FINANCIAL-ACCOUNTING INFORMATION IN THE GLOBALIZATION ERA

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Abstract
Accounting quantifies, processes and transmits financial information about an economic entity, thus being recognized as a true informational system. Globalization, a multifaceted phenomenon with complex economic, social and political effects, has induced the need for normalization and harmonization of accounting information, in order to establish at international level “a unanimously accepted accounting language” as a basis in the construction of financial statements, allowing the transposition of the understanding “local” reality at the “universal” level. There have been developed accounting standards that set out general rules and specific accounting treatments. The main aim of the research was to capture the main sequences of the transformations produced in the financial-accounting information systems by the changes induced in the economy by the amplification of the phenomenon of globalization.


JEL Classification: M40, M41

I. Introduction
The general development of human society and the restructuring of national economies in the context of globalization amplify and diversify the demand for information from all areas of activity. In the midst of an informational revolution, the biggest challenge is to collect, process, produce, disseminate and capitalize on information, and this is undoubtedly a true power factor in the competitive world in which we live. A performance management, effective and efficient management of a situation,

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especially in times of crisis, presupposes substantiating decisions on real, pertinent, concluding information provided in a timely manner. In this context, the mission of the accounting is of particular importance, since a significant part of the information circulated in the economic environment are the accounting or its derivative information. In fact, there are opinions of specialists, in the sense that "accounting is the most important source of information for a nation" (Oskar Morgenstern, apud Cucui, 2006).

But national accounting systems differ from one country to another in relation to the applicable legal and fiscal system, government policy in the economic field, and last but not least, the culture of each nation. Existing differences between national accounting rules may constitute an obstacle to communication, understanding and appreciation for a third party interested in the financial situation and market position of an economic operator operating in a different economic environment than the third party's environment, in the latter's desire to know how to orientate his relationship with the operator (e.g., customers, suppliers, investors, competitors etc.). To solve this problem, economists have proposed harmonizing the different national accounting systems, in order to create a unique accounting reference, which match, as far as possible, the cultural, political and social characteristics of countries and to be a model for improving the quality of national accounting systems. In this context, after 2002, at the level of the European Union (EU), constant efforts have been made to bring European accounting standards into line with International Financial Reporting Standards (IFRS) and, at the same time, to find convergence points between European and US accounts, to improve the quality of financial information – contabil, its relevance, intelligibility, comparability and transparency, as a prerequisite for strengthening a healthy and credible business environment.

This article is the result of a conceptual, systemic and comparative analysis of the influence of globalization on the standardization of financial information, the methodology being hypothetical-deductive. The objectives of the study are: O1) analysis of the economic dimension of globalization; O2) the influence of globalization on financial-accounting information.

In order to achieve the proposed objectives, the work was structured on sections. The first section provides a brief introduction to the issues addressed. The second section addresses the economic dimension of globalization from a conceptual and dynamic perspective. The third section analyzes the influence of economic globalization on financial information. The final section contains the main findings of the study.
II. The economic dimension of globalization

II.1. Globalization – concept and evolution

More and more present in the current speech of economists, politicians, journalists and even ordinary citizens all over the world, the concept of globalization expresses a widely debated phenomenon at international level, which is the subject of numerous studies, scientific communications and conferences in academia, but also of superfluous approaches by some non-specialists, which only make the waters more cloudy in a field so quite controversial (Radu, 2009: 120).

Concretely, how could globalization be defined? The academic environment and public opinion have not reached a consensus on a unanimously accepted definition. The scientific literature abounds in the definitions, the testimony being the large number of opinions that, in most of the cases, capture the phenomenon only partially. The complexity of the term requires, for its characterization, the analysis of the dimensions of its contents (Table 1) - globalization including a multitude of complex processes with variable dynamics, targeting diverse areas of society.

Table 1- The dimensions of globalization

<table>
<thead>
<tr>
<th>The dimensions of globalization</th>
<th>Forms of manifestation</th>
</tr>
</thead>
<tbody>
<tr>
<td>The economic dimension</td>
<td>Free cross-border movement of goods and services, capital and labor; the internationalization of financial markets and direct investment; transnational integrated production; multinational enterprises; global competition</td>
</tr>
<tr>
<td>The social dimension</td>
<td>Beyond traditional elements - family and neighborhood, the world has become, as predicted by Marshall McLuhan (1962) &quot;the global village&quot;, through social networking and remote communication networks (for example, the internet is nowadays accessible throughout the civilized world)</td>
</tr>
<tr>
<td>The cultural dimension</td>
<td>Traditional culture is increasingly transformed into show and commodity, under the influence of the expansion of American consumer culture - Hollywood films, global television shows and productions, etc.</td>
</tr>
<tr>
<td>The political dimension</td>
<td>At present, many problems of local communities have a global reflection, and global issues have a local impact; nor the wealthy countries of the world can stand alone to the contemporary challenges, which is why cooperation at regional / global level has become indispensable (eg European integration).</td>
</tr>
</tbody>
</table>

Source: Own elaboration
Terminologically, the concept of globalization is commonly found in the Anglo-Saxon literature, while in French literature the concept of mondialisation is found.

