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# **Struggles in the accounting arena: a geopolitical reading of Romanian accounting reforms**

## **Abstract**

Transition economies have undertaken an accelerated series of reforms after the collapse of communism, aiming at the (re)construction of market institutions. In this paper we build on a geopolitical perspective, and on accounting profession literature to map the accounting reforms in post-communist Romania. We find that accounting reforms are reflecting broader processes of globalization and Europeanization. By examining the ‘territorial’ disputes over the Romanian accounting reform and the successive leadership of groups of experts from France and United Kingdom we draw attention on the drivers of accounting reforms. These are not limited to the technical aspects of accounting and the interests of the actors, but have their roots embedded in the broader geopolitical setting. In the case of Romania, the European Union accession gives the path and pace of accounting reforms, having as general background the globalization of accounting regulation.

**Keywords:** accounting reform, transitional economies, globalization, