Abstract

Accounting models were and are influenced by the changes in the economic, financial, political, juridical, social and cultural environment in which they operate. A study of this influence is necessary because the accounting modeling is a very dynamic process that greatly influences the economic environment. The objective of this research is to present the factors that determine the creation and development of accounting models, highlighting the main accounting models at this moment and their actual tendencies.

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Keywords: Accounting model, normalization, accounting information, governance;

1. Accounting modelling process – conceptual limitation

Accounting is the key to important moments in history, and one of the most important professions in economics and business. Professor G. Giroux considered that the accounting profession participated to “the development of towns, trade and concepts of wealth and numbers. Accountants invented writing, participating in the development of money and banking, invented double entry bookkeeping, saved many investors and entrepreneurs from bankruptcy during industrial revolution, helped develop confidence in capital markets necessary for capitalism.” He also considered accounting to be the center of the revolution that transformed the entire economy. Accounting models had an important impact on economic development; this development, among other factors, influenced the accounting modeling process, and its result is reflected in standardized accounting model that wants to be accepted worldwide.

Accounting modeling is the result of changes and influences of a number of factors on accounting. An accounting model is the representation of the company given by the accounting through the balance sheet, profit and loss account, cash flow, etc. It defines the recognizing, recording, and reporting methods of financial transactions. Accounting models were and are influenced by changes occurring in the economic, financial, political, legal, social and cultural environment in which they operate. Accounting differs by its content and its methods of application.
from one country to another, being shaped by four factors: a historical record, a descriptor of current economic reality, an information system, and as a commodity. (S.Davis, K.Menon, G.Morgan, 1982)

The American Accounting Association defined accounting in 1966 as “the process of identifying, measuring and communicating economic information to permit informed judgments and decisions by users of the information.” This is an important definition because:

- It recognizes accounting as a process concerned with capturing business events, recording their financial effect, summarizing and reporting the result of those effects, and interpreting those results;
- It is concerned with economic information: while this is predominantly financial, it also allows for non-financial information;
- Its purpose is to support ‘informed judgments and decisions’ by users: this emphasizes the usefulness of accounting information and the broad spectrum of ‘users’ of that information. (P.Collier, 2003)

Accounting serves two basic purposes: to inform outside world, such as shareholders and creditors, and also to boost financial and operational management by internal tracking of the organization. These basic functions are performed using various systems. It is very important that accounting model be structured to fit the standards and objectives of the organization and meet the users’ needs for information. (OECD, 2008)

Considered an instrument of disclosure, accounting is an economic language. Accounting transforms information or ideas in signs whose meanings is intelligible to members of a cultural group. Thus, the accounting language developed at national level is adapted to local targets: dialogue with investors, lenders or tax authorities. (N.Feleaga, 1999)

2. Determinant factors of accounting models

It is known that, in accordance with universally accepted conclusion, accounting is a social construct, and as such, reflects the society in which it developed. National accounting regulations are the result of various events and circumstances. Accounting history tells us that the statutory accounting requirements are often responses to financial scandals, abuses of the political, economic and social, or economic pressures. (N.Feleaga, 1999) Factors that influence the development of national accounting model define the diversity of accounting models in the world. Choi F., Frost C. and Meek G. (2002) identified eight possible factors with significant influence over the development of accounting: the source of finance, the legal system, taxation, political and economical ties, inflation, level of economic development, educational level and culture. The ways in which the accounting developed is useful in anticipating its direction changes. Some accounting models can be understood knowing the factors that influenced their development. Thus, the historical evolution of accounting puts a decisive stamp on existing accounting models.

Accounting model is closely related to corporate governance, depending on it, interacting, although “governance has a dominant influence on accounting.” We admit that corporate governance is a primary accounting system, controlled by shareholders in order to maximize company value. The accounting model provides us with valuation methods, and applications of accounting standards give management confidence, the presentation of results being more efficient and ensuring good corporate governance.

The accounting field has evolved in search of appropriate accounting theories from historical cost to the new generalized model of fair value. Thomas Jeanjean, in the chapter entitled "Fair value" of the "Encyclopedia of accounting, management control and auditing" states that "fair value is probably at the origin of the most passionate debates in accounting standards [...]. From a theoretical perspective, the use of fair value can noticeably improve the relevance of public financial information to investors. At the same time, its use is problematic related to the objectives of accounting".
The actual accounting models have considered the evaluation process and, implicitly, the concept of value as an important basis. Aimed at improving the usefulness and perception of the traditional accounting model based on evaluation at historical cost, the accounting research, followed by accounting normalization, proposed various methods of assessment, alternative bases of accounting models.

