

FROM THE HARMONIZATION NEED TO THE SPONTANEOUS ACCOUNTING HARMONIZATION

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The issue of international accounting harmonization has achieved, mainly within the last decade, a significant dimension in the field of international accounting research. The main determinant factor for this state of the art is the process aiming at reducing the differences between national accounting systems. Such a desideratum was first undertaken by IASB, but also by professional or governmental bodies at national, regional and global level. Beyond the significance of the qualitative or empirical research in the field of international accounting harmonization, a special emphasis is put on the conceptual development of this topic. The developments in the area is extensive and records an ascendant trend. Having these realities as a starting point, our research offers the whole picture of accounting harmonization at the conceptual level. The placement of this process is found between the dimension of need and spontaneity.

Keywords: accounting diversity, accounting harmonization, measurement, spontaneous harmonization

JEL Classification: M40, M41

1. Introduction

Considering the aspects highlighted within the international accounting researches, we can state that the domain that is often disputed at an international accounting diversity level is the one of the financial reports, on the one hand because of the national regulations and on the other hand because of the typology of the categories of users of present financial-accounting information on different countries, that could be analyzed on one point.

In case we elaborate a complete typology of the differences found within the accounting systems, we have to deal with two large categories: (1) differences regarding the presentation, recognition and measurement of the accounting elements and, respectively (2) differences regarding the financial-accounting information perception and rendering.

Under these circumstances we estimate that accountancy is a technology that applies in many political, economic and social contexts, but starting with the 1990's, the globalization of regulations and of accounting practices developed a particular importance, in conclusion, the national vision on the financial reports and of the accounting system cannot be supported anymore (Nobes and Parker, 2006, p. 6). This way, due to the evolution of these activity domains (political, social and economic), we assist to the creation of a global accounting environment, where we focus more and more on the unity concerning the financial reports, in the situation of maintaining at a certain level the national diversity.

Even all this being given, the differences in the sphere of financial reports are thought to be normal (Nobes and Parker, 2006, p. 4), and this fact is due to a series of determining factors, either in a positive way or in a negative one.

2. Dimensioning the accounting diversity

Apart from these approaches, we express our beliefs that there is a relevance point beyond which the international accounting diversity becomes a determining factor opposed to the harmonization process. According to this point, the accounting diversity can have a positive role, becoming a stimulus of the accounting harmonization process, in a way where the dimension of the diversity does not represent an obstacle in the elaboration of a language of accounting globally accepted.

On the other hand, if we try to make a list of all possible causes or determining factors of the accounting diversity then we should take into consideration the previous researches that either represent these elements, or tried to establish if the differences from the accounting practice are correlated with identified determining factors.

All the elements considered to be determining factors of the accounting diversity generated real discussion between the authors of the studies that dealt with such problematic, because it is difficult to establish if a certain element can be labelled as cause of the diversity or its consequence. In this context, Nobes and Parker (2008, p. 25), appreciated that some factors that seem to encourage the differences in the accounting systems are not necessary causes of the differences. There is a possibility they may be their results.

A synthesis of the accounting diversity determining factors, according to the most recent approaches, can be thus developed: (1) the degree of global economic integration, (2) the finance sources, (3) the politic and legal system, (4) the fiscal system, (5) the accountant status, (6) the culture, (7) the language of accounting and, finally, (8) any other possible external influences can be placed in a different category.

The issues of the international accounting diversity is recommended to be studied, starting by placing the accounting systems in reference groups, which means, on the one hand a risk we have to take (given the case of a deductive approach), and on the other hand, a complex demarche generally focused on statistical bases (given the case of a inductive approach). The importance of such classification of the accounting systems lies mainly on the fact that the study of a phenomenon based on a cluster analysis has lower chances to fail.

The classification systems provide an approach created to simplify a complex world (Roberts *et al.*, 2005, p. 198). These type of classifications are often useful for attaining a high level of comprehension of certain characteristics specific for a national accounting system at one point (Elliott and Elliott, 2006, p. 9), but also to explain the existing accounting diversity at an international level (Riahi-Belkaoui, 2002, p. 56).

Apart from the approaches and the classifications specific for the national accounting systems, already considerate as consecrated, on terms of scientific knowledge, according to the results of our previous research (Mustață, 2008), regarding the quantification of the accounting harmonization need degree, we developed a new classification of the national accounting systems. At the base of the new classification, that we suggested are the values obtained for GINGAAP Index in the case of the selected accounting systems.

