

ARE ROMANIAN UNIVERSITIES PREPARING LEADERS IN ACCOUNTING?

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In 2005, the Report on the Results of the Global Accounting Education Benchmarking Pilot Project, prepared by Phelps and Karreman, found that higher education institutions were not providing the leadership role necessary to close gaps in accounting education in a timely manner. The purpose of the paper is to identify, at Romanian level, the actual stage of accounting curricula regarding the disciplines which contribute to the development of accounting graduates as leaders. The study is developed at license curricula at Romanian universities' level under the umbrella of Bologna process. The outcomes of the paper identify weak points of national accounting education system which helps us to implement more effectively the international requirements on accounting education.

Keywords: accounting education, leadership in accounting, GAEB Report, accounting curricula

Cod JEL: I21

1. INTRODUCTION

Although we all realize the importance of leadership, it still remains an elusive concept according to CIMA Report⁴⁸¹. Theorists tend to fall into three groups: those who focus on personal characteristics (trait theory followed by behavioral theory), those who concentrate on the leader – follower situation and those who attempt to relate leadership styles to the overall organization context and climate (Burnes, 2000)⁴⁸². In our study we focused on the leader – follower situation theory for the reasons presented below.

The leader-follower situation approach is based on identifying situations in which leaders are effective and this theory concentrates on leaders' actions and subsequently on the context in which they led. According to CIMA Report, the action-centered leadership approach focuses on three core activities of leaders: achieving the required results, by building an effective team and growing and developing each individual. Although the activities are interdependent on each other, the underlying objective is achieving the task, which is considered to be crucial. The leader-follower situation approach is based on recognition that leaders need to be technically excellent. Their technical abilities (as the primarily basis for future development) transposed in terms of professional knowledge or competences are analyzed in the present study. Nowadays, information is something you can find everywhere and it can be accessed by multiple channels via internet. Even that, the competence is the only one feature that can allows individuals to unlock the code of information. Without competence, information has no significance and it cannot build its muscles (Nordström *et. al*, 2007)⁴⁸³. But the durability of knowledge is not for always. According to Nordström *et. al* innovation represents a necessity but also a reality of business life. The cycle innovation-imitation–commoditization becomes speedier. As the competition become tougher the knowledge turn into being vanish.

481CIMA Report, Technical Briefing–Developing and promoting strategies, Leadership skills—an overview, http://www.cimaglobal.com/cps/rde/xbcr/live/leadershipskillsoverview_techrpt_0501.pdf

482 Burnes B., *Managing change*, Prentice Hall, 3rd edition, 2000.

483 Nordström K., Ridderstråle J., *Karaoke capitalism*, ediția I 2007.

We can ask ourselves *what are the market needs in these circumstances?* Calls for change in the field of accounting education date back at least to the '60s (Hurt, B., 2007)⁴⁸⁴. The scientific world represented by Albrecht and Sack⁴⁸⁵, Glautier and Underdown⁴⁸⁶, Gabbin⁴⁸⁷ emphasizes the importance of developing the accounting education in the view of converging it to the practical necessities of the economic life. Moreover, Albrecht and Sacks, Titart, Braun and Mayer⁴⁸⁸ accentuate in their studies the future risks that lie in displaying the accounting education in the context of the great scandals and bankruptcies that were registered. Those mentioned above are joined by Burnett⁴⁸⁹ who states that accounting profession will not survive if it does not align to the changes of the financial world. The world needs strong people with perfect personalities and knowledge that can fit perfect to the job.

2. THE SCOPE AND METHODS OF THE STUDY

Motivation of the paper has its starting point in The Report on the Results of the Global Accounting Education Benchmarking (GAEB) Pilot Project: *Promoting Regional Integration, Transparency and Accountability by Supporting the Development of the Accountancy Profession*, developed in 2005 by R. William Phelps and Dr. Gert Karreman of CARANA Corporation.

The GAEB pilot project objective is to increase transparency and accountability in transition and developing countries by supporting the development of the accountancy profession. Working with professional accountancy bodies in the Balkans, a quantitative assessment tool was developed that measures how well an accountancy body prepares its members to possess both the capability and competency required by international standards (GAEB Report, 2005:1). Moreover, the report goes into deeply investigation regarding the way universities fulfill their role in preparing leaders in accounting.

The report identifies, at Romanian level, that higher education institutions were not providing the leadership role necessary to close gaps in accounting education in a timely manner.

Considering all these, the *purpose of the paper* is to identify the actual stage of accounting curricula regarding the disciplines which contribute to the development of accounting graduates as leaders. The study is developed at license curricula at Romanian universities' level under the umbrella of Bologna process.