The term global has begun to be increasingly used by exponents of US business schools since the eighth decade of the last century (Chesnais, 1997). For example, in the opinion of Theodore Levitt (2002: 399-415), globalization takes into account the technological processes that made international transactions lighter and faster and refers to the expansion beyond the national borders of the same market forces that have operated for centuries at all levels economic activity. In another opinion, globalization represents the complex process of multiplying the links and interconnections between the states that make up the world system (Robertson, 1992: 50-60). For Friedman (2001: 41), Pulitzer Prize-winning journalist, globalization means the inexorable integration of markets, nation-states and technologies at a level never reached so far, in a way that empowers individuals, corporations, and nation nations to expand free virtual capitalist markets in almost all countries of the world as far as possible, as quickly as possible, as deeply as possible and as cheap as possible compared to what has been so far. Joseph Stiglitz (2008: 21) laureate of the Nobel Prize for Economics considers globalization to be the stronger integration of their countries and populations as a result of a significant reduction in transport and communication costs and the removal of artificial barriers to the movement of goods, services, capital, knowledge and (to a lesser extent) of people among states. A particular contribution to understanding the concept of globalization was brought by Scholte (2005: 157-160), who highlighted the main significations of this concept (Figure 1).

Figure 2- Significations of globalization

<table>
<thead>
<tr>
<th>Globalization</th>
<th>Internationalization</th>
<th>Liberalization</th>
<th>Universalization</th>
<th>Modernization</th>
<th>Deterritorialization</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>of commodity trade,</td>
<td>removing the</td>
<td>on the background</td>
<td>replacing the</td>
<td>- there is a</td>
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<tr>
<td></td>
<td>of capital</td>
<td>restrictions</td>
<td>of technological</td>
<td>pre-existing</td>
<td>reconsideration of</td>
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<tr>
<td></td>
<td>movement and</td>
<td>imposed at</td>
<td>progress, the</td>
<td>socio-cultural</td>
<td>physical geography</td>
</tr>
<tr>
<td></td>
<td>relations between</td>
<td>national level</td>
<td>integration of</td>
<td>structures</td>
<td>beyond distances</td>
</tr>
<tr>
<td></td>
<td>world states</td>
<td>and creating</td>
<td>economies globally</td>
<td>neoliberal</td>
<td>and borders</td>
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<tr>
<td></td>
<td>(increasing global</td>
<td>an open world</td>
<td>the movement</td>
<td>capitalist</td>
<td>worldwide</td>
</tr>
<tr>
<td></td>
<td>interdependence of</td>
<td>across borders</td>
<td>beyond the</td>
<td>structures</td>
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<td>economies)</td>
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<td>borders of</td>
<td>based on the</td>
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<td>people, goods,</td>
<td>expansion of</td>
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<td></td>
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<td></td>
<td>services and</td>
<td>free markets</td>
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<td></td>
<td></td>
<td></td>
<td>ideas</td>
<td>and industrialization</td>
<td></td>
</tr>
</tbody>
</table>

Source: Scholte (2005)
The International Monetary Fund (1997) identifies globalization with increasing the economic interdependence of world countries by increasing the volume and variety of cross-border transactions of goods and services, the more freely and faster the flow of international capital, and wider diffusion of technology.

In the view of Romanian authors, globalization is the process by which geographical distance becomes an ever less important factor in the establishment and development of cross-border relations of economic, political and socio-cultural nature, networks of relationships and interdependencies gaining an increasing potential to become international and global (Popescu et al., 2004).

In our opinion, globalization (whose historical evolution is briefly presented in Table 2) is an integrative process that is manifested especially in the economy, and is then propagated in other areas of human activity, all over the world, having the modern technologies as supporting vectors.

