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Faculty of Economics and Business Administration
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Doctoral Thesis

**THE APPLICATION OF IFRS FOR SMES IN ROMANIA.
MEASUREMENT OF ACCOUNTING CONVERGENCE**

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THESIS SUMMARY

In the context of the globalization process, financial information prepared in accordance with national accounting regulations can no longer meet the information needs of users for decision-making. Accounting provides the necessary framework for the preparation and presentation of financial information used by investors in the decision-making process of allocating limited financial resources. Therefore, access to transparent and comparable financial statements to determine the allocation of their available capital has become necessary for all, mainly due to the increased interconnection of capital markets, the acceleration of privatization processes and the development of multinational conglomerates. As a result, the accounting field has changed considerably over the last 20 years, creating a favorable environment for the development of IFRS standards.

The need to use a single set of international accounting standards began to be felt since the end of World War II, at which time there were major differences between the accounting practices used in each country (Latifah et al., 2012). Transparency and the amount of financial information presented in the annual reports were low, and traditional accounting could not keep up with the needs of management (Zeff, 2008).

In the context of increasing globalization, an important feature of the business environment, the need to create a common accounting language was noted, in order to make the understanding and comparability of financial information as accessible as possible, which led to the issuance of International Financial Reporting Standards and accounting standardization. The widespread adoption of IFRS has been a model of accounting standardization among many countries with different regulatory systems, and the increasing spread of IFRS globally has led to a growing academic interest in their implementation (Barth et al., 2008; Daske et al., 2008).

Currently, the application of IFRS to SMEs internationally is an alternative to the financial reporting of companies whose securities are not traded on a regulated market, which is a subject of current study interest in the field of harmonization of financial reporting of SMEs on a global basis. The standard focuses on the information requirements of creditors and other users of SMEs' financial statements and has been tailored for small and medium-sized enterprises. To fulfill these criteria, several recognition and measurement rules for assets, liabilities, income, and costs have been simplified.

The adoption of IFRS for SMEs has been seen as a way to increase SMEs' access to international finance through high quality and harmonized financial information (Paananen et al., 2016). This reporting language is also considered to enhance the international comparability of small and medium-sized entities and represents an evolution for the SME sector if the benefits of adoption are recognized at the national level (Perera & Chand, 2015).

Analyzing the importance of small and medium-sized entities in the economic development of a country it is found that the survival and economic growth of these types of entities are vital features for the overall health of the entire economy. As a result, any changes to the rules they apply could impose additional reporting burdens, as many entities do not have the capacity or resources to meet the required requirements. Therefore, any financial reporting framework dedicated to small and medium-sized entities must find the right balance between meeting the needs of information users and reducing the reporting burden.

Small and medium-sized entities play a key role in the economies of all countries through their contribution to national economic growth and employment, being those that ensure social stability. Thus, they represent about 90% of the entities and over 50% of the world's employment (World Bank, 2020; European Commission, 2020). In today's context, in a complex, competitive and volatile business environment, the adoption of a single set of financial reporting standards is extremely important for the steady and sustainable growth of SMEs and, to a large extent, for their survival in the market, due to the advantages brought.

The purpose of developing comprehensive International Financial Reporting Standards

(IFRS) was to support users of the financial statements of listed entities in capital markets to make decisions in a transparent and comparable manner. To meet the needs of these users, IFRS requirements have changed over time, becoming more stringent, covering a wide range of issues, and presenting more information. Due to the increased rigor and the fact that many jurisdictions have begun to align their generally accepted accounting principles (GAAP) locally with IFRS standards, and later completely eliminate their own rules from national law, they have subjected small and medium-sized entities the same reporting requirements as listed entities, which is a burden for small businesses because users of financial statements do not consider the information presented to be relevant, and the costs they incur to produce this type of information are considered too high for recorded income (Pacter, 2009; Perera & Chand, 2015).

Since the early 2000s, the need to harmonize and simplify financial reporting for SMEs globally has become increasingly evident, with the IASB beginning to develop a standard dedicated to SMEs to meet this need. To cover the segment of small financial reporting entities, the IASB has developed the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs). The development process has been a rigorous one, spanning several years, with the first discussions beginning in 2001 when the Council initiated a project to develop appropriate accounting standards for small and medium-sized entities (IASB, 2009). The adoption of an international financial reporting standard for SMEs was mainly supported by the burden of implementing full IFRSs, which is proportionately higher for small entities.

According to the IASB, the need for global financial reporting standards for SMEs results from their international structures and activities and those of users of financial statements (IASB, 2009). Therefore, compliance with internationally accepted standards is an advantage for entities that have international activities to make the financial statements appropriate for international use (Guerreiro et al., 2008).

High-quality global financial reporting standards increase the comparability of financial information, improving the efficiency of capital allocation but also its price. This benefits both stakeholders, both those providing capital and those seeking capital, as it reduces their compliance costs and eliminates the uncertainties that mainly affect its cost. Access to finance is a key constraint on the growth of SMEs, and is an obstacle faced by entities in developing their businesses in emerging markets and developing countries (World Bank, 2020). Because bank loans are more difficult for SMEs to obtain, they rely on domestic funds or money from loved ones to start and initially develop their business.

The potential benefits of implementing IFRS for SMEs are ease of access to capital, improved comparability, and quality of financial reporting, focus on the needs of users of SME financial statements, but also the stability of the accounting framework (Bunea-Bontas et al., 2011). High-quality global standards facilitate cross-border trading and growth, eliminating the need for jurisdictions to find resources to develop their own standards, improve audit consistency, and facilitate staff education and training (Pacter, 2009).

The benefits of international standards are not limited to entities whose securities are traded on the capital markets, as more and more private entities seek to trade abroad and obtain foreign capital. Also, not only private entities benefit from the use of a common set of standards, but also users of financial statements. Global standards increase users' confidence in financial information, allowing them to make comparisons, while also helping them understand financial information, because they only need to have knowledge of the requirements of a single set of standards. However, the adoption of IFRS is considered a necessary, but not sufficient, condition to achieve a reasonable degree of transparency and comparability of financial reporting (Ball, 2006). Despite the fact that the presentation requirements of the IFRS for SMEs are substantially reduced, they are not considered adequate to cover the needs of users of information presented by SMEs because many presentations of full IFRS standards are more relevant for capital market investment decisions, but not for small and medium-sized transactions.

