / IFRS, and on the other hand, between the laws of the Member States and the EU. Romania has chosen to rule out the concept of *harmonized rules*, which she had made use of till that moment, showing her preference for the term *conformable accounting* (Bebeșelea, 2010).

As one may understand, this term does not refer to the international accounting convergence, but it emphasizes the position that Romania has taken in the respective process, namely, her position of being in accordance with the laws and the accounting practices recommended/existing at the European level.

## CONCLUSIONS

The role of this article is to confirm the hypothesis on which this study is founded, namely, the accounting reform in Romania seems to be an evolutionary process which started with the national standardization, passed then through the Euro-harmonization stage and now stands out as a Euro-convergence or better said, as a conformity of the accounting system in Romania, which is a member state which follows the decisions made by the European Commission in the field of accountancy.

The accounting reform in Romania started in 1991 with the enforcing of the Accounting Law no.82/1991. It aimed and still aims at improving the Romanian accounting system which is based on the principles and rules set out by the European Directives and the IAS. The final aim is that the financial statements drawn out by the companies should be able to meet the requirements of the widest categories of users.

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