

# DOES FAIR VALUE REPRESENT A CONCERN FOR ROMANIAN RESEARCHERS?

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*In the actual economic context, the fair value concept is of high interest .We tried to see if the concept is only talk about, or if research in Romania has been actually done on this theme. We have analyzed the Romanian Journals recognized by CNCSIS in order to see if this concept represents a concern for Romanian researchers. This article is a literature review of the economic Romanian journals recognize by CNCSIS in the field of “fair value”.*

*Keywords: fair value, CNCSIS, concern*

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## **1.Introduction**

Fair value has been treated, from the conceptual and methodological point of view, and its effects in accounting standards or regulations. At international level, the concept of "fair value" has aroused debates especially regarding how to obtain it. Although the FASB issued two standards dedicated to fair value- FAS 157 “Fair value Measurement” (2006), and FAS 159 “The Fair Value Option for Financial Assets and Financial Liabilities (2007 ), is now trying a collaboration with FASB to issue a more complete and complex accounting standard and "Fair Value Measurement " to clarify issues like: the definition of fair value, it determination at level 3.

If international concern for "fair value" is very high, in our country, the concept is still new. Yet, it is still difficult to clarify it at the conceptual level and even more difficult to implement it. Related to this, there are questions about appropriateness of introducing an accounting system which includes fair value. We ask ourselves: Are Romanian researchers interested in the concept of „fair value”?

## **2. Research methodology**

To review the literature in a particular area of research it is necessary first, a list of journals surveyed. Thus, from the Romanian journals, recognized by CNCSIS( National Council of Scientific Research in Higher Education ) were selected 3 economics journals indexed A (ISI Journals) and 25 economics journals indexed B + (BDI Journals). All research conducted is considering a period of 4 years, from 2005 untill 2009. This period was chosen because in 2005, CNCSIS introduced the classification of Romanian Journals in indexed journals A and journals indexed B. The 24 works that deals strictly with the aspects concerning the „fair value” were analyzed in terms of three factors: year of publication, article topic and research methodology.

## **3. Defining fair value**

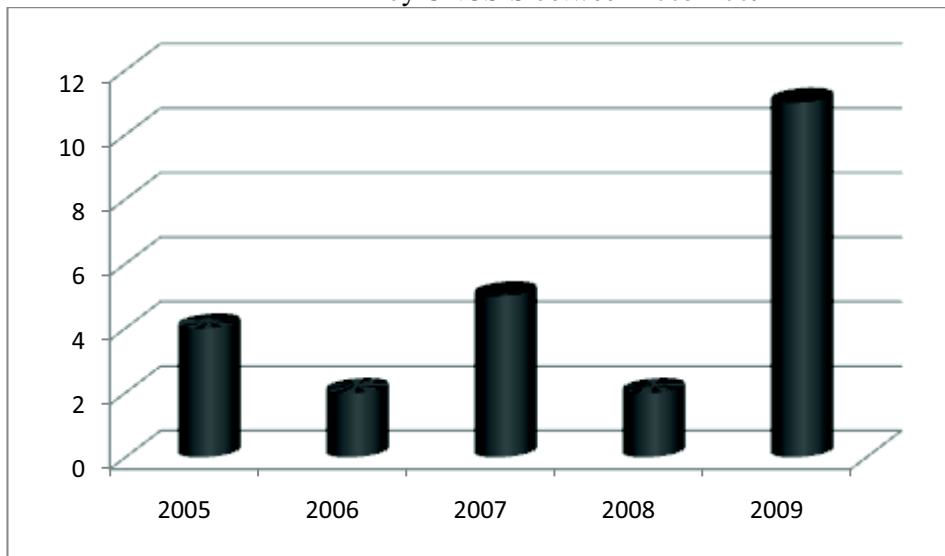
Considering that the article tries to evaluate the knowledge of Romanian researchers regarding the concept of fair value, it is necessary to define the concept.

The term, known in Romanian as “valoarea justa” is the translation of the phrase "fair value" which, literally speaking, corresponds to "genuine value" rather than "fair value" (R. Obert, 2004). When speaking of the contents of the concept, there are some opinions that attributes its quality of assessment base, others who claim that represents a particular application of market value, others it considers some convention or accounting principle, finally it is also shown that fair value is an estimate and not a finding, as in the case of the market value. Another variant of the previous definition is the sum for which an asset could be exchanged in a balanced transaction, between parties informed and determined, different than in a forced liquidation sale (G. Holmes, A. Sugden & Gee A., 2002). IASB gives the following definition for fair value: *Fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. (IASB, 2006).

#### 4. Literature review study of the romanian journals recogniuzed CNCISIS

After analyzing all studies included between the period 2005-2009 from the 28 selected national journals, it was chosen 26 studies that directly addresses the concept of fair value. The table below shows the number of studies that treat the subject assigned to the exact time they were published:

**Figure 1:** Study on the concept of „ fair value”, published in the Romanian journals recognized by CNCISIS between 2005-2009

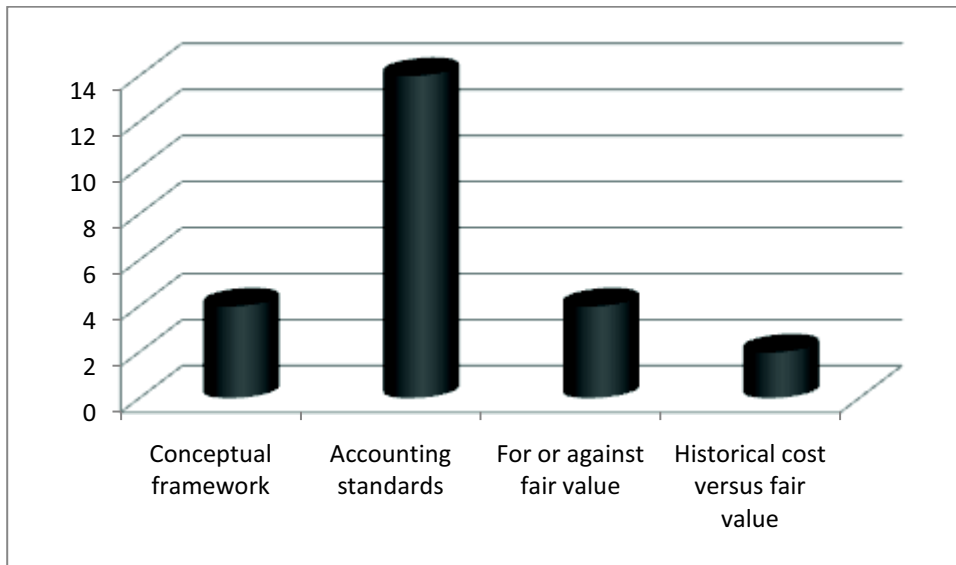


Source: autor's

compilation

After reviewing all studies during 2005-2009, we can observe that in 2009 were published a larger number of articles compared to the other years, this shows the intense concern in 2009 for fair value. This situation can be explained through an increase desire to adopt, both, internationally and nationally a modern accounting system, characterized by increasing concept of "fair value. Also the large number of articles published in 2009 can be explained by the economic crisis, which has increased the "popularity" of "fair value". Going forward, to the second analyzing factor, the theme of the article, it can be considered that the selected studies can be split in this way: conceptual framework, research on international accounting standards, studies that reveal the "marriage" between: historical cost and fair value, studies that support or reject fair value, in this being included the studies that show the advantages and disadvantages of fair value. The results can be summarized as follows:

**Figure 2: Studies on the concept of fair value classified by topic published in the Romanian journals recognized by CNCSIS**

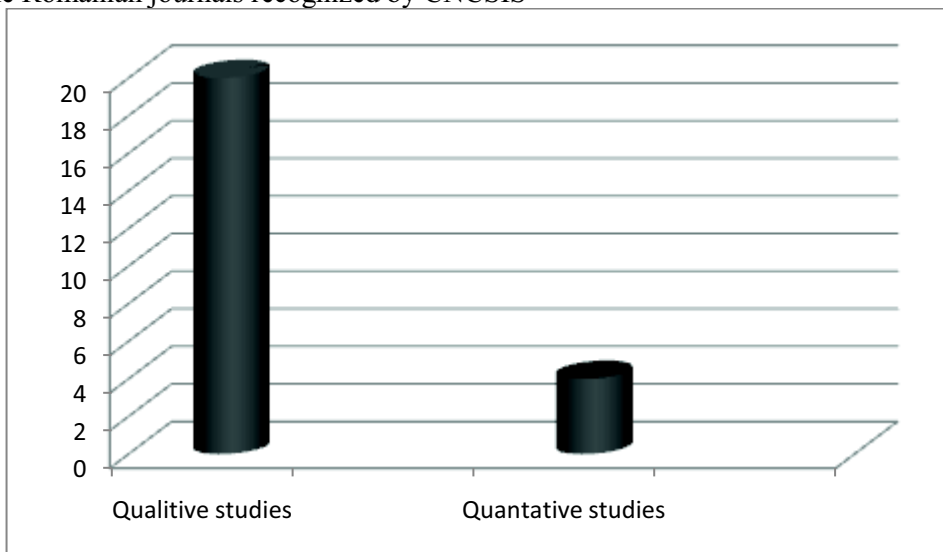


**Source:** Autor's compilation

As expected, the topic that caused the highest degree of interest among the Romanian researchers is the one concerning the fair value in accounting standards. This high concern can be explained by the activities undertaken by regulatory bodies accounting, FASB emitting FAS 157 in late 2006, followed by FAS 159 in early 2007, while the IASB issued Exposure Draft-measuring fair value in September 2009.

Analyzing, in terms of research methodology, selected studies, we can divide the articles in: qualitative articles and quantitative articles. We consider to be qualitative studies, the theoretical one, and quantitative studies, the empirical ones and those that describe case studies. The results can be summarized as follows:

**Figure 3: Studies on the concept of fair value, classified by research methodology, published in the in the Romanian journals recognized by CNCSIS**



**Source:** Author's compilation

We can see that the qualitative studies exceed the quantitative studies, this being expected, because in Romania the area of interest, regarding fair value is only at the beginning.

#### 4. Conclusions

Considering all aspects of analysis we can answer the question from the beginning of the study and we can assert that the concern for the concept of fair value is very high right now, but at the same time, the literature in respect to this aspect is only at the beginning of knowing it. Therefore, it prevails theoretical studies, published in 2009 with the predominant research theme: concept of fair value in accounting standards.

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