The research paper is relevant for several reasons. First, an analysis on formal harmonization with IFRS for SMEs has rarely been conducted in previous research studies, especially relevant for

Romania where IFRS for SMEs is not mandatory. The author also believes that this research on the convergence of Romanian financial reporting regulations with IFRS for SMEs will help to establish the appropriate course of action needed to achieve a higher level of convergence with IFRS for SMEs, if the adoption process will be resumed. The process can also be generalized to emerging countries.

Second, the legitimacy theory demonstrates that legitimacy is the characteristic that international financial reporting standards need for the IASB to achieve its goal of "globally applicable and accepted standards". Therefore, to have legitimacy, IASB should encourage the participation of stakeholders directly affected by the standards, it must carefully consider all inputs (suggestions, identified issues) in order to develop appropriate standards.

The thesis also uses neo-institutional theory to provide valuable insights to help users understand how regulators act in the context of adopting IFRS. According to the literature, neo-institutional theory provides an overview of the analysis of factors that encourage or discourage the adoption of IFRS standards (Judge et al., 2010). Thus, the thesis demonstrated the relevance of the institutional approach, because the evolution of the Romanian accounting system was strongly influenced by external forces, mostly political and economic (EU accession, convergence with IFRS, IMF loans).

RESEARCH METHODOLOGY

The main objective of the doctoral thesis was to measure the formal (de jure) harmonization between IFRS for SMEs and the Romanian regulations in force, in this case OMFP no. 1802/2014 for the approval of the Accounting Regulations regarding the individual annual financial statements and the consolidated annual financial statements. At the same time, this analysis sought to provide empirical evidence on the degree of convergence between the two sets of regulations. In order to emphasize the evolution of the degree of convergence, the convergence with OMFP no. 3055/2009 for the approval of the Accounting Regulations compliant with the European directives, the predecessor of OMFP no. 1802/2014.

The Romanian context was chosen for this research because, since the fall of communism until now, the Romanian accounting system has undergone numerous changes to align with international requirements. For example, with Romania's accession to the European Union, accounting regulations were issued to ensure compliance with European accounting directives, while the full application of IFRS became more limited only to the consolidated financial statements of listed entities and financial institutions.

The main objective was achieved by using as a research methodology the measurement of formal (de jure) harmonization using the Jaccard coefficient, the Rogers-Tanimoto coefficient and the Lance-Williams coefficient. Based on these indicators, the aim was to discuss the main provisions and highlight the differences between the accounting regulations under analysis.

In addition to the main objective proposed in the thesis, a series of secondary objectives have been defined which refer to the analysis of the current context and the obtaining of the results to highlight the doctoral candidate's own contribution. These secondary objectives of the scientific approach are the following:

➤ *Analysis of the need and importance of a financial reporting standard for SMEs, presenting an overview of the steps taken by the IASB to develop, develop and further modify the standard* - The proposed objective was achieved by using the historical research method, where it was analyzed how and why the IASB developed the project on financial reporting of small and medium-sized entities, continuing with the events following the issuance of the standard, respectively the first and second revision. The time period covered a number of important events, beginning in 2000, when the first discussions arose about the need for a separate standard for small and medium-sized entities, until March 2021, when the feedback received following the review was analyzed. second Request for Information for review, considering that this provides a better understanding of the evolution of the IFRS standard for SMEs. Therefore, three periods were analyzed: the pre-

publication period of the standard (2000-2009), the first review of the standard (2009-2015) and the second review (2019-2021).

➤ *Analysis of the literature in a structured way to outline the current state of scientific knowledge in the field of research of IFRS for SMEs, with the aim of establishing a relevant reporting framework for the development of the proposed scientific approach* - By achieving this goal the creation of "added value" in the field of research was desired. The structured analysis of the literature was used because it provides an overview of what has been written so far, providing the opportunity to identify future research directions based on the results of existing research (Massaro, Dumay, et al., 2016). To meet the proposed goal, three research questions have been established that are intended to contribute to the development of an imaginative approach that will focus the analysis and help provide new perspectives on the field (Hart, 1998). The first question is, "How has the literature on IFRS for SMEs developed?" provided answers on the history of the analyzed field and how the previous literature contributed to the current state of the research field. The second question, "What is the focus of the IFRS literature for SMEs?" it was based on the conclusions of the analysis of the existing literature and the ideas on which the analysis focused. And the last question, "What are the future directions of research in the IFRS literature for SMEs?" was the link between the research questions, because the first question helps to understand how a certain field of literature develops, the second question is the guide to an overview in that field and the third question based on the analyzed literature determines future research directions that could have implications for practice, education, policy, and/or regulation (Alvesson & Deetz, 2000; Massaro, Dumay, et al., 2016).

➤ *Analysis of the perspectives of the stakeholders regarding the revisions of the IFRS standard for SMEs and outlining a profile of the respondents* - The objective was achieved by analyzing the information presented by the respondents. Succeeding this analysis, the following stakeholder groups were identified, which were grouped by type (Professional Bodies, Regulatory Bodies, Accounting, Auditing and Consulting Firms, Academics, Rating Agencies, Insurance and Financial Statement Preparers) and depending on the region to which they belong or operate (Africa, Asia, Australia, Central America, North America, South America, Europe, Oceania and Global Organizations).

➤ *Quantitative analysis of the responses received to the SMRS review consultations for SMEs to get an overview of the position taken by stakeholders in the review process* - This objective was met by analyzing the responses sent by stakeholders, where it was found that unlike other requests for information, the IASB expected to receive a small number of responses, as the category of users of SMEs' financial statements is narrower than that of listed entities. The high response rate to the proposed questions shows the interest of stakeholders in developing the standard and its suitability for the business environment. Therefore, following the analysis, the development of the standard is a point of interest for professional bodies, accounting regulators and accounting, auditing, and consulting firms. In addition, most respondents argued the answer, whether it required argumentation, providing additional explanations for the choice made. This could be seen in the case of disagreement responses, as respondents provided valid arguments for the chosen option, making the feedback received even more valuable.

➤ *Grouping respondents into clusters according to the similarity of the answers given to see if the views of stakeholders are influenced by certain factors (where they come from or work and especially culture, concerns)* - This goal was met at the same time as that goal. previous. The results of the analysis showed that the regions with a high degree of similarity were Europe and Global Organizations, the influencing factors being mainly where they come from (most Global Organizations have their roots in Europe (UK, France, etc.) and implicitly culture. On the other hand, there was a low response from Oceania, which had the lowest degree of similarity with the two leading regions (4.7% between letters received from Europe and Oceania, and 5.9% between global organizations and Oceania), low justified by the receipt of a single letter of comment containing a small number of questions (3 of the 20 proposed). From the point of view of the stakeholder group, the Professional and Regulatory Bodies have a high degree of similarity, with the Accounting, auditing, and consulting firms being very close, as they use a similar vocabulary and are concerned

with the same issues. On the other hand, the Insurance group registered a low level of similarity compared to the other groups, because the concerns are different and implicitly the vocabulary used.

