**Accounting and Management Information Systems**
**Vol. 10, No. 2, pp. 102–105, 2011**

# INTRODUCTION TO THE SPECIAL ISSUE ON "NATIONAL PERSPECTIVES ON INTERNATIONAL ACCOUNTING HARMONIZATION"

Guest editors:

*David ALEXANDER*
University of Birmingham, United Kingdom

*Cătălin Nicolae ALBU*
Bucharest Academy of Economic Studies, Romania

Considering the actions and decisions of different actors involved in the accounting process and the research opportunities, we may say that we definitely live in interesting times. It is argued that the need for accounting harmonization is an effect of the globalisation process. On the other hand, it is also argued that accounting is subjective at both philosophical and policy levels, and mutually interactive with the environment within which it operates. Consequently, international accounting harmonization is not only a very topical issue, but also a very rich one, needing immediate and long-term attention and consideration from different perspectives.

Accounting is influenced by different factors. For example, at a regulatory level, we have in the European Union, besides the national regulators, three forces to consider: the IASB, the FASB, and the European Union. Accounting, especially the accounting regulations, is also influenced by other entities such as the World Bank, the International Monetary Fund, Big Four or multinationals (Annisette, 2004; Brown, 2004). On the other hand, the national characteristics, represented by each country's accounting culture and traditions developed over time in close relationship with the political, social and economical environment of each of them, inevitably influence each country's accounting practices. Factors such as the role of the State, the type of legal system, the providers of finance, the relationship between accounting and taxation, the culture, the role of the accounting profession significantly influence accounting practices (Alexander *et al.*, 2006; Nobes & Parker, 2008).

In this complex landscape, Alexander (2010) made the following invitation: "If everybody thinks the same way, with, broadly speaking, a common culture, and all users of financial information have, broadly speaking, the same informational needs, then global accounting harmonization will work. Otherwise, it won't. You are invited to analyze your own position and expectations, in the research context of your country, culture, and significant user needs." Are we then to assume that 'global accounting harmonization' works?

In this context, this special issue is devoted to papers addressing various aspects related to the evolution of accounting within its local environment but in a global perspective, as well as the forces affecting this development. It assembles seven contributions employing different methodologies and reflecting the accounting environment of different countries.

The paper entitled "The illusion of comparable European IFRS financial statements. Beliefs of auditors, analysts and other users", authored by Cole, Branson and Breesch is developed in the context of the intended comparability of financial statements within the European Union through the application of IFRS. Using a multi-country survey of users, auditors and analysts, the authors provide evidence that the comparability goal is not achieved, since less than half of the respondents perceive the financial statements as comparable and since the more experienced respondents are, the less they believe that IFRS financial statements are comparable. This is an interesting study providing a broad image on the comparability of financial statements following the IFRS adoption in the European Union and signaling possible issues affecting the aim of global harmonization.

Deaconu and Buiga offer in the paper entitled "Accounting and the environmental factors – An empirical investigation in post-communist Romania" some insights on the factors affecting the Romanian accounting system. Using a theoretical analysis based on a framework including economic, legal and cultural factors and an empirical approach employing a binary regression, the authors provide support for the identification of several stages in the Romanian accounting reforms. Also, the paper presents and analyzes the influences of Continental European and Anglo-Saxon systems on the Romanian accounting arguing, based on the Romanian case, that the accounting systems classification schemes become obsolete in the context of international accounting harmonization. The alert reader may notice possible tension between these two papers: the differences underlying the classification schemes may provide explanatory factors for the failure to achieve perceived comparability!

Another paper providing some insights on the Romanian accounting system and especially on the consequences of its evolution on the accounting profession is entitled "Motivating accounting professionals in Romania. Analysis after five decades of communist ideology and two decades of accounting harmonization" and is coauthored by Mustaţă, Fekete, Matiş and Bonaci. The authors use Herzberg's theory in order to identify and explain the motivational factors as perceived by the Romanians accounting professionals. They contribute to the debate on international accounting harmonization by describing the sociological-psychological environment of accountants and by discussing the consequences of the communist ideology and of the economic mutations over the last twenty years on the Romanian accounting profession.