These determinants of the accounting models exercise an important influence on business performance estimations, on the control of managers by shareholders, and also on risk assessment due to their impact on the accounting information available to all those involved in the above processes.

3. Actual tendency – normalized accounting model

Naturally, because of the many relationships between accounting cultures, they contain numerous differences, as well as numerous similarities. An historical analysis allowed the highlighting of several models possessed by groups or countries now or at one time or another in their history, the same features political, economic, social and cultural rights.

From the accounting models that have profoundly marked the development of accounting and have definitely something to say in the normalization process, we have to mention the Anglo-Saxon accounting (whose promoters are UK and U.S.), and the continental model (represented by France and Germany).

The figure below shows the basic characteristics of accounting models mentioned above.

<table>
<thead>
<tr>
<th>Social/economic environment</th>
<th>Continental European accounting model</th>
<th>Anglo-Saxon accounting model</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital markets</td>
<td>Capital is mainly provided by banking sector</td>
<td>Capital is mainly raised through stock markets</td>
</tr>
<tr>
<td>Culture</td>
<td>State focused</td>
<td>Individualistic</td>
</tr>
<tr>
<td>Legal system</td>
<td>Dominated by codified law</td>
<td>Dominated by case law</td>
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<tr>
<td>Fiscal system</td>
<td>Law provides detailed accounting rules</td>
<td>Accounting rules developed by private standard setting bodies</td>
</tr>
<tr>
<td>Accounting objectives</td>
<td>Financial accounting and taxation is closely connected</td>
<td>Tax rules do not influence financial accounting practice</td>
</tr>
</tbody>
</table>

Figure 1. Fundamental characteristics of accounting models


As we have seen, the accounting rules and practices are influenced by the environment in which they operate. Therefore, it is to be expected that the internalization of the economic and cultural environment will have an effect on accounting. Accounting has to address the new problem of how to communicate across national boundaries. (Walton P., Haller A., Raffounier B., 2003)

Ion Ionascu in “The dynamic of contemporary accounting doctrines” states that accounting normalization has the purpose to provide “identical accounting rules in the same geopolitical space and aims to create uniform accounting
practices.” According to C. Perochon, “the subject of accounting normalization can be highlighted by financial statements or an accounting plan.” KPMG, in the study “IFRS – are you ready? The race is on,” states that “an important step in achieving greater stability in the financial markets is to promote a single set of global accounting standards.” The participant leaders at the G20 Turin summit also emphasized this.

In the context of the phenomenon of international accounting harmonization, financial and accounting information quality has improved considerably in recent years. The abundance of information enables organizations to increase their competitiveness in terms of information relative to competitors in the domestic and international market. Information is the only inexhaustible resource, a true power factor, directly influencing a good degree of prosperity of a nation. In the midst of the information revolution, the most profound change seems to be related to the gathering, processing, production and dissemination of information.

Normalization, harmonization, convergence, compliance and accounting internationalization act both individually and together. Accounting normalization is the deliberate application of accounting rules in order to solve correctly problems regarding the production and use of accounting information. International accounting harmonization is the process by which rules or national norms (which vary from country to country, and sometimes are divergent) are improved to be made comparable. The main cause of this phenomenon is the globalization of international capital markets and national economies, which tend to form a unique mechanism in the future in terms of global economic development. Accounting standardization and harmonization objectives are determined by economic, social and geopolitical conditions available on national, regional and global levels. Because of the differences that exist between current accounting models, accounting normalization is desired, targeting:

• The creation of a suitable “accounting dictionary,” comprehensible for all users of accounting information;
• Defining coherent principles generally accepted;
• Identifying information contained in the financial statements that are made public;
• Presentation methods for financial statements;
• Developing an accounting plan and operating rules for it, in order to registration of various categories of operations. (Bunget C., 2004)

To achieve these objectives, it is important to understand accounting models and their determinants.

4. Conclusions

Nowadays, accounting is undergoing a crisis because the accounting world is looking for new approaches, new methods of evaluation and measurement to meet new objectives. Accounting, as one of basic business management technos science, seeks new solutions to adapt to the market economy, but the separation of the old models do not easily. (N. Feleaga). We cannot specify that an accounting model is better than another, but we conclude that each has its limitations, and through harmonization and standardization processes, the resulting accounting model should be designed in such a way as to meet the needs of decision makers, based on a set of common rules.

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