➤ *Analysis of the changes made to update the standard to see if there is a certain degree of influence from the identified stakeholder groups* - The proposed objective was achieved at the same time as the two objectives mentioned above. Following the feedback from stakeholders and consultation with the SME Implementation Group, the IASB decided that the changes should be limited, as the standard was still new to many users. After consulting the letters of comment, the changes proposed by the IASB in 2015 were strictly related to the clarification of the existing requirements and the addition of additional supporting guidance. Following the proposals received, the IASB decided that the standard should be reviewed periodically, but not earlier than two years after the entry into force of the previously revised version of the standard. At the same time, the Council's conclusion after consulting the letters of comment was that IFRS for SMEs works well in practice.

➤ *The evolution of the Romanian accounting system after 1990 to highlight aspects related to institutional pressures, highlighted with the help of neo-institutional theory* - The evolution of the Romanian accounting system after the fall of communism, in the context of the transition to a market economy, was briefly presented through a longitudinal analysis, considering that a global picture of the process of change in the accounting field is useful. At the same time, in this way it was possible to observe the external factors that played an important role in the decisions taken. It was also a point of interest because it has undergone political change, economic reforms, and international integration. The analysis confirmed the relevance of the institutional approach because the evolution of the Romanian accounting system was strongly influenced by external forces, mostly political and economic (EU accession, convergence with IFRS, IMF loans).

➤ *Analysis of the perspectives of professional accountants in Romania on the adoption of a unique set of financial reporting standards for SMEs in the national context* - The proposed objective was achieved through the thematic analysis of 20 interviews with Romanian professional accountants. It was wanted both to identify the opinions of professional accountants on the harmonization of Romanian regulations with IFRS for SMEs, and to determine the problems they see in the current legislation. The whole process materialized by exploring the answers received, with the aim of forming an overview. Thus, it can be concluded that Romanian professional accountants consider national accounting regulations satisfactory, the most frequently requested information are those of a fiscal nature and that the state is the main user of the financial statements of SMEs. Also, the most important aspect, they consider that the use of an international standard addressed to SMEs can be an alternative in the national context and that the easiest way to accept it would be through convergence with national regulations.

The research methodology of the doctoral thesis was established in accordance with the established theme and objectives. Thus, the paper has a mixed character, theoretical and applied, to obtain significant results by using qualitative and quantitative methods. Throughout the thesis, a wide range of research methods were used, among which we mention:

➤ *Analysis of documents* through the literature, analysis of official documents made available to the public by the IASB, EFRAG, IFRS Foundation, etc., analysis of accounting standards and regulations, analysis of the content of letters of comment received by the IASB, etc.

➤ *The comparative method* by studying the scientific research related to the field from different periods, approaching the theories specific to the research area and different concepts, analyzing the standards and provisions of international, European, or national regulations to identify similarities and differences between the analyzed elements. At the same time, the method was used in the analysis of the letters of comments but also in the interviews conducted, in order to identify differences and similarities of opinion.

➤ *Participatory observation* through the participation of the researcher in the phenomenon analyzed through interviews.

➤ *Non-participatory observation and longitudinal research* by analyzing the evolution of the IFRS standard for SMEs and the Romanian accounting system.

For example, the research methodology used for the analysis of the literature is based on an interdisciplinary approach to be able to present in as much detail as possible the main topics in the researched field. Qualitative research is used to interpret and understand concepts, which have provided a comprehensive synthesis of the current state of knowledge about IFRS for SMEs. In the qualitative approach, the research problem is usually formulated in general terms, which leaves room for a flexible, exploratory investigation process. Relying mainly on the analysis of the meaning of words instead of the meaning of numbers, offering the possibility of a deeper understanding of the research topic and, in this way, the chance for a more complex explanation of it. The results thus obtained were also analyzed from a quantitative point of view in order to comply with the steps of the structured literature review method, classifying the analyzed publications according to established criteria.

The two qualitative and quantitative approaches were also used in the analysis of the responses received in the request for information, showing the significant contributions made by respondents to future recommendations for the development and revision of the standard. This analysis was one of content, which is "a research method that uses a set of procedures to make deductions from the text" (Weber, 1990). At the same time, it is "a method of coding text into different categories and can be used where a large amount of qualitative information needs to be analyzed" (Linsley & Shrives, 2006). This type of analysis is used both as a quantitative method and as a qualitative method, as the first approach aims to qualify qualitative data for statistical analysis, while the second aims to facilitate their meaning. In general, the quantitative approach is a form-oriented analysis (focusing on the number of words), usually answering the question "how many" and the qualitative approach is a meaning-oriented analysis, allowing the interpretation of the text (focusing on the meaning behind words) (M. Bengtsson, 2016; Yen et al., 2007). This allows the analyst to distinguish models from data that would otherwise be difficult to distinguish. This method is considered beneficial by turning large amounts of unstructured data into practical material. Therefore, both types of methods were used in the research, providing a perspective on the analysis of the text, but also considering the presence of subjectivity within it.

PRESENTATION OF THE CONTENT OF THE DOCTORAL THESIS

Analyzing from a structural point of view, a natural flow of scientific research was followed. The research began with an analysis of the evolution of the International Financial Reporting Standard for SMEs, a vast review of the literature to identify the current state of knowledge and continued with an analysis of the content of comment letters used in the standard review process, with the help of Nvivo software (12 Plus), through which the letters were analyzed according to the approached methodology. After completing the above, the research moved to the national level, which analyzed the evolution of the Romanian accounting system, the current state of harmonization of financial reporting and the perspectives of professional accountants regarding the possible implementation of IFRS for SMEs locally. Thus, this doctoral thesis has been divided into five chapters, as described below:

CHAPTER 1. EVOLUTION OF THE IFRS FOR SMEs STANDARD - GLOBAL PERSPECTIVE

The first chapter of the thesis, *The evolution of the international financial reporting standard for small and medium-sized entities - Global perspective* provides an overview of the two financial reporting standards, IFRS and IFRS for SMEs, both in terms of the degree of implementation as well as in terms of the principles and conceptual framework of financial reporting, including

discussions on the need for a financial reporting standard for small entities, issues related to their global definition and key steps in development of IFRS for SMEs.