The paper entitled “CSR and environmental reporting in the Czech Republic and Romania: Country comparison of rules and practices”, authored by Jindrichovska and Purcărea, brings the issue of international harmonization in the area of corporate social responsibility. Using a real-life case study approach, the authors compare the cases of Romania and the Czech Republic, two ex-communist European countries striving to modernize their reporting requirements by integrating CSR principles. Even if the CSR reporting principles tend to be the same in the two countries, the authors recommend different approaches, meaning a non-prescriptive one in the Czech Republic and a systematic regulatory system in Romania.

IFRSs application and its consequences need to be researched in different contexts. The other three papers of this special issue are discussing this topic. Klimczak is focusing the research on the case of Poland in the paper entitled “Market reaction to mandatory IFRS adoption: Evidence from Poland”. The paper analyzes how market participants reacted to the first application of IFRSs and whether their behavior changed afterwards. Using a random sample of 32 companies, the author conducted event studies and used value relevance regressions. The results support the idea that the impact of IFRSs adoption is relatively low in Poland (another transition economy, but generally viewed as more advanced than the rest of the former Eastern European communist bloc) and raise questions about the role of different institutions and factors which have an impact on the accounting information.

The paper “Multiple evaluation options and comparability: equity investments in Italy and Spain”, authored by Catuogno and Allini, investigates the level of comparability after the adoption of IFRSs in Italy and Spain. Their sample is composed of 129 Italian and 54 Spanish groups, studied between 2004 and 2009, thus covering both pre-adoption and post-adoption of IFRSs financial statements. Comparability is measured in relation to a specific accounting issue – the measurement of equity investments. The results support the opinion that IFRSs application does not ensure an increased level of comparability.

Finally, Branswijck, Longueville and Everaert investigate the consequences of the intended changes in lease accounting in their paper entitled “The financial impact of the proposed amendments to IAS 17: Evidence from Belgium and the Netherlands”. The authors find that the proposed changes to IAS 17 will significantly affect the financial ratios and that the impact will differ from an industry to another. Based on a model developed to integrate the country-specific factors, the authors also reveal that the new standard will have different influences on different countries.

We are grateful to our reviewers, who have worked with us all through this challenging double-blind review process. Two aspects made the revision process for this special issue challenging. The first one is the nature of the special issue, relating to the national, regional and international levels at the same time. Thus, we as guest editors were called, and to a good extent managed, to ensure a balanced nature of the review process, in the sense of obtaining feedback from reviewers with good knowledge of both a) the national contexts of the countries where the papers originated (where the paper required), and b) quality criteria of publication in place at the international level. The second one is the very short time frame. We have set it like this to be able to publish this special issue in time for the 6th edition of the Accounting and Management Information Systems International Conference (www.amis.ase.ro), held at the premises of the Bucharest Academy of Economic Studies, Romania, on June 8-9. Similar collaborations between Journals and Conferences are employed by international journals worldwide, to ensure a good quality of the published papers. Nevertheless, the reviewers have done an excellent job at providing the constructive and useful feedback to authors that has contributed to the improvement of contributions, and finally, to this set of published papers. We would not have managed without them, and we acknowledge this effort.

We also congratulate, and thank, our contributing authors. We believe that this set of papers provides the reader with an important and wide-ranging survey, using a variety of research methodologies applied to a variety of countries in the European Union, of perceived realities regarding 'national perspectives on international accounting harmonization'. There are implications that national considerations are, and are likely to remain, significant factors limiting effective harmonization and comparability. Finally, we hope that others are stimulated to build on these papers in their own research agendas and in their own contexts. This is certainly not the end of the story.

## REFERENCES

Alexander, D. (2010) "Some personal thoughts on financial reporting", *Accounting and Management Information Systems*, vol. 9, no. 2: 200-209

Alexander, D., Britton, A. & Jorissen, A. (2006) *International Financial Reporting and Analysis*, London: Thomson Learning

Annisette, M. (2004) "The true nature of the World Bank", *Critical Perspectives on Accounting*, vol. 15: 303-323

Brown, A.M. (2004) "The financial milieu of the IASB and AASB", *4th Asia Pacific Interdisciplinary Research in Accounting Conference*, 4-6 July

Nobes, C. & Parker, R. (2008) *Comparative international accounting*, Prentice Hall