Concerning the *methods* used, we chose as a benchmark the IFAC (International Federation of Accountants)'s requests on accounting education at pre-qualification education level presented in the Introduction to International Education Standards (IES) and in IES 2. We described and analyzed IAESB (International Accounting Education Standard Board)'s requirements available for free on IFAC's web site and presented in concise IFAC's expectations on this field.

After identifying the international benchmark on accounting education we moved further to investigate the GAEB's Pilot Project results (came into publicity in 2005) concerning accounting curricula at Romanian' universities level. We performed this phase by analyzing the report.

Moreover, we compared GAEB's Project results in 2005 with the findings of researcher Deaconu Paul. Deaconu's research in accounting education developed in the paper "Directions of the accounting educational curricula in the Romanian universities and the conformity with IES

484 Hurt, B., Teaching what matters: A new conception of accounting education , Journal of Education for Business, May/June 2007, p.295.

485 Albrecht W. S., Sack J., Charting the Course through a Perilous Future, December 2000; available at www.aaahq.org/pubs/AESv16/toc.htm

486 Glautier M. W. E., Underdown B., Accounting: theory and practice, 7th edition, Prentice Hall, 2000, New York.

487 Gabbin A., The Crisis in Accounting Education, April 2002; available at www.aicpa.org/PUBS/jofa/apr2002/gabbin.htm

488 Titard P.L., Braun R. L., Meyer M. J., Accounting education: response to corporate scandals, November 2004; available at <http://www.aicpa.org/pubs/jofa/nov2004/titard.htm>

489 Burnett, S., The future of accounting education: a regional perspective, Journal of Education for Business, January/February 2003, p.129.

provided by IFAC” was presented at AMIS Conference 2008 in Bucharest. This study is for now the first one in Romania concerning the improvement of accounting curricula at university level. Base on this dynamic comparison, we had the opportunity to identify a trend in the improvement process of Romanian universities’ accounting curricula; moreover we were able to evaluate if some Romanian universities fulfill the international recommendations on accounting education.

3. WHICH ARE IFAC’S EXPECTATIONS?

Because the GAEB’S benchmark used in universities’ evaluation the IESs, we are going to highlight IAESB’S pronouncements in order to be aware about the standards they recommend.

IES prescribe standards of generally accepted ‘good practice’ in the education and development of professional accountants that express the benchmarks that member bodies are expected to meet in the preparation and continual development of professional accountants. They establish the essential elements of the content and process of education and development at a level that is aimed at gaining international recognition, acceptance and application.

In the introductory part of IES it is stated the goal of accounting education and practical experience as being to produce competent professional accountants capable of making a positive contribution over their lifetimes to the profession and society in which they work. In this way, individuals who become professional accountants should have a constant desire to learn and apply what is new. And all of that due to the huge pressure for change in economic life imposed by globalization, information and communication technologies, the expansion of stakeholder groups, including regulators and oversight boards, complex arrangements and transactions of organizations. Professional accountants are now expected to serve the needs not only of investors and creditors but also the information needs of many other users of financial and non-financial information (Introduction to IES, par. 16).

Taking into consideration all presented, accounting profession has to prove more and more accountability as long as the demand in the profession is high and continue to rise. Paragraph 20 of Introduction to IESs underlines the existence of a professional accountants’ greater contribution to society than ever before and emphasizes that the viability of accountancy as profession depends on the ability and willingness of its individual members to accept responsibility for meeting the challenges. The key point for reaching the challenges is that individuals should develop and maintain competence achieved by education, practical experiences and continuing professional development.

Because competence is gained through a mix of study, work and training, an important role belongs to educators. Further, paragraph 38 states that educators delivering professional accounting education programs have to respond to the changing needs of the international accountancy profession as well as individual professional accountants. During pre-qualification education, teaching methods should focus on providing students with the tools for self-directed learning after qualification, being free to adopt any methods that work best in their particular cultures. However, educators may need to be trained and encouraged to use a broad range of learner-centered teaching methods that include using case studies and projects, working in groups and in-office environments, adapted instructional methods and materials, a curriculum based on self learning, using technology and e-learning and a proper evaluation methods. Delivering all of these teaching methods in a purely academic environment is not the only solution. Integration of education and practical experience can bring benefits by drawing on work-based examples to enable students to apply knowledge. IESs are drawing the basic knowledge necessary for students to be competitive in an ongoing challenging economy, they don’t suggest courses but they identify the subject areas that need to be covered. It is said that one important defining factor of the curriculum is the set of professional knowledge, professional skills, and professional values, ethics and attitudes relevant to a particular country, region, culture or professional body while continuing to recognize the broader global view (Introduction to IES, par.24). According to IES

2, par.11, professional accounting study should be a part of the prequalification program; this study should be long enough and intensive enough to permit candidates to gain the professional knowledge required for professional competence. Students should pursue a degree in accounting, or a professional qualification, to gain this knowledge. The content of professional accounting education should consist of:

A. accounting, finance and related knowledge. This component should include the following areas: financial accounting and reporting, management accounting and control, taxation, business and commercial law, audit and assurance, finance and financial management and professional values and ethics. This part needs to be delivered at least at the level of an accounting degree (IES 2, par. 24).