The publication of the International Financial Reporting Standard for Small and Medium-sized Entities has drawn particular attention to how it is designed and further developed. Although, the IASB wanted to meet the information needs of SMEs and users of financial statements by applying the standard (Aboagye-Otchere & Agbeibor, 2012; Albu et al., 2010, 2013; Chand et al., 2015; Devi & Samujh, 2015; Kaya & Koch, 2014; Litjens et al., 2012; Ram & Newberry, 2013), the Council cannot be credited with the first attempt to develop a differentiated financial reporting framework, as differentiated financial reporting has been practiced since the 1990s (New Zealand - 1994, United Kingdom - 1997, South Africa - 2000). The main motivation for using a differentiated standard was mainly the diversity of users and their information needs, but also the considerations regarding the costs involved in financial reporting (Eierle, 2005).

The subchapters of the thesis analyzed the need for and importance of a financial reporting standard for SMEs, presenting an overview of the steps taken by the IASB in order to further develop and modify the standard. The aim was to find an answer to the following research questions: *"Is it necessary to develop a standard for small and medium-sized entities?"*, *"What are the key points in the development of standard dedicated to small entities?"* and *"What is the current state of the IFRS for SMEs?"*.

Small and medium-sized entities (SMEs) play a key role in the economies of all countries, through their contribution to national economic growth and employment, being those that ensure social stability. They represent about 90% of the entities and over 50% of the world's employment (World Bank, 2020; European Commission, 2020). In today's context, in a complex, competitive and volatile business environment, the adoption of a single set of financial reporting standards is extremely important for the steady and sustainable growth of SMEs and, to a large extent, for their survival in the market, due to the advantages brought. Hence the research question *"Is it necessary to develop a standard for small and medium-sized entities?"* which the doctoral student tried to answer.

The need for a simplified standard for small entities has also emerged from their concern that full IFRS standards are complex and detailed and go beyond their needs and ability to carry out financial statements, being more burdensome and excessive. At the same time, the information contained in the resulting financial statements is considered appropriate for investors in listed entities but does not address the types of lending decisions that most users of the financial statements of small entities need to make.

In the following subchapters, the last two research questions in the chapter *"What are the key points in the development of standard dedicated to small entities?"* and *"What is the current state of the IFRS for SMEs?"*. Using the historical research method, it was analyzed how and why the IASB developed the project on financial reporting of small and medium-sized entities, continuing with the events following the issuance of the standard, respectively the first and second revision. The analyzed time period covers a series of important events, starting with the year 2000, when the first discussions appeared about the need for a separate standard for small and medium entities, until March 2021, when the feedback received after the last one is analyzed. two Requests for Information for review, considering that this provides a better understanding of the evolution of the IFRS standard for SMEs. Consequently, three periods were analyzed: the pre-publication period of the standard (2000-2009), the first revision of the standard (2009-2015) and the second revision (2019-2021).

The IASB has developed IFRS for listed entities but has extended its scope to unlisted entities (Di Pietra et al., 2008; R. Ram & Newberry, 2013, 2017; H. Samujh & Devi, 2015), reaching as in 2009, to publish the IFRS standard for SMEs. Its development has been achieved by extracting key concepts from the IASB Conceptual Accounting Framework, from the principles and mandatory guidelines of full IFRS standards, including interpretations and consideration of appropriate changes based on two criteria: the needs of SME financial users and considerations. cost-benefit.

The process of developing and revising the standard has been quite long and complex. However, the way in which the IFRS for SMEs was developed by the IASB also attracted criticism, considering that the use of a public interest-oriented framework (top-down approach) was a mistake

(H. Samujh & Devi, 2015). According to the latest report issued by the IFRS Foundation on the use of the global standard (IFRS Foundation, 2018b), 86 countries require or allow the use of the SME standard, being adopted by emerging economies such as South Africa, Malaysia, Brazil, Nigeria and Ghana, unlike economically developed countries where adoption is lower. However, the standard does not apply only to entities that have been considered small and medium-sized, but to all entities that are not already subject to international financial reporting standards (Warren et al., 2019). Consequently, any entity regardless of size is eligible to use IFRS for SMEs, if it is not publicly liable (IASB, 2013a). When deciding on the scope of the standard, the Council concluded that it was unrealistic to develop quantitative criteria that would be applicable in all countries and left it to the discretion of which entities should have the obligation or permission to use IFRS for SMEs, which may choose to set their own size criteria (IASB, 2013a).

CHAPTER 2. IFRS FOR SMEs PROBLEM AREA - CURRENT STATE OF KNOWLEDGE

Chapter 2 of the thesis aimed to analyze the current state of scientific knowledge in the field of research of international financial reporting standards for SMEs, with the aim of establishing a relevant reporting framework for conducting scientific research. By carrying out such an analysis, it was wanted to achieve the major objective of any scientific research, namely, the creation of "added value" in the field of research.

The analysis of the specialized literature represents a critical look at the research in the field, helping to know the concepts with which it operates, the theories, the researched problems, the data sources, the methods used but also the results obtained. This is done to find out what is the current state of knowledge in the field and the context in which your own research will be developed.

The analysis of the literature has a multitude of objectives, and among the most important are the examination of old theories to provide guidance for future studies or to briefly reproduce certain researched issues (Petticrew & Roberts, 2008). Due to the different objectives, the increasing complexity, the increasing number of publications, but also the research methods, there are a significant number of approaches for the elaboration of the literature review. This has led to the emergence of a large number of terminologies, which despite having different names, are based on the same characteristics, namely: the collection, evaluation and presentation of available research evidence (Arksey & O'Malley, 2005).

In this chapter, the concept of Structured literature review (SLR) or structured literature analysis was used to analyze and critique the field of international financial reporting standards for SMEs. This concept of literature analysis has been used over time to analyze and critique various areas of research.

SLR is a method of studying the research literature for the development of new perspectives, critiques, future directions, and research questions (Massaro, Dumay, et al., 2016). To meet the proposed research objective, the method for SLR in accounting studies proposed by Massaro et al will be used. (2016). The same method has been used successfully to study the interdisciplinary areas of accounting, auditing and accountability (Guthrie & Parker, 2011), public sector knowledge management (Massaro, Handley, et al., 2016), organizational knowledge protection (Manhart & Thalmann, 2015), human capital accounting (Guthrie & Murthy, 2009), the use of content analysis (Dumay & Cai, 2015), intellectual capital (CI) (Dumay, 2014) and integrated reporting (Dumay et. Al., 2016) for to provide perspectives and critiques in order to establish new research directions. The approaches used were developed from five steps (Guthrie et al., 2012) to the ten steps described by Massaro et al. (2016).

Because it is virtually impossible to scale up all scientific knowledge in a particular field, it was necessary to limit the analysis to publications on the WoS and Google Scholar platforms. In the field of IFRS literature for SMEs, this approach has also been used by Issam and Abdellatif (2017), where the most cited articles from the Web of Science (WoS) were analyzed. This analysis extends the previous analysis, which includes both WoS and Google Scholar publications, but analyzing a

longer period, namely 2000-2020.

The SLR method was applied to a sample of publications consisting of articles and papers published in conference volumes. The review of papers published in conference volumes was chosen because these papers contain information on areas of debate that will later appear in academic journals (Dumay, Bernardi, Guthrie, & Demartini, 2016, Dumay et al., 2016).

The descriptive-quantitative results of the analysis provide answers to the first research question of the chapter, namely "*How did the literature on IFRS for SMEs develop?*". The research follows the steps of the SLR method, classifying the publications according to the SLR scheme and the changes that were included to perform the analysis of the criteria chosen for "IFRS for SMEs".

Qualitative analysis provides answers to the second research question in the chapter "What is the focus of the IFRS literature for SMEs?" and is based on criterion (D) "Focus of literature" of SLR analysis. According to the model of Dumay et. (2016), criterion (D) Focus of the literature was adopted and in order for this criterion to be in line with the classification scheme, specific attributes were chosen for the accounting field, more precisely the subjects that represented the points of interest in the studies done for IFRS SME: accounting, taxation and financial reporting (10 papers), content of the IFRS standard for SMEs (5 papers), harmonization and accounting convergence (9 papers), adoption and implementation of IFRS for SMEs (68 papers), literature review IFRS for SMEs (3 papers), the impact and development of IFRS for SMEs (11 papers) and the need to issue IFRS for SMEs (5 papers).

The last question that was tried to be answered in the second chapter was: "What are the future directions of research in the IFRS literature for SMEs?" adapted from Dumay et al. (2016). Because IFRS for SMEs is a relatively new standard, which has not been studied in all respects, academics in their papers offer research directions and questions that could be studied and explored.

In the analyzed articles, the following benchmarks were found as future research directions: the applicability of each section of the standard, the attitude of SMEs when switching to IFRS for SMEs at microeconomic level, the political and normative perspective of adopting the standard and the effects (Albu et al., 2010), the evaluation of the quality of IFRS for SMEs (Chand, Patel, & White, 2015), macroeconomic dimensions, determinants of adoption and economic consequences for SMEs (Kaya & Koch, 2014; Sellami & Gafsi, 2018), the costs and benefits of implementing standards (Albu & Albu, 2012, Albu et al., 2013; Girbina et al., 2011; Litjens et al., 2012; Masca et al., 2010; Strouhal, 2012), adapting standards from the perspective of professional accountants, auditors or other stakeholders (Aboagye-Otchere & Agbeibor, 2012; Mawutor et al., 2019), the usefulness and challenges of the principles of recognition, measurement, disclosure and options their accounting policy within the standards (Aboagye - Otchere & Agbeibor, 2012; Mawutor et al., 2019), measuring accounting convergence (Girbina et al., 2012), the implications of adopting IFRS for SMEs on the accounting profession (Hussain et al., 2012), differences of opinion of jurisdictions that have adopted standards (Uyar & Güngörmüş, 2013), studying the existence of a relationship between the size of a company and the effectiveness of the IFRS adoption process (Adetula et al., 2014), the role of institutional characteristics of countries to identify the most appropriate convergence mechanisms (Albu & Albu, 2012), the position of regulators and the strategies of professional bodies (Albu & Albu, 2012), the effects of the implementation of IFRS for SMEs on the lending decision (Mamdouh, 2015).

From the perspective of the researcher of this doctoral thesis, the indicated research directions would enrich both the literature and the experience of the main actors in approaching the adoption of IFRS for SMEs. For this reason, the researcher considers it appropriate to recommend the analysis of the information needs specific to each category of users based on the financial statements and other financial-accounting information. It would also be beneficial to analyze whether the size of the entity (micro-entities, small and medium-sized entities) changes the information needs depending on the categories of internal users (managers / owners of SMEs and accounting professionals) or external (banks or other external users).

The adoption of IFRS for SMEs is worth investigating to see if it responds better to the financial information needs of SMEs than when the previous set of standards was in use. The

prospects of both categories of users are important, but external users are the target group of the IFRS for SMEs, as they are addressed mainly to unlisted entities that prepare general financial statements for external users, and studies on the perspective of external users are almost non-existent.

Another recommendation of the researcher would be to analyze the needs of users of financial statements after the implementation of the IFRS standard for SMEs by exploring the perspectives of users based on the presentation requirements. This will help establish the success of the standard and appreciate the additional efforts of the International Accounting Standards Board (IASB).

CHAPTER 3. ANALYSIS OF STAKEHOLDERS 'PERSPECTIVES REGARDING THE REVIEW OF THE STANDARD

Recognizing the economic importance of SMEs at the national level through their essential role in job creation and in the economy in general (Mahzan & Yan, 2014; Sava et al., 2013), but also the fact that it has passed more than one decade after the publication of the standard, it is surprising that it is still unclear how much financial information users need for SME financial statements and what would be the most useful element for them. This is also supported by Haveroth et al. (Haveroth et al., 2017), who point out that the lack of stakeholder participation in the standard-setting process has been a problem for both the IASB and national accounting authorities, whose participation in developing a separate framework for small and medium-sized entities it is considered crucial (Haveroth et al., 2017; Mahzan & Yan, 2014).

The term "small and medium-sized entities" is slightly misleading, and the applicability of IFRS to SMEs is not in fact based on any explicit "size" criterion. This standard is intended to apply to small and medium-sized entities, but in many countries, it refers to a variety of terms, including SMEs, private entities, and non-publicly liable entities. Therefore, small and medium-sized entities are defined as entities that publish general purpose financial statements to external users and have no public liability. The IFRS for SMEs is a section-based standard that, compared to full IFRS and many other national regulations, is less complex. The most important simplifications compared to full IFRSs are the omission of topics that are not relevant to SMEs, the demand for a small amount of financial information, and the simplification of many recognition and measurement principles.

The needs of users of financial statements could be met by less complex reports that provide information about an entity's liquidity, profitability and solvency. The main need to be met is the comparative analysis of performance over time, in order to predict expected returns, cash flows, future financing and to be able to have control over management (Handley et al., 2018). Among the most important elements of the financial statements useful to users are income, profit, capital, debt and cash flow statement, which can predict liquidity, future profitability and assess the success of management in cash management (Handley et al., 2018). But there are also concerns, especially about future information needs that may become important in some cases, such as the financial crisis.

The issuance of the standard has opened up new opportunities for the IASB, such as working with national regulators, as SMEs that only comply with local standards are not familiar with IFRS requirements. Therefore, collaboration is inevitable, especially in the first years of application, where most problems and questions regarding their use may arise. Problems that may arise may relate to the scope of application, insufficient guidance, but also to the ambiguity of the requirements that may have unintended consequences.

The purpose of the IASB in the further development of the standard included the provision of a high quality, intelligible and globally accepted standard (IASB, 2015b). The main differences indicated by Albu et al. (C. N. Albu, Albu, & Fekete, 2010) between SMEs and publicly traded entities using full IFRS standards are the information needs of users of financial statements, the accounting expertise that can be reached by the entity and the ability to support all costs of applying them. standards as large public liability entities (C. N. Albu, Albu, & Fekete, 2010). The interest of users of SME financial statements is reduced for some information contained in the financial statements prepared in accordance with the full IFRS standards.

Even though the IFRS for SMEs has already been published, this doctoral research has tried to examine the process of revising the standard, the point of interest being the Request for Information published as part of the first revision of the IFRS for SMEs, to obtain information on stakeholder perceptions, such as professional bodies, national regulators, accounting and auditing firms, analysts, consultants and financial statements preparers. In it, the question was asked whether the requirements for the application of the standard are too restrictive, being the first step in the initial review by looking for perceptions about the application of the standard (IASB, 2012a).

The aim of this research was to perform both a qualitative and a quantitative analysis of the responses received in the request for information, showing the significant contributions made by respondents to future recommendations for the development and revision of the standard. In addition, using aspects of legitimacy theory, the analysis of responses sought to find clues to maintaining the IASB's independence during the process of revising the IFRS for SMEs.

The study was based on Bamber and McMeeking's model (Bamber & McMeeking, 2016). According to them, previous research has measured the level of influence on the standard by the number of proposals submitted that have had an impact on the decision of the standards makers. Following the same idea with the previously mentioned authors, we chose to analyze the answers according to the impact it had on the standard. However, unlike Bamber and McMeeking (Bamber & McMeeking, 2016), which examined all the arguments without omission, this study focused mainly on the arguments received for Part A of the Request for Information with specific questions regarding certain sections of IFRS for SMEs. Part B being used only for quantitative analysis.

The objectives of the analysis were to group respondents according to the type of stakeholders and the jurisdiction to which they belong or operate (for global organizations), to find evidence of the degree of influence of certain stakeholder groups or jurisdictions, to conduct a survey. quantitative and qualitative analysis of the responses and comments in letters received by the Council and the creation of an overview of the contributions made by respondents to the development and revision of the standard. The purpose of the study was to ensure that the IASB maintained its independence during the process of revising the IFRS for SMEs.

In order to achieve these objectives, the following research questions were defined: "*Which stakeholder groups responded to the Request for Information and what is their jurisdiction?*", "*What is the position of respondents in the standard review process?*", "*What is the degree of similarity of the responses of the identified stakeholder groups from a linguistic point of view?*" and if "*Is there evidence that certain stakeholder groups have had a greater influence than others in the process of review the IFRS for SMEs, taking into account the proposed and accepted changes?*"

An indicator of independence is the volume and geographical diversity of stakeholders involved in the overall accounting standard-setting process, ensuring that issues are identified together with the views and alternatives offered. For a supranational organization such as the IASB, diverse participation is essential to its independence. Given that IFRS standards are used in most countries and are being considered for adoption in the U.S. and in a few other important countries, it is important for the IASB to maintain and increase its independence and legitimacy.

To answer the research question "*Which stakeholder groups responded to the Request for Information and what is their jurisdiction?*" emphasis was placed on the details provided by respondents in their responses. These stakeholder profile issues were grouped by type (Professional Bodies, Regulatory Bodies, Accounting, Auditing and Consulting Firms, Academics, Rating Agencies, Insurance and Financial Statement Preparers) and by region. operates or operates (Africa, Asia, Australia, Central America, North America, South America, Europe, Oceania and Global Organizations).

The answer to the second research question proposed in this chapter, "*What is the position of respondents in the standard review process?*", was obtained through a quantitative analysis of the responses received to obtain an overview of the position adopted by stakeholders in review process. Unlike other requests for information, the IASB did not expect to receive a large number of responses, as the category of users of SMEs' financial statements is narrower than that of listed entities. However, it recorded a high response rate to the proposed questions, thus showing the interest of stakeholders

in developing the standard and its suitability for the business environment. Therefore, following the analysis, the development of the standard is a point of interest for professional bodies, accounting regulators and accounting, auditing and consulting firms. In addition, most respondents argued the answer, whether or not it required argumentation, providing additional explanations for the choice made. This was especially noticeable in the case of disagreement responses, as respondents provided valid arguments for the chosen option, making the feedback received even more valuable.

Simultaneously with the previous analysis, the cluster respondents were grouped according to the similarity of the answers given to see if the opinions of stakeholders are influenced by certain factors (where they come from or work and especially culture, concerns). In this way, the research question " *What is the degree of similarity of the responses of the identified stakeholder groups from a linguistic point of view?* " was answered. The results showed that the regions with a high degree of similarity were Europe and the Global organizations, the influencing factors being mainly where they come from (most global organizations have their roots in Europe (UK, France, etc.) and implicitly, culture. On the other hand, there is the response sent from Oceania, which has the lowest degree of similarity with the two leading regions (4.7% between letters received from Europe and Oceania, and 5.9% between global organizations and Oceania), a justified low level as only one letter of comment was received, which contained an answer to a small number of questions (3 out of 20 proposed).

From the standpoint of belonging to one of the established groupings, the Professional and Regulatory Bodies have a high degree of similarity with Accounting, Auditing, and Consulting Firms, since they share a similar terminology and are concerned with the same issues. On the other hand, the Insurance group has a low degree of similarity to the other groups since its interests and consequently its terminology are distinct from those of the other groups.

