



## THE SCIENTIFIC APPROACH OF ACCOUNTANCY OF THE REPUBLIC OF MOLDOVA

---

---

Liliana LAZARI<sup>1\*</sup>

[1] Department of Accounting and Economic Analysis, AESM

### Abstract

*Nowadays, the Moldovan accountancy has entered into new stage of development, both as a social practice in business management, as well as, a scientific approach, therefore the article examines the evolution and position of the scientific study of bookkeeping in Moldova in the context of globalization and transition to IFRS.*

**Keyword:** accounting, national accounting standards, international accounting standards, accounting principles, science of the accounts, accounting evolution

**JEL Classification:** M40

### I. Introduction

Generally, for a better understanding of the social prestige or of the „scientific” degree that a profession or scientific discipline operates with, it is necessary to start with its history. Respectively, it is considered that an introduction to the history of bookkeeping helps to a deeper and better understanding of its actual status, both as form of the scientific knowledge and social practice.

The history of accountancy reveals the thought that „*Where confusion reigns reckoning, things go wrong*”.

In all the socio-economic systems, may it has served to the needs of the slaves’ owners as a means of reflecting the feudal land ownership, may for merchants, industrialists, bankers and other economic agents’ needs of data recording and computing,

---

\*Corresponding author: Liliana LAZARI



**accountancy** has always included in its essence the ongoing processes of economic and financial operations. By the time, it has developed along with the economic life.

There existed a variety of methods for accounting measuring and recording, just as the material support on which they have been realized. At the beginning, there were the bone or stone inlays, notes on clay tablets or papyrus and during time they evolved to bookkeeping in paper ledgers. In our days, we can even speak of the dematerialization of the records, due to the use of electronic handling of the information.

## **II. Appreciation of the scientific approach of accountancy in the RM**

Accounting, as a system, as it is nowadays presented, is the result of long historical process during which it has transformed from a simple technique of recording the commercial exchanges into a means of control and foresight, then in an instrument of management and in our days, it tends to become a social guarantee.

Double entry accounting arose from practical reasons, and not because of a teaching or scientific approach. However, starting with the XVI century, until the beginning of the XXth century, along with the generalization of the double entry technique, there have also been formulated different explanations for the registrations on the accounts, which constituted the first forms of theory in accountancy.

Because these theories where seeking for the proper way to explain the functioning of the accounts, bookkeeping has been named as science of the accounts. Today these theories are seen as „historical”, since they have no importance for the explanation and evaluation of the accounting practice, but keep on having a pedagogical role. However, one cannot deny that they represented an important level in the progress of bookkeeping.

The roots of the scientific accounting theories, in the current sense of the word, have appeared in the first decades of the XXth century, when in the US has taken place a process of forming, classifying and explaining the bookkeeping principles, in order to improve the education and accounting practice. During the time, they have become general accepted accounting principles, the forming of which has been made by observing or implementing the accountancy practices. Due to this reason, they reflect „a theorized practice”. For the first time the bookkeeping principles have appeared in the accounting regulations in the RM in 1998, along with the put into practice of the National Accounting



Standards (when has also occurred the passing from the Soviet accounting system to the system based on IFRS), and subsequently in the Accounting Law, introduced in 2008.

Researchers admit that the doctrinal development and the accounting practice is closely related to the cultural background of its evolution, seen from all its aspects: economic, social, juridical, fiscal, politic and even religious. On other hand, accountancy is seen as an instrument that influences or transforms the background in which it operates. Finally, as social activity, characteristic to the humans, bookkeeping is influenced and influences the environment in which it is run.

The geography of accounting has as object the comparative study of the most significant contemporary accountancy systems that tend to be more influent through their theoretical and practical characteristics. The results of these studies represent a real “armory” in the hand of the governmental and professional organs that have responsibilities related to the national bookkeeping.

At the current stage, after the 1998: in the RM are run more and more transformations, generically called “accounting reforms”, for the accounting information to become efficient in the decision-making process for a lot of users, with specific interest and who activate on a competitive market. Those purposes are to find through legislative measures the compatibility of the accounting practices in the RM with the international practices.

Once the bookkeeping system based on the needs of informing a unique “owner” or the “Socialist State” that administrated the people’s wealth was denied, there appeared the necessity for a “new version” of the accounting system in the RM that introduced the following “values”:

- the appeal for accounting norms and accounting principles and quality requirements established by the accounting regulations of the Accounting Law of the RM;
- the appeal for the accounting dualism established through financial accounting and managerial accounting;
- the appeal for the priority of the economic agent’s financial reports, in relation to the use of accounting accounts.

Currently, accountancy in the RM has entered a new stage, both as social practice in the business management, as well as scientific approach. Respectively, let’s start from Mautz’ questions (1963):



- Does accounting in the RM, as scientific domain have a sufficient number of researchers?
- To what extent do accountants in the RM have a scientific vision on their field of activity?
- To what extent is the specialized higher education in the RM promoting the scientific approach of the bookkeeping?