B. Organizational and business knowledge. This component should comprise the following subject areas: economics, business environment, corporate governance, business ethics, financial markets, quantitative methods, organizational, behavior, management and strategic decision making, marketing and international business and globalization. According to IES 2 par. 26, organizational and business education equips prospective professional accountants with knowledge of the environment in which employers and clients operate. It also provides the context for the application of all the professional skills acquired during the pre-qualification process.

C. Information technology knowledge and competences comprise general knowledge of IT, IT control knowledge, IT control competences, IT user competences and one of, or a mixture of, the competences of, the roles of manager, evaluator or designer of information systems. Paragraph 30 of IES 2 states that as part of their pre-qualification education, all professional accountants are expected to participate in at least one of the roles of manager, designer or evaluator of information systems or a combination of these roles as identified in IEG 11. That means that at the point of qualification, candidates are expected to have a knowledge and understanding of the competency elements in at least one of these roles.

The Romanian accounting body as IFAC's member undersigns at these efforts for a better educational curricula by assimilating the IES standards on its own educational curricula (Diaconu, 2008)⁴⁹⁰. An investigation on this area was made through GAEB's report during the period June 2004 – January 2005 in Romania among other countries like: Albania, Bosnia&Hertegovina, Bulgaria, Kosovo, Macedonia, Moldova and Montenegro. The results of GAEB's report concerning Romania are presented below.

4. GAEB'S PROJECT PILOT RESULTS

GAEB initiative supports important objectives of the OECD Principles of Corporate Governance and the United Nations Convention against Corruption and accelerates development of the accountancy profession and supporting regional and member institutions as well as region-wide harmonization of financial reporting and professional standards based on global benchmarks. Its initiative is founded on international standards and best practices derived from sources such as IFRS, IFAC Statements of Membership Obligations, EU Directives, and the revised OECD Principles of Corporate Governance.

GAEB initiative aims to accelerate the development of the relatively underdeveloped accountancy profession and supporting institutions in transition and developing countries and employs a regional approach to accomplishing its overall harmonization and institutional development objectives. Designed from an institutional development perspective, the pilot version of the GAEB methodology identifies strengths and weaknesses in legal, regulatory and

490 Diaconu, P., Directions of the accounting educational curricula in the Romanian universities and the conformity with IES provided by IFAC, AMIS Conference 2008, Bucharest.

institutional frameworks covering the professional qualification, education and training of accountants and auditors.

According to GAEB report, the main areas of interest for benchmarking purposes in this pilot project are the position and responsibilities of the professional bodies, the qualification requirements for accountants and auditors, professional education and practical experience. For each area, development indicators are defined and compared with international benchmarks.

The report presents a short overview of each professional body identified, structured on general view, priorities benchmarks and details about all of the criteria mentioned before. At Romania level, two professional bodies were investigated: Body of Expert and Licensed Accountants (CECCAR) and Chamber of Financial Auditors (CAFR).

Our extracts from the report are presented further and they are focused on matters concerning universities.

Regarding the entry-level stage, in 2003 the majority of new members had a degree in economics. Under this degree are specialties in accounting, management, IT, finance, marketing, agriculture economics and macro/micro economics. A minority of the new members had a general university degree.

Three out of ten universities in Romania offered at that time an acceptable business curriculum that included accounting, auditing, taxation, IT, managerial accounting and finance. There were still confusion with respect to tax law and financial accounting; concerning the quality of training in IFRS, this was considered to be poor. As a general conclusion, input from higher education was classified as sustainable.

According to the report, a comparison between IES and the actual situation (in 2004) led to the following conclusions:

- There were material deficiencies in Accounting, Finance and Related Knowledge.
- There were critical deficiencies in Management Accounting & Control, Audit & Assurance and in Professional Values & Ethics.
- Organizational and Business Knowledge had material deficiencies that reflected the development of the market divided in two “sections“: foreign companies benefiting from experience from abroad and domestic companies.
- Deficiencies were concentrated in Corporate Governance (urgent), Business Ethics (critical), Organizational Behavior (critical) and Marketing (critical). The development of Information Technology in professional education was classified as sustainable.
- There were material deficiencies in intellectual skills, technical and functional skills. Moreover, critical deficiencies were identified in personal skills, interpersonal skills, organizational and business management skills and in values, ethics and attitudes.