The last objective proposed in this chapter was to find an answer to the question whether " *Is there evidence that certain stakeholder groups have had a greater influence than others in the process of reviewing the IFRS for SMEs, taking into account the proposed and accepted changes?* " where changes to the standard were analyzed according to the responses sent in the review. Following the feedback from stakeholders and consultation with the SME Implementation Group, the IASB decided that the changes should be limited, as the standard was still new to many users. After consulting the letters of comment, the changes proposed by the IASB in 2015 were strictly related to the clarification of the existing requirements and the addition of additional supporting guidance. These proposals only aimed at understanding the existing requirements without changing in any way the financial reporting practices and the way of preparing the financial statements. Following the proposals received, the IASB decided that the standard should be reviewed periodically, but not earlier than two years after the entry into force of the previously revised version of the standard. The Council also concluded that the IFRS for SMEs works well in practice.

In the literature, standard-setting bodies have often been criticized for formulating requirements without taking into account the views of users and owners. The same thing happened with IFRS for SMEs, as it is said to be based on the views of IASB members, accountants, auditors and academics, regardless of what they say to users of financial statements and small business owners. mijloci (Litjens et al., 2012; Mkasiwa, 2014).

The analysis of the changes to the standard revealed the main stakeholder groups that contributed to one degree or another (Professional Bodies, Regulatory Bodies, Accounting, Auditing and Consulting Firms and Academics). Although there is evidence that their suggestions and views have been integrated, the IASB does not explain how the items that were revised were chosen. For those who participated in the Request for Information, the fact that there is no explanation for the choices made may denote subjectivism on the part of the IASB, which adversely affects the legitimacy of the IASB as a body and may jeopardize the transparency of the review process.

As legitimacy is the hallmark of the IASB's goal of developing globally applicable and accepted standards, it is recommended to encourage and increase stakeholder participation by creating opportunities for dialogue with national standards and other stakeholder groups. interests of stakeholders. It is also recommended that a high level of transparency in decision-making be maintained so that all participants in the development of standards feel that everyone is given an equal

chance to influence the content, as decisions made by the IASB need to be influenced only by the desire to develop standards appropriate to all types of entities.

CHAPTER 4. THE ROMANIAN ACCOUNTING SYSTEM - EVOLUTION AND HARMONIZATION

Over time, accounting has been "modeled" to meet all the international requirements of the moment. The modeling process involved change, evolution and receptivity to changing political, economic, social and cultural environments. Therefore, the path followed by the accounting system is extremely important for further development, as important decisions can be influenced by past dependencies.

For Romania, December 1989 represented the end of the communist regime and the beginning of the transition to capitalism. The fall of communism was seen as a starting point for the Romanian accounting system, which began to have access to real information and to become familiar with global trends.

The transition from the centralized economy to the market economy and the fall of communism were significant events that caused changes in the evolution of the Romanian accounting system. The Romanian economy has witnessed the privatization of state-owned companies and a policy of increased competitiveness, becoming increasingly receptive to capital inflows and investment opportunities (Albu, Albu, & Alexander, 2010; Nistor & Deaconu, 2016).

In the subchapters within Chapter 4. you can find the way in which the Romanian accounting system has evolved, especially in the last three decades, as well as the formal (de jure) accounting harmonization of OMFP no. 1802/2014 and of OMFP no. 3055/2009 with IFRS for SMEs, analyzing the similarity and dissimilarity in accounting regulations. The purpose of the above is to find an answer to the following research questions: *"What are the stages of the evolution of the Romanian accounting system?"*, *"What are the institutional pressures that have influenced the development of the accounting system in Romania?"* and *"What degree of convergence is between OMFP no. 1802/2014 and of OMFP no. 3055/2009 with IFRS for SMEs?"*.

The analysis in the first part of this chapter was aimed at highlighting issues related to institutional pressures, highlighted with the help of neo-institutional theory, which refers to generally accepted social norms and / or institutional practices that are imposed on organizations, in general. Within it, three forms of institutional isomorphism have been identified in which change can occur. Institutional pressures include coercive, normative, and mimetic pressures that can shape organizations' decisions and practices. Because accounting information must be considered legitimate in order to be trusted by stakeholders, neo-institutional theory is a useful theoretical tool for investigating the evolution of an accounting system.

The path of the Romanian accounting system after the fall of communism, in the context of the transition to a market economy, was briefly presented through a longitudinal analysis, considering that a global picture of the process of change in the accounting field is useful. At the same time, in this way it was possible to observe the external factors that played an important role in the decisions taken. It was also a point of interest because it has undergone political change, economic reforms and international integration. The analysis confirmed the relevance of the institutional approach, because the evolution of the Romanian accounting system was strongly influenced by external forces, mostly political and economic (EU accession, convergence with IFRS, IMF loans).

The second part of the chapter contains an analysis of the harmonization of the financial reporting of small and medium entities, which aims at the theoretical convergence between OMFP no. 1802/2014 and OMFP no. 3055/2009 with IFRS for SMEs. The results of the analysis of the degree of formal convergence (de jure), from the analysis of Jaccard coefficients, show that the degree of similarity is an average downward decrease of only 46.90% between the two sets of regulations, and the analysis of Rogers -Tanimoto coefficients highlights the fact that the degree of similarity is low, of only 30.63%, despite efforts to harmonize regulations. We conclude that the same average level of formal convergence was maintained, which emerges from the literature when the studies had

as sets of analysis OMFP no. 3055/2009 or OMFP no. 1802/2014 and IFRS for SMEs (Albu et al., 2011; Buculescu & Velicescu, 2014; Girbina et al., 2012; Strouhal et al., 2011).

Although by OMFP no. 1802/2014, new amendments were introduced, compared to its predecessor OMFP no. 3055/2009, for example the elimination of extraordinary income and expenses from the Profit and Loss Account or the introduction of the presentation of biological assets, regulations in accordance with IFRS for SMEs, the changes have contributed to increasing the level of convergence, but not enough to exceed the average level 50% convergence between the two regulations. There are still significant differences with IFRS for SMEs (financial assets, depreciation and amortization treatments of fixed assets and financial assets), and this affects formal convergence.

Following the analysis, it was observed that there are high levels of convergence in defining general concepts and principles, quality characteristics, accounting policies and disclosures, as both regulations have as common reference the IASB Conceptual Accounting Framework, subsequent events, provisions. Low levels of convergence were found when using fair value (valuation of property, plant and equipment), depreciation methods (LIFO), capitalization of start-up expenses and interest, format of financial statements, etc.