As a science, it has to be remarked that our country benefits from a community of accounting researchers, but the number of its members is inferior compared to other countries. The accountancy research is almost fully made in the higher education institutions. In the RM there is no institutionalized form of research in the field of accounting, therefore the unique way out are the university research departments/groups specialized in accounting. The current written communication is made through specialized journals and newspaper, edited by those who are interested in bookkeeping, as well as by those who promote oftener the practical aspects of the accounting norms and less their scientific approach. Nonetheless, an important moment in the scientific evolution of the bookkeeping in the RM was the formation in 1991 of the first institution of higher education in economic field of the Academy of Economic Studies in Moldova. This institution brought the premises for developing bookkeeping as a topic of academic study, by also favoring the development of the accounting thinking through the creation of a favorable environment for the researchers in this field.

AESM teachers' debate accounting problems and the carried out research have a crucial role in the development of accounting's scientific basis. To mention national and international conferences, panels are organized for this purpose. The teachers of this institution are involved in working groups (constituted by the Ministry of Finance, the State Fiscal Inspection) for the creation of the accounting regulations, with the aim of improving and normalizing them. The development of accountancy's scientific approach in the RM has always benefited from the permanent support of the accounting professional body, which is represented by the Association of Professional Accountants and Auditors.

The accountancy research is relatively new and is developing differently from one country to another. In the US, the first body that aimed to bring together of teachers and researchers was created in 1980, under the name of „American Accounting Association”, in France was created



„Association Francaise de Comptabilité” in 1980, etc. Resulting from the mentioned above, it is not too late for creating a similar body in the RM, by following the similar models of the Occidental countries, which would also hold a journal for promoting the scientific accounting approach in the RM.

We believe that in the university education in the RM, there are two orientations related to the approach of accountancy, situation that derives from the teaching method.

Some specialists present accounting as a „recipe of accounting records”, the handling of the transactions following the scheme of the general plan of accounts. In this perception, accounting is reduced to its primary condition, of simple technique for recording the economic and financial operations, without any doctrinal support, moreover – dominated by fiscal rules (approach in the case of the undergraduate studies).

Others support the idea that the accounting handling of the economic agent’s transactions needs to be done by beginning with the conceptual and managerial approach of accounting. The document presenting the accounting information should not be directional only depending on the juridical and fiscal regulations, but firstly by the use of this accounting information for the management of the economic entity. In this case, the number of arguments that qualify accountancy as a scientific discipline are increasing and the assimilation process of bookkeeping becomes more logical and coherent.

Although lately evolutions related to the conceptual and practical aspects of accounting have been registered, there still exists a state of under-development of the bookkeeping in the RM. For many people, accounting remains a part of the economic sciences, with a theoretical and applied character and with the role of „*recording the economic phenomena and processes*”.

In this context, there is no consensus related to the scientific position of accounting. For some, accountancy keeps on being defined in a *classical* manner as a scientific discipline in the system of economic sciences. For others, accounting is an *informational discipline*, because is the only discipline that can provide financial information on an entity. Another category defines bookkeeping as a *techno science*, which means a technique powered by the knowledge generated from the accounting practices and the results of the scientific research.



Today, the international level advocates for a repositioning of accountancy in the field of social sciences, which would mean defining it as a science from the family of the management sciences.

Based on the written above, one can ask if can we assign to accounting only the role of „*recording the economic and financial operations*”, by also withdrawing from an economic entity one of the most practical management instruments in risk situations? Of course no. Accounting has to be considered as a discipline with various theories, part of the management sciences, in the family of the social sciences. This point of view invites to debates and clarifications related to accountancy’s scientific identity.

Bookkeeping is the prevision body in the entity. It has to allow one to know any moment at what point is the entity currently and where is heading. It is called to give precise information on the economic state of the entity. A good, simple and clear bookkeeping that can genuinely represent the image of the entity’s activity is a strong means of ruling.

Until the contemporary epoch, we owe the continuous improvement of accounting to the practitioners looking for solutions that would correspond to the need of information of their epoch. Related to the practitioners’ optics on accountancy in the RM, this remains, in our point of view, mainly technical, based on a scheme of accounting procedures, provided by the legal norms (laws and Government decisions, explained through instructions and letters). If practitioners and entities’ role continues to be that of the main engine for the development of accountancy and its adaptation to the new requirements, it is good to underline *the growing role of the accounting research*.

According to Professor B. Colasse, the accounting research has three main functions:

- Classifying and theorizing the accounting practices;
- The role of adapting accounting to the new necessities of information, extension of the application field of bookkeeping;
- The progress of knowledge in accounting.

In accountancy, we distinguish the fundamental research and the applied research.