The report states that a specific attention was needed for professional education and practical training in skills, values, ethics and attitudes

As we mentioned before, according to GAEB, only few of Romanian universities offered an acceptable business curriculum, which we can consider to be very risky from the graduates point of view: if graduates are not prepared with basic knowledge in core area of accounting they will cannot meet the market ongoing and higher expectations. And this will turn into very poor professional services which can affect business dramatically. Because the report doesn't name the universities whose curricula was considered to be acceptable, we have endeavored to find out studies regarding this topic in order to support the findings of GAEB's report. Another more relevant reason would be to outline an opinion about the actual stage of Romanian universities' accounting graduates.

5. FINDINGS REGARDING HOW TIGHTLY CONNECTED IS ROMANIAN ACCOUNTING CURRICULA TO IESs

In Romanian trade literature we were able to find only one research in this area: *Directions of the accounting educational curricula in the Romanian universities and the conformity with IES provided by IFAC*, whose author is Diaconu Paul. The research was presented at AMIS Conference in June 2008.

Diaconu's work focuses on extracting an educational matrix from IES and comparing it with the local educational matrix produced by Romanian universities in order to evaluate the consistency of the conformity between them. Based on IESs, he extracted the main topics recommended to form a general accepted educational curricula and evaluated the structure of the disciplines which are considered by IES as needed to be part of ideal educational curricula. He attributed points of importance for each economics discipline, skills, general educational discipline or practical course presented by the educational curricula with the accent on the first category.

Using the matrix, he compared the educational curricula of selected universities by name and supposed content of the disciplines with the international requirements and evaluated the disciplines using points until the maximum level of the matrix. The study took into consideration all the disciplines included in the curricula even many of them are optional or facultative. The analyzed universities were: Academy of Economic Studies – Faculty of Accounting and Management Information System Bucharest, Babes-Bolyai University Cluj Napoca, Transilvania University Brasov and Romano-American University Bucharest.

The cohesion with IESs is presented below in terms of percentages:

Universities	The cohesion with IESs (%)
Babes Bolyai University, Cluj Napoca	83
Academy of Economics Study Bucharest	78
Transilvania University Brasov	65
Romano-American University Bucharest	57

Diaconu's research proves that Romanian universities (at least those analyzed) are doing efforts to adapt their accounting curricula in order to comply with the international general accepted benchmark in the field.

The number of investigated universities is only four, but the most representative Romanian universities (in number of students, history, infrastructure and projects won) are the former and the latter besides another two universities which are not comprised into the study (because they don't public curricula information on the webpage). Saying this, we concluded that the research performed was made based on the transparency degree of the websites. Because of this, we would not afford ourselves to draw up a general conclusion but meanwhile it allowed us to detect a trend towards IES application in Romania.

6. CONCLUSIONS

In 2005, the Report on the Results of the GAEB Pilot Project found that Romanian higher education institutions were not providing the leadership role necessary to close gaps in accounting education in a timely manner. According to the report, a lot of improvements had to be done in order to prepare leaders in accounting, like the elimination of the identified deficiencies and the improvement of information technology area.

Three years later, in 2008, a Romanian researcher tried to identify if national accounting curricula fulfill the international pronouncements and, based on his research, he recommend the following improvements in:

- Accounting, Finance and Related Knowledge, by including the areas: History of Accounting and Accounting Thought, Accounting for Non-Profit Organizations and Use of Non-Financial Performance Measures in Business. It is interesting to observe that Audit & Assurance area should be improved according to GAEB Project and was not a subject of any debate in 2008, his place being taken by other areas, mentioned before.

- Organization and Business Knowledge have to be one especially in Corporate Governance and Business Ethics. So long, the deficiencies in these two areas were not solved properly.

- Information Technology knowledge seems to be a sensitive area. According to Diaconu, this area needs major improvements: at Babes Bolyai University severe improvements were recommended, at Academy of Economic Studies the approach of the theme have to be changed: from a creator to a user of computers, and at Romano-American University there was a need for a deep reevaluation of this area.

- Professional Values, Ethics and Attitudes. In this are, Romano-American University and Transilvania University were characterized by a lack of discipline that approach this theme.

As a final remark to the comparative approach performed in this study, we can conclude that the problems identified in 2005 were solved partially but still remain a lot of area to be improved. We have to consider that improving curricula, particularly in a domain like accountancy, it is not a static process. The continuous changes in the economic life have to be transpose in the curricula and so the process of keeping it up to date is a dynamic one.

As we can see from the presented study, Romanian universities can assure the premises of leadership. The both evaluations performed over the accounting curricula have proved that the degree of cohesion with IES is increasing rapidly. Keeping in mind that universities' mission is to prepare graduates who can fulfill the market expectations, we consider that they will offer leaders in the near future.

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