**Table 2- The historical evolution of the globalization process**

<table>
<thead>
<tr>
<th>Period</th>
<th>The phases of globalization</th>
<th>The main characteristic events of the period</th>
</tr>
</thead>
<tbody>
<tr>
<td>1400-1750 (Europe)</td>
<td><em>the germinal phase</em></td>
<td>The big geographic discoveries appear. The first maps of the world appear. The boundaries of future colonial powers are prefigured. Humankind understands that Earth is not the center of the solar system. The universal calendar is adopted.</td>
</tr>
<tr>
<td>1750-1875 (Europe)</td>
<td><em>the incipient phase</em></td>
<td>The nation states appear. There is a formal diplomacy between them. The first international conventions and ideas on internationalization and university appear.</td>
</tr>
<tr>
<td>1875-1925</td>
<td><em>the take-off phase</em></td>
<td>The process of conceptualizing the world in the form of an international society and a single humanity begins amid the amplification of trade links between independent nations, the development of communications and mass migrations from Europe to America.</td>
</tr>
<tr>
<td>1925-1969</td>
<td><em>the phase of global hegemony disputes</em></td>
<td>It debuts violently with World War I, followed by the Second World War. The League of Nations and subsequently the United Nations (UN) are established. The concepts of war crimes and humanity appear. There are debates about global dangers: e.g. environmental pollution, resource depletion, underdevelopment</td>
</tr>
<tr>
<td>from the last decade of the 20th century</td>
<td><em>the phase of proper globalization</em></td>
<td>Progress has been made in the exploitation of space, telecommunications, information technology. Different forms of regional integration appear, amid the deepening of the international division of labor.</td>
</tr>
</tbody>
</table>

*Source: Robertson (1992)*
Practically, on the background of economic, cultural and personal exchanges between individuals and the closeness between different parts of the world, on Earth is happening a crystallization of a global civilization, which influences all aspects of everyday life, but the way this is felt differs from one individual to another, from one community to another.

Postwar, economic globalization has three stages of development (Table 3).

**Table 3- The evolution of post-war economic globalization (after 1945)**

<table>
<thead>
<tr>
<th>Period</th>
<th>Stage</th>
<th>The main characteristic events of the period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Years '50, '60</td>
<td>internationalization</td>
<td>Strengthening economic and financial cooperation and increasing trade through international negotiation, amid the preservation of the national character of the world's states</td>
</tr>
<tr>
<td>20th Century</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Years '70, '80</td>
<td>transnationalization</td>
<td>Increasing foreign investment flows and relocation of transnational companies.</td>
</tr>
<tr>
<td>Starting with years '90</td>
<td>the proper globalization</td>
<td>The emergence of an economy without frontiers (global), based on the networking and global flows of capital, production, technology and information</td>
</tr>
</tbody>
</table>

Source: OECD study group (Carnoy & Castells apud. Ionescu, Popa, 2010: 10)

The technical and scientific revolution in all areas, driven by the mass spread of microcomputers and the Internet, the lowering of transport and communications costs, and external trade relations policies to reduce the administrative barriers imposed on the movement of goods, services and capital (stimulated by the rules of the World Organization of Trade for the member countries), had the effect of increasing the pace of economic globalization.

**II.2 The stage of the process of globalization of the Romanian economy**

With the evolution of the globalization process, the question of a quantitative estimation form has been raised enabling it to measure, monitor, analyze, model and compare globalization at the level of the world's states. Quantification methods proposed by specialists are translated into globalization indicators whose calculation formulas take into account a series of variables that depend on the factors (economic, social, political) that are involved in the process of globalization and determine their weight in the total phenomenon.

In order to know the degree of integration of Romania from an economic perspective, we use the data provided online by the KOF Swiss Economic Institute within ETH Zurich on its website [1]. Researchers at this institute have developed an indicator
called KOF (acronym from the German Konjunkturforschungsstelle - Economic Research Institute), based on statistical data taken from sources such as the World Bank, the International Monetary Fund, UNCTAD, Trade Statistics etc. The composite KOF globalization indicator includes in its structure, in percent, the three main variables - economic, social and political, and can take values between 1 (minimum globalization) and 100 (maximum globalization). The Globalization Indicator KOF 2018 analyzes the evolution of globalization for approximately 200 countries over the period 1970-2015.

For the purpose, we will analyze the level and evolution of the KOF economic globalization indicator for Romania, compared to the other states of the European Union (EU) and the United States of America (USA). With a value of 71.68, Romania is ranked 39th in the world ranking of economic globalization, preceded by Croatia (index 72.20) followed by Greece (index 71.63). For comparison, we note that Singapore (index 92.47) is the world's first place, and the last place (index 20.05) - Ethiopia (Table 4).

Economic globalization in EU Member States and USA (Figure 2) places Romania in the lower end of the EU ranking, but in front of the USA.