The fundamental research in accounting is based on the analysis of bookkeeping as historical, social and organizational phenomenon. The results of this type of research contribute to the growth of the awareness related to accounting, because it defines concepts, methods and functions. This research does not correspond to the needs of the



accountancy practice, but ensures the foundation and promotion of the accounting theories.

The applied accounting research is looking for the improvement of the accounting system depending on the operational context for the bookkeeping practices. Respectively, different new accounting models that would correspond to the „environment” are proposed.

Accountancy has no limits. Its theoretical, scientific and practical limits are limitless, related to the coverage of the economic phenomena and the way they are systematized, processed and presented. Therefore, one cannot pretend to know everything about bookkeeping.

Economic entities, regardless their type and size, legal persons from the whole world draw up financial statements to be presented to the users of information, based on a unique method – and this is accountancy. These are only some of the arguments that prove our authentic „hunger for accountancy”.

As the specialized literature states, the entity’s administration considers accounting as a management instrument; the shareholders/founders want to know if they can maintain their trust in their capital; the banks want to appreciate the returns, in order to offer credits and to estimate the risks; taxation determines the sum of possible taxations and taxes that the entity owes; providers want to know if the short term solvability allows them to keep on delivering, etc.

In front of the international challenges, the accounting in the RM could not stay passive and succeeded to adapt to the normalizing processes, due to some state institutions: not only through the RM Government’s and Ministry of Finance contributions, but also through the actions of the bodies representing the accounting profession, such as the Association of Professional Accountants and Auditors in the RM.

The last but not the least, we would like to stress that lately, the evolution process of accountancy in the RM is mainly influenced by external factors.

Currently, entities in the RM are obliged to keep accountancy:

- Based on IFRS – for the entities of public interest (such as financial institutions (banks), insurance companies);
- Based on the National Accounting Standards – for the other entities.



Accountants have to prove a great capacity of interpretation and judgment, especially as the IFRS lead to the use of an important doze of estimations, therefore – subjectivity.

A country's accounting system is a social construction dependent on the characteristics of the society and its evolution. We are convinced that the globalization process attracts the great entities of a country and the multinationals. It is sad however, that small and medium enterprises have a minimum of chances to survive this tremendous agitator. It is, maybe, the unique hope that from an economic and social point of view there will still exist some accounting oasis based in national peculiarities and culture. In the RM, this fact was based on the interpretation of the IFRS as well as on the National Accounting Standards that hold the regulation information related to the business and accountancy's development at a national level.

The accounting system is permanently improving worldwide. It is currently good for some previous economic conditions. Nevertheless, those are continuously fundamentally changing.

Can ecommerce be counted in a classical sense? The enterprises that activate just electronically as intermediaries do not hold stocks. It is possible for them not to have even offices, or some teenagers might work for them while sitting home. In addition, they are probably paid by workload. In the classical method, can be counted and controlled the multiple banking transactions performed during the day. Who could check the hundreds and thousands of daily transactions electronically recorded by an international bank? Apart from these elements, there also exists a variety of classical financial instruments and derivatives and always keep on appearing new ones. How can these be counted and evaluated? In these conditions, the accounting standards and the accounting regulations are in continuous change, both at national level in the RM (the use of the new NAS starting with 01.01.2015) and at international level.

### **III. Conclusion**

Huge as approach, exciting and with complex issues, accounting is developing in time and space in the direction and meaning given by the human actions.

In the context of the above presented information, accounting is a genuine „queen” in the system of the practical management sciences and not a „servant” of other scientific theories as it used to be presented as a form of economic evidence and/or





component of the economic informational system. Goethe's appreciation, to whom accounting „is one of the most beautiful inventions of the human spirit” is too obvious and cannot lead to its subservience to some less elaborated concepts. The opposite – yes!

We believe that the rational assimilation of the scientific foundations of accountancy can contribute to the enhancement of the „commercial background” of our profession.

ACCOUNTING can be explained, pursued and rebuilt day by day, as long as we can do our best!

### References

1. Bernard Colasse. *Fundamentele contabilității*. Traducere Neculai Tabără. Iași 2009.
2. Emil Horomnea coordonator. *Introducere în contabilitate: concepte și aplicații*. Iași 2014.
3. Hotărârea Guvernului RM cu privire la aprobarea Planului de dezvoltare a contabilității și auditului în sectorul corporativ pe anii 2009-2014 //Monitorul Oficial nr. 10-11 din 23.01.2009
4. Legea contabilității nr. 113-XVI din 27.04.2007// Monitorul Oficial nr.90-93 din 29.06.2007
5. Standardele Internaționale de Raportare Financiară // mf.gov.md
6. Standardele Naționale de Contabilitate cu aplicare din 01.01.2014// mf.gov.md
7. [www.contabilsef.md](http://www.contabilsef.md);