

# **Reform of accounting and accounting education in Romania**

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# 1. Accounting reform in Romania

- After 1990, Romania's transition to a market economy required a reform of the accounting system;
- Its own practice could not represent a benchmark for the development of standards, due to the fact that Romania had lost its accounting tradition;
- Inspiration from abroad was sought.

# The first "wave" of reform (1991-1998)

- It was conducted under the French guidance.
- The choice of the French accounting system as a model of inspiration was made in a subjective way. The tradition, preferential scientific and cultural relations between the two nations, economic exchanges, the condition of a Latin country and compliance of the respective reference with the European directives prevailed.
- In the Romanian practice, the French model was never perceived as a "cultural intrusion".

## The second "wave" of reform (1999-2005)

- It was conducted under Scottish counseling
- Objective: the implementation of IAS in order to give a signal that Romania represents a well regulated business environment, conducive to foreign investment
- Order no. 403/1999 and, subsequently, Order 94/2001 were issued
- This wave of reform had only a limited effect on the transparency of financial information, the exercise of professional judgment and the quality of financial information

## The third "wave" of reform (2005 - present)

- Most entities - have implemented Order no.1752, which requires full compliance with the European accounting directives, (replaced by Order no. 3055/2009 and subsequently by Order no. 1.802/2014).
- The mandatory application of IFRS as of 1 January 2007, for the consolidated financial statements of the listed companies and financial-banking institutions.
- Obligation to apply the IFRS has been extended on the recommendation of the World Bank (ROSC 2008), by publishing Order of the Minister of Public Finance no. 881.

## 2. Accounting education reform

- Changes in accounting education in Romania, after 1990, were made in connection with the changes of the accounting legislation.
- Accounting education must develop continuously to prepare as well as possible future professionals in line with the new requirements;
- However, universities are unable to make a radical change of the educational plans and the way in which students are educated. These should take into account also the past initiatives and results.

# Accounting education reform

- Accounting is a mandatory discipline at all economic faculties in Romania.
- In terms of research, in order to get a picture of the process of legitimation, it is more useful to focus on a single organization

# Accounting education reform

- Faculty of Accounting and Management Information Systems (AMIS) within Bucharest Academy of Economic Studies offers an interesting case.
- The World Bank's latest report on Romania (2008) indicates the AMIS as a model for other universities in the country in terms of the progress achieved in improving the curricula.

# Faculty of Accounting and Management Information Systems

- The biggest changes in educational plans took place in 2012.
- International models were applied as well as dialogue, a normal approach in an emerging country, where accounting education not only follows the needs of the practice, but also has a role to change practices to implement new models:
  - analysis of the experience of other universities (financial accounting in accordance with IFRS and financial accounting in accordance with the European regulations)
  - discussions with international professional bodies (ACCA, CIMA and ICAEW)

# Faculty of Accounting and Management Information Systems

- discussions with national professional bodies (for accredited programs)
- discussions with the business community (especially the Big Four).
- Follow the good practices suggested by AACSB (2011) were followed: the educational plan has 40.91% of general subjects and 59.09% belong to the field of Accounting studies.
- During March-June 2013, the educational plan was again subject to review

# Faculty of Accounting and Management Information Systems- subjects

- Introduction to accounting
- Accounting in business
- Financial accounting in accordance with IFRS
- Financial accounting in accordance with the European regulations
- Consolidated accounting
- Accounting and tax management
- Accounting policies and options
- Accounting of credit institutions
- International accounting
- Advanced financial accounting in accordance with IFRS
- Advanced tax accounting

# Faculty of Accounting and Management Information Systems

- During the accounting courses: from familiarizing students with theoretical concepts and practical structures for registering the economic operations of entities up to placing them in the political context of normalization and regulations, studying the evolution of the relationship between various bodies and impact on regulations
- The subjects' specifications are regularly updated to reflect the changes in Romanian accounting regulations, international standards and European directives, but take into account the good practices in other countries

# Faculty of Accounting and Management Information Systems

- Although Graph 1 “Description of the field/programme of study through professional and crosscutting competencies is common to all economic faculties in the country”, comparing AMIS’s current curricula with the curricula of similar faculties, it is to be noted that AMIS retains its personality, having such subjects that are found only in its curricula (for example, business accounting, financial accounting according to the European regulations, etc.).
- Freeman's theory (1982) suggesting that older and larger organizations reach a point where they can dominate the environment instead of adjusting it according to itself is confirmed.

# Conclusions

- Numerous researches have revealed that the process of change in accounting regulations is difficult, that the time for adjustment to the new regulations is limited, that practitioners need guidance etc.
- The process of change in accounting regulations should be sustained on a long-term basis through a process of quality education
- Developing the skills of teaching accounting subjects requires a permanent institutional and personal effort

**END**

Thank you!

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