Table 4- Romania's place in the world ranking of economic globalization

<table>
<thead>
<tr>
<th>Rank</th>
<th>Country</th>
<th>Economic Globalisation Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>39</td>
<td>Romania</td>
<td>71.68</td>
</tr>
<tr>
<td>38</td>
<td>Greece</td>
<td>71.63</td>
</tr>
<tr>
<td>37</td>
<td>Croatia</td>
<td>72.20</td>
</tr>
<tr>
<td>36</td>
<td>Netherlands</td>
<td>89.31</td>
</tr>
<tr>
<td>1</td>
<td>Singapore</td>
<td>92.47</td>
</tr>
</tbody>
</table>

Source: KOF Globalisation Index 2018 [1]

Figure 2- The level of economic globalization for EU countries and USA

Source: own elaboration based on data from KOF Globalisation Index 2018 [1]
The course of the Romanian economy in the global ranking of globalization was generally upward, with a slight syncope in the period of the system change, from the socialist economy to the market economy (the beginning of the 90s of the last century), Romania coming from a KOF Economic indicator Globalization of 32.62 in 1970, to 68 in 2007 (time of EU accession), respectively 71.68 at present (Figure 3).

**Figure 3**- The evolution of economic globalization for Romania

*Source: own elaboration based on data from KOF Globalisation Index 2018 [1]*
*(in detail: the year and the value of the corresponding KOF indicator of economic globalization)*

We note that the year 2007 is a point of inflection in the evolution of the Romanian economy globalization in which Romania exceeded the US at this indicator, but it remained significantly different from the Netherlands, the EU member state with the most advanced position in world ranking of economic globalization.

### III. The influence of globalization on financial information

The globalization redefines the paradigm of geopolitical separation between states, influencing how their economic policies are adopted and implemented. The strategies for managing universal values are remodeled, in the sense of integrating resources into a global economic process, the finality of which could be the prospect of prosperity and, implicitly, the generalization of democracy and security around the world.

The globalization of the world economy is under the influence of factors such as: liberalizing trade in goods and services (free trade in international trade), increasing the role of the private sector on the background of liberal policies, globalization of stock markets, development of cross-border financial flows, the rise of foreign investments, the emergence of financial innovations involving new financial techniques and instruments, the cross-border relocation of production, the implantation of transnational companies across the globe.
In turn, globalization is a catalyst for phenomena and processes closely related to the economic phenomenon. For example, in the financial-accounting field, it became evident the need to set a single set of global financial reporting standards in which companies in different parts of the world communicate their financial position, performance and cash flows using the same accounting policies, ie the same principles of presentation, recognition, measurement and consolidation, to facilitate the knowledge of market position, the comparison between them and the prediction of their evolution. Therefore, economic globalization requires a real reform of accounting, whose main dimensions are: normalization, harmonization, convergence, compliance and internationalization, as well as adapting to new information technologies. On this line, the literature (Feleagă, 1996: 17) notes in this respect that, having as a source the economic, political and social environment (in a dynamic and a permanent evolution, strongly influenced by the progress of information technology), accounting, its objectives, principles, rules and methods are not immutable.

An evidence of the impact of globalization on financial information and accounting techniques is the recognition of international norms on US capital markets and uniform accounting results, in view of the significant impact on investors' interest, within the limits of the comparability of financial information, even before making the isomorphism between the US Generalized Accepted Accounting Principles (GAAP) and International Financial Reporting Standards (IFRS) and ending the convergence process.

Although, after 2012, the enthusiasm for adopting IFRS in the US seems to have faded, compared to the first decade after signing the Memorandum of Understanding (2002 - Norwalk, Connecticut, USA) between the Financial Accounting Standards Board (FASB) and the International Accounting Standard Board (IASB) - it is currently unclear whether and when the US will adopt IFRS (Ortega, 2017: 37), the two sets of accounting standards are today much more similar than they were when the agreement was signed. For example, the qualitative characteristics of the financial statements defined by the general conceptual framework of the IAS/IFRS and GAAP are the same, the differences focusing only on the way they are emphasized and on their structure.

In another train of thoughts, the globalization of economies has led to the creation of international accounting standards and to the public sector. The International Federation of Accountants established in 1995 the International Public Sector Accounting Standards Board in order to develop high quality accounting standards for the preparation of general purpose financial statements for the public sector around the world.
III.1 Exigencies of international standards on financial information

The magnitude of the globalization process has led to the adoption of generally applicable accounting standards across all countries, action generically called accounting convergence, which implies the orientation of the financial-accounting activity in order to elaborate the information necessary to present the annual financial statements in a unitary way (Grosu et al., 2013: 43).