According to the results we can state that there are three main groups of accounting systems as follows: (Type C) accounting systems where international accounting regulations are applied, even if there isn't necessary, (Type A) accounting systems where there is a relative balance between the need to apply the IAS/IFRS and their actual application, (Type B) accounting systems where the application of international accounting regulations is needed.

3. Conceptual issues within accounting harmonization

If we focus on the conceptual approach of the accounting harmonization, the convergence and the standardization, we will notice there is in the literature a significant diversity of these processes visions and dimensions specific for the international accountancy. Apart from these concepts, we can highlight the fact that the major purpose of the international accounting harmonization is very important because the variation of the international accounting practices is very large (Nobes and Parker, 2006, p. 94). The approach done by Nobes and Parker (2002, p. 75), according to which there are two different ways corresponding to the desideratum of reducing the international accounting differences – standardization and accounting harmonization – as well the conceptual approaches from the technical literature for diversity and uniformity establishes that there is a connection between these four concepts.

The estimated results of the international accounting harmonization lie in the existence of accounting regulations globally accepted, and if we managed a total of pros for the global accounting standards we would state that, as a whole, the accountancy deals mainly with the problematic of the evaluation and measurement, which means that it's natural to expect the evaluation principles be the same or a bit similar in any state or accounting system. The language used to provide explanations concerning the accounting information could be different; the reported values must not be affected by linguistic limits.

The companies that operate and report in more than one country must not experiment different evaluation methods for the financial results mainly because of the accounting principles specific to the country where their headquarters is placed. (Roberts et al., 2005, p. 7). But, as we have stated so far, we sustain the approach according to which the existence of a single set of accounting regulations globally accepted represents a desideratum hard to achieve, but the harmonization need of the accounting systems and the premises of a spontaneous movement support the hypothesis according to which reducing the differences between the accounting systems represent a possible project for future researches. At the base of such a process must be found the two major manifestation forms of the accounting harmonization process – formal and material harmonization.

The difference between the definitions of the two harmonization forms is clearly observed by Fontes *et al.* (2005, p. 418), who sustains the idea according to which the differentiation between the formal and material harmonization is very important. Thus, the formal harmonization refers especially to the way the accounting standards are elaborated, and the material harmonization focuses on the level of accordance and comparability demonstrated in the present accounting practice as opposed to the process of implementation of the accounting standards, within the national accounting systems.

Further, on, we can state that in fact the formal harmonization is a necessary first step towards the material harmonization. Although there are alternant solutions and realities, we sustain the idea according to which hitting the target of a financial reporting practice globally accepted must pass through the intermediary phase of accounting regulations harmonization.

On the other hand, the studies done by van der Tas (1988, p. 158; 1992, p. 70) differentiate the formal harmonization of the material and spontaneous ones. According to this approach, the formal harmonization is in fact the harmonization of existing accounting regulations (for example: Rahman *et al.*, 1996), the material harmonization refers to the accounting practices influenced by the regulations or by the market forces, while the spontaneous harmonization represents a subcategory or a particular form of the material harmonization (Parker and Morris, 2001, p. 303).

The spontaneous accounting harmonization can be seen as a deviation or an alternative to the natural evolution of the accounting harmonization process, based on the formal harmonization-material harmonization relation. Such a situation appears when there are registered deficiencies during the regulations' harmonization process or when its course rhythm does not respond to the conformity and adjustment need of the financial reports, come from the accounting practice and reality.

On the other hand we can estimate that the spontaneous harmonization is a response reaction to the need of accounting harmonization coming from the accounting practice or, in other words, the spontaneous harmonization is a result of the market forces and not an effect of the accounting regulations (Parker and Morris, 2001, p. 303) and of the process of their harmonization.

4. A final thought

Given these realities, also seen in the chart above we can identify the main tendencies afferent for the international accounting harmonization process. One of the problematic that developed during 2004-2007 is the one represented by the accounting harmonization study, directly correlated and

associated with the globalization phenomenon. The problematic of cost dimensioning (Benston *et al.*, 2006; Ionașcu *et al.*, 2007) afferent to the IAS/IFRS implementation on an accounting system scale represents another current tendency within the sphere of researches begun during the international accounting harmonization.

Apart from such a scientific approach, we can assume that in the sphere of researches in the harmonization process there is a new dimension focused on the harmonization need problematic of a national accounting system concerning an international reference system. Developing studies for the harmonization need dimensioning and measurement for the national accounting systems tends to become a current preoccupation in the sphere of international accounting scientific research.

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