CHAPTER 5. PERSPECTIVES ON SMEs FINANCIAL REPORTING

The applicability of an international financial reporting standard to small and medium-sized entities remains an option for the financial reporting of unlisted entities, so it is a topic of current interest for global research. To this end, the evaluation of the applicability of an international accounting standard addressed to SMEs in the national context will be made by analyzing the perception of Romanian professional accountants. The purpose of the analysis is to assist accounting standard makers in developing, amending or adopting financial reporting accounting rules for small and medium-sized entities by analyzing the perspectives of professional accountants in a national context.

The main objective of the analysis will be to highlight the perspectives of professional accountants in Romania on the adoption of a unique set of financial reporting standards for SMEs. In addition to the main objective, a secondary objective will be analyzed, namely whether Romanian professional accountants would prefer to use a set of international standards to the detriment of national regulations.

The analyzes and results presented aim both to identify the perspectives of professional accountants on the harmonization of Romanian regulations with IFRS for SMEs, and to determine the problems they feel in the current legislation. The whole process will be concretized by exploring the answers received, having as objective, the formation of an overview, from which to be able to answer the proposed research questions:

- What is the perception of Romanian professional accountants regarding the financial reporting of small and medium-sized entities using national regulations?
- What is the most frequently requested financial information?
- Who is the main user of the financial statements of SMEs?
- Is it preferable to apply an international financial reporting standard to small and medium-sized entities in a national context?
- How do professional accountants see the application of an international financial reporting standard to small and medium-sized entities that is easier to achieve?

The importance of small and medium-sized entities in the economy is recognized globally, but in the literature is found as the main impediment in defining them, the terminology used for these entities that can not be included in the category of large entities. The concept of small enterprise, the concept of small and medium-sized enterprises, or the concept of micro, small and medium-sized enterprises is usually used, and although they have the same reference base, the definitions differ.

Through the analysis and the results presented, it was wanted both to identify the perspectives of professional accountants on the harmonization of Romanian regulations with IFRS for SMEs, and to determine the problems they feel in the current legislation. The whole process materialized by

exploring the answers received, with the aim of forming an overview, from which to answer research questions:

- *What is the perception of Romanian professional accountants regarding the financial reporting of small and medium-sized entities using national regulations?*

Following the interviews, it was observed that the opinions of Romanian professional accountants are in accordance with the provisions of OMFP no. 1802/2014 and that they are satisfied with the imposed national accounting regulations, which is important in the context in which the regulatory authorities should take a decision on the existing rules.

- *What is the most frequently requested financial information?*

Accounting professionals consider that tax information is most often requested, along with that related to the level of revenue and expenditure recorded or that related to the maturities of suppliers or customers. The balance sheet and profit and loss account were also mentioned as frequently requested financial statements. But if we take into account the percentage of respondents who mentioned tax information, it turns out that professional accountants consider that tax information is the most frequently requested.

- *Who is the main user of the financial statements of SMEs?*

Following the data obtained, it was found that all respondents mentioned that in the case of SMEs, the state and tax administration institutions are considered as the main users. But also the administrators and owners, banks and other credit institutions were mentioned by several of the interviewees.

- *Is it preferable to apply an international financial reporting standard to small and medium-sized entities in a national context?*

As it emerged from the analysis of the respondents' answers, they more than appreciated the fact that an international standard can represent an alternative for the financial reporting of Romanian small and medium entities, but these answers somewhat underlined the reluctance of a possible adoption. Among the arguments presented were mentioned during the Romanian accounting system in the last 30 years, the characteristics of a continental accounting system, the mentality of stakeholders and the link between accounting and taxation. Analyzing these aspects, it can be appreciated that professional accountants in Romania want an improvement in financial reporting, but not necessarily by using an international standard. Thus, despite the average level of convergence between national and IFRS regulations for SMEs and those mentioned above, it is not preferable to apply an international financial reporting standard to small and medium-sized entities.

- *How do professional accountants see the application of an international financial reporting standard to small and medium-sized entities that is easier to achieve?*

Following the arguments received, it was observed that the interviewees chose as options voluntary adoption or convergence with the standard, completely excluding the idea of compulsory adoption.

FUTURE RESEARCH PERSPECTIVES

A central point of a research is the outlining of future research directions that will bring a plus in the financial reporting literature for small and medium entities. Due to the fact that the IFRS standard for SMEs is a relatively new standard, which has not been studied in all respects, there are directions for research and questions that are still unexplored.

Possible future research directions could be:

- interviews / questionnaires with owners / administrators of the entities grouped according to the type of entity in order to analyze their informational needs;
- analysis of the perspectives of external users, such as banks, on the adoption of IFRS for SMEs, given that it is addressed to small entities that prepare financial statements for this category of users;

- analysis of the determinants of the adoption of IFRS for SMEs and the subsequent economic consequences;
- analysis of the institutional factors of the countries in order to be able to identify the most appropriate convergence mechanisms;
- analysis of the position of the regulatory authorities in front of the strategies of the professional bodies to implement the standard;
- the effects of the implementation of IFRS for SMEs on the lending decision;
- comparative analysis of responses to requests for information and recommendations made by IASB staff, to see both perspectives (external and internal);
- analysis of stakeholders' perspectives on the second revision of the IFRS for SMEs to see if interest in the application of the standard has increased and in which direction their position is heading

As mentioned, there is little literature on financial reporting for small and medium-sized entities. Consequently, importance must be given to conducting empirical studies that analyze the above in order to support the IASB in developing an appropriate standard that can be used globally.

It would also be beneficial to analyze whether the size of the entity changes the information needs depending on the categories of internal users (managers / owners of SMEs and accounting professionals) or external (state, banks or other external users). The adoption of the standard is worth examining to see if it better meets the needs of users of SME financial information than the national regulations that applied before adoption.

The perspectives of both categories of users are essential, but external users are the target group of the IFRS for SMEs, as they address in particular unlisted entities that prepare general financial statements for external users, and studies on the perspective of external users are almost non-existent. Therefore, exploring how IFRS for SMEs is perceived and used by external users, such as financial analysts, banks and regulators, can be a point of interest in the literature as well as in practice.

Another recommendation would be to analyze the needs of users of financial statements after the implementation of the IFRS standard for SMEs focusing on user perspectives. This will help establish the success of the standard and assess the IASB's additional efforts to make changes.

Keywords: IFRS for SMEs, convergence, financial reporting, financial information, harmonization