The process of harmonization of accounting in Europe and the world has made considerable progress through the adoption of international IAS/IFRS by EU Member States and US GAAP by US. The specialized literature (Hlaciuc et al., 2010: 86-874) stresses that the adoption of IAS/IFRS standards for European companies has been a necessary and important step in the natural process of integrating the financial markets of the EU Member States.

Concretely, since 2005, at EU level, through the European Parliament's Regulation (EC) 1606/2002, the adoption of international accounting standards as a common accounting reference for the compilation of consolidated financial statements of European companies (in particular listed companies, with the aim of protecting the stock market), in order to obtain relevant, credible and comparable accounting information (Grosu, 2010: 33) and ensuring a high level of transparency.

The accounting standard can be defined as the set of interrelated accounting principles, rules and accounting methods that regulate accounting and valuation in accounting, as well as the preparation and presentation of financial-accounting information in the financial statements.

International accounting standards may be used, as appropriate: a) by direct application, as national accounting rules; b) as useful documentation for the implementation of national accounting rules (guide for normalization bodies); c) as a reference, to ensure the comparability of national accounting regulations with international standards; d) as a reference in solving accounting problems for which there is no specific norm or there are doctrinal controversies; e) to reduce the number of alternative accounting methods with a beneficial effect on the comparability of information; f) as a reference that justifies the rationality of the professional accountant's choices with regard to the adopted rules, protecting him against possible "political pressures".

We support the idea that international accounting normalization is an evolutionary process, dependent on the phenomena of globalization (globalization, regionalization) and the socio-cultural coordinates of different states or groups of states. Harmonization,
convergence and compliance become stringent when the progress of production forces and the technical-scientific revolution are evident (Hlaciuc & Petris, 2010: 242-259).

The normalization and accounting harmonization instruments are: a) the General Accounting Plan - the instrument developed with the support of the bodies of the accounting profession and imposed, through normative regulations, on the entities that organize and manage the accounting; b) The conceptual accounting framework, which encompasses regulations and norms issued by empowered institutions, bringing together the national and international conceptual framework.

The main objectives of the international standardization bodies are: a) to formulate and publish in the public interest the rules to be observed for the presentation of annual financial statements (consisting of: balance sheet, profit and loss account, statement of changes in equity, the cash flow situation, accounting policies and explanatory notes to them), as well as promoting their acceptance and application in national accounting systems; b) adapting and harmonizing the regulations, rules and procedures applicable to the presentation of financial statements.

Financial statements are defined by the IASB through IAS 1, "Presentation of Financial Statements" as a structured representation of an entity's financial position and financial performance. The conceptual framework for the preparation of financial statements, as revised by the IASB in 2018 (the main elements of which are highlighted in Figure 4), provides that the objective of general purpose financial reports is to provide financial information about the reporting entity that is useful to investors, borrowers and other existing and potential creditors in making decisions about the provision of entity resources [2]. Of course, the Framework is not a standard and does not override any specific IFRS, it only helps the normator in developing the rules.

The information in question concerns the economic resources of the reporting entity and the claims of third parties to it, as well as the effects of transactions and other events that are likely to affect the economic resources and claims of the entity.

The financial information can help users evaluate the entity's business resource management by the business manager. Naturally, investors/creditors have the right to know this information in order to be able to assess the financial risks to which the entity is exposed and to make an informed decision about the acquisition/retention/sale of equity and debt instruments and about the provision or settlement of loans or other forms of credit.

In order to be able to place capital in the most cost-effective way, investors in the world's capital markets need financial information to facilitate the direct comparison of
entities (without additional reworking costs of this information in order to understand and interpret them, because the issuing entity acts in a foreign economic environment to the investor) with regard to the resources controlled and the obligations to which they are have committed themselves, allowing the assessment of uncertainty about future cash flows.

Figure 4 – Elements of the Conceptual Framework for Financial Reporting (IASB)

The objective of general purpose financial reports
- eg providing financial information useful to users: investors, creditors, etc.

Qualitative features of useful financial information
- eg relevance, faithful representation, intelligibility, comparability, verifiability, opportunity

The elements of financial statements
- eg the definition of assets, equity, debt, expenses and income

Recognition and derecognition
- eg only positions that correspond to the definition of an asset, liability or equity are recognized in the statement of financial position

Financial statements and reporting entity
- providing accounting information about the financial position of the entity, the performance of the entity

Measurement
- eg setting different valuation bases - historical cost and current value

Presentation and disclosure of financial information
- eg concepts that determine what information is included in the financial statements

Concepts of capital and capital maintenance

THE CONCEPTUAL FRAMEWORK

Source: Own elaboration based on IASB

International Financial Reporting Standards aim to provide precisely the information that will allow reasonable estimation of the financial risks to which the reporting entity is exposed, favoring the disclosure of economic reality to the appearances of the legal form, sometimes misleading.

Responding to economic globalization, IFRSs have been developed to present global financial information and in a "universal" accounting language. However, it is easy to understand that perfect alignment, going towards identity, between national accounting systems and international standards, is inconceivable, given that each national accounting system is influenced by specific economic, financial, tax, legal, social and cultural variables.

A proof of this is the European Union, where regional harmonization has mitigated the differences between national accounting practices, but failed to eliminate them. Neither the Anglo-Saxon accounting systems have perfect alignment, there are differences between United Kingdom and USA accounting.
III.2 The imperative of the quality of financial information in the context of the globalization of the economy

The role and importance of financial information has, over time, been the subject of many debates and specialist studies. It highlighted the importance of the emergence of IFRS in the international harmonization of accounting practices and the creation of a reference that quickly surpassed the scope of consolidated accounts of listed entities on the stock market and laid the foundation for a new era of financial reporting under the influence of economic globalization. Through the real, accurate, complete and operative nature of financial-accounting information, this is the main support for decisions that are made inside and outside the entity. Due to the international accounting harmonization process, the quality of financial-accounting information has improved considerably (Cucui, 2006). Entities disseminate more and more competitive financial information to market competitors, aiming to respond as fully as possible to the interests of users (Figure 5), in particular the ability to conduct their own financial analyzes according to the objectives pursued in relation to the entity (e.g., financial risk estimation, of the leverage capacity or repayment of credits, profitability calculation, etc). In the context, we believe that the information provided should at least allow users to determine the profitability, liquidity and solvency ratios of the reporting entity.

**Figure 5:** The main users of financial-accounting information and their informational interests in the era of globalization

- **Investors and financial markets**
  - Informational interests:
    - profit (entity's ability to pay dividends)
    - the risks that their investment might face
    - the data and information necessary for financial market authorities to perform the regulatory and investor protection function

- **Suppliers and other creditors**
  - Informational interests:
    - data on the maintenance of the entity's activity and the possibility of payment of the outstanding obligations

- **Employees**
  - Informational interests:
    - data on business viability and stability
    - effectiveness of the entity
    - data relating to the increase of profit and its distribution, as well as the company's possibilities to offer remuneration and other benefits and professional opportunities.

- **State and its institutions**
  - Informational interests:
    - data that allow an appreciation of the distribution of resources and the results of the entity
    - data to allow for the establishment of tax bases, subsidies or low interest loans
    - data that allow the substantiation of fiscal policy, estimates of national income and other synthesis indexes

- **Customers**
  - Informational interests:
    - data on maintaining the entity's activity at least during the course of the contract

- **Financial Creditors**
  - Informational interests:
    - data on the leverage capacity and reimbursement capacity of the entity

- **Others external users**
  - Informational interests:
    - data on the activity of the entity, allowing economic decisions in relation to it, according to the interests of the user

*Source: own elaboration*
It goes without saying that the financial statements can not fully satisfy the information needs of all users. This, however, can not be a reason to privilege certain users (eg investors because they risk more) to the detriment of others, but rather to maintain a balance in the preparation of the financial statements between the information provided so that the needs of each category of users are sufficiently satisfied to enable them to make their decisions according to their interests.

There are, however, certain objective and subjective limits to the quality of the information presented in the financial statements. For example, the information contained in the summary documents refers to past events and does not benefit the relevance of future decisions. Some information comes from estimates of different quantities and, as a consequence, they are subjective. Other information is manipulated or hidden by the managers of the economic entity in a beach ranging from "the art of presenting a balance sheet" (creative accounting) to the "art of falsifying or tricking a balance sheet" (fraudulent financial engineering) see the notorious financial scandals: Enron, Tyco, WorldCom etc.

We conclude, proposing as a solution, to avoid such situations, the adoption by economic entities of corporate governance principles that promote the idea of a transparent and efficient market economy in order to defend the public interest and protect the interests of all categories of users of financial and accounting information (Bostan, Grosu, 2010: 63-84).

In another train of thoughts, in order for the financial information provided by the financial statements to be useful for making the decision by the user, it must meet a number of qualitative characteristics (Ernst & Young, 2010), grouped by the specialized literature (Todea, Callein: 2011): a) first rank or fundamental qualities (targeting the financial-accounting information itself), which include relevance and faithful representation; b) second rank or enhancement qualities (targeting the user), witch include: understandability, comparability, verifiability and timeliness. This classification of qualitative features of financial information is found in IAS/IFRS and, similarly, in US GAAP, which classifies them as primary and secondary, the differences being found in their structure and the way in which the emphasis is placed on them (Grosu, 2015: 54-61). According to FASB - Statement of Financial Accounting Concepts No. 2 [3], the primary features are relevancy (opportunity, predictive and confirmatory value of information) and reliability (exact representation, neutrality and verifiability). The secondary features are comparability and consistency, and intelligibility is considered a qualitative feature specific to users.
We can conclude that for the external user, the usefulness of the financial information included in the financial statements disseminated by the economic entity is a result of the "mixture" of the two groups of qualitative characteristics: fundamental and amplifiers, schematically shown in Figure 6. The distinction between useful and unnecessary information is particularly important, the accountancy profession being called upon to ensure the selection of appropriate information to provide support to their users (Grosu, 2015).

**Figure 6 - Characteristics of financial information according to the IASB Conceptual Framework**

The conceptual framework (IASB and FASB) defines as relevant that financial accounting information capable of influencing the users' decision, considering that this capacity has predictive value information (the user can predict future results) with confirmation value (confirms an earlier evaluation) or both. Relevance is also related to the significance threshold, the information being significant when the error on it or its...
omission in the report can influence the user’s decision. *The exact representation* requires that the financial information reveals the economic phenomena, in letters and figures, completely (all information necessary for the user to understand the phenomenon described), neutral (not favoring a certain category of users) and error-free (no mistakes or omissions in description of phenomena), just as the entity intended to present them. *Comparability* provides users with the ability to compare the financial statements of similar entities as well as entities from one financial year to another (subject to consistency in the accounting policies used). *Verifiability* involves consensus between different measurements, so that different independent observers and, knowingly, can reach a consensus that a particular description is an exact representation. *Timeliness* means that information is available to decision-makers in time to be capable of influencing their decisions. *Understanding* requires that the financial statements contain comprehensive, clear, concise and user-friendly information (assuming that users have sufficient knowledge to understand how business and economic activities work, and, of course, understand accounting concepts).

Without a doubt, IFRS is a set of high quality standards, but the perception of the information presented differs from one country to another (depending on the specifics of the legal framework, accounting culture and investor protection regulations). For example, if in countries with good investor protection, IFRS does not dominate the local standards regarding the quality of the information presented, in countries with poor investor protection, such as Romania, IFRS are perceived as being of superior quality.

At the same time, for professional accountants, IFRS has brought significant changes to language and paradigms. For example, the accounting result (long considered the main measure of measuring a company’s financial performance) has been replaced, according to IFRS, with the overall result indicator (Jianu & Jianu, 2008: 72-88). More and more, financial accounting information is econometrically modeled for estimates and forecasts for the future.

As a corollary of the above, we agree with the view that the information disseminated in the financial statements should be presented in such a way as to be understood by all categories of users, but also complete to provide a clear, complete and clear picture of the entity's patrimony (Hlaciuc et al., 2008).
III.3 Aspects of the adequacy of the accounting information system by aligning Romanian accounting to international standards

In Romania, the orientation towards international accounting standards is largely due to: a) the globalization of the economy, phenomenon illustrated by the increase after 1989 of the number of multinational companies that have chosen to operate in the Romanian economy; b) joining the European Community in 2007; c) the influence of international funding bodies - The World Bank and the IMF, which promotes IAS / IFRS as models to follow.

The temporal milestones of the evolution and harmonization of Romanian post-communist accounting with international standards are summarized in Table 5.

Table 5- Evolution of Romanian accounting in the era of the market economy

<table>
<thead>
<tr>
<th>Period</th>
<th>The main characteristic events of the period</th>
</tr>
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<tr>
<td>1990-1993</td>
<td>Stage of transition from the socialist accounting system to a system specific to the market economy. Is promulgated Accounting Law no. 82/1991 and its implementing regulation. The new economic concepts (eg social capital, the result of the exercise) appear.</td>
</tr>
<tr>
<td>1994-1999</td>
<td>An accounting system of French inspiration is adopted; Accounting is designed as a control tool in which the state plays a double role: a normalizer of the accounting system and privileged user of financial-accounting information issued by entities compared to other users. In 1997, the Romanian Accounting System Development Program was initiated, aiming to harmonize Romanian accounting with European Directives and International Accounting Standards.</td>
</tr>
<tr>
<td>2000-2005</td>
<td>A mixed accounting system is adopted in which accounting regulations take on elements of IFRSs and harmonization begins with the Fourth and Seventh Directives of the European Economic Communities and International Standards; A conceptual accounting framework is created and the financial reporting system is aligned with IFRS.</td>
</tr>
<tr>
<td>2006– present</td>
<td>In essence, the period is characterized by pre-and post-accession political and economic measures in the EU, which also includes measures to harmonize accounting with European directives and to achieve compatibility with international standards (IAS / IFRS). The application of the regulations is distinguished by categories of economic entities, classified by: a) the size criterion (determined by total assets, net turnover and number of employees); b) the criterion of listing on a regulated securities market; c) field of activity. The regulations on the accounting system are subject to a succession of the Order of the Minister of Public Finance (OMPF). Currently, OMPF 1802/2014 and OMPF 2844/2016 [4] are in force.</td>
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Source: Own elaboration
The globalization of the Romanian economy determined not only the change but also the continuous improvement of the Romanian accounting system, the aim being to harmonize it with the provisions of the normative acts of the Community (directives) and the international accounting standards. The direct consequence of this approach is reflected in increasing the quality of the financial information provided by the accounting system (more transparent, coherent, comparable and complete), contributing to sound economic decisions and increasing the liquidity of entities applying IFRS.

We can conclude that Romania, integrating with the general trend of globalization of the national economies, is in a continuous process of harmonization and convergence of its accounting system with the European and international accounting reference, the measures taken by the main normalizing internal actor (The Ministry of Public Finance) thus encouraging international investment in the Romanian economy.

IV. Conclusion

Accounting, as a scientific discipline, would have no purpose in the absence of social utility. Its main utility is subsumed under the phrase "knowledge for action". Accounting information (the main element of an entity's information system) is the basis for decisions that influence the wealth of individuals and / or social groups. Therefore, in order to fulfill its social role, accounting must constantly adapt its information offer to social demand, providing relevant information (timely, retrospective and predictive) and reliable (ensuring faithful, verifiable and neutral representation of reality), for the interested users.

Under the influence of profound changes in the age of economic globalization, accounting has evolved into a new stage of knowledge, manifesting itself as an open system, receptive to changing the political, economic, social and cultural environment, adapting and refining to meet today's challenges: development of transnational corporations, increasing stock market capitalization, development and internationalization of capital markets and the emergence of new financial products.

These economic phenomena have boosted the idea of adopting at international level an accounting language unanimously accepted by the accounting community, to be found in the application of uniform accounting principles and practices, with direct consequences on the quality of the reported financial-accounting information (verosimile, useful, comparable and at a reasonable cost).

The normalization and alignment of accounting practices at international level is achieved by harmonizing with the international standards, a difficult approach, whose
dynamic is influenced by variables that take into account the specific economic, social, cultural and political factors that intervene in the process of globalization of the economies of the world states. In the context, it is clear that IFRSs have been developed to present information with overall "relevance". It is hard to imagine perfect alignment of all accounting systems in a global convergence process. For example, at regional level, regional harmonization has mitigated the differences between Member States' accounting rules and practices, but failed to eliminate them. As a matter of fact, the work of the International Standards Body - the IASB, does not address the accounting of a certain company, but rather the accounting of the large transnational groups listed, as a rule, on more scholarships and for which the improvement of the transparency of information is a necessity. The application of IFRS provides those financial and accounting information that reflects the true image of the economic entity and allow reasonable estimation of the financial risks to which it is exposed, presenting economic reality beyond the appearance of legal form, sometimes misleading.

From the perspective of suppliers and users of financial and accounting information, the application of IFRS is beneficial for: a) multinational companies (lower the cost of preparing financial statements by using a single accounting reference); b) other entities (cheaper and easier access to capital markets); c) investors (accounting is more credible and provides accurate, comparable and relevant information to the decision-making process); d) the professional accountant (through the reference provided by IFRS, justifies the rationale of the election of the rules and procedures applicable to the financial statements); e) auditors (increasing the quality of auditing financial statements by consolidating knowledge on a single accounting system provider of financial-accounting information).

Other notes
[4] OMPF no.1802/2014, approving the Accounting Regulations regarding the individual annual financial statements and the consolidated annual financial statements (partially transposes the provisions of the Directive 2013/34 / EU); OMPF no.2844/2016 for the approval of the Accounting Regulation in accordance with International Financial Reporting Standards.
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Magazine
Article from conference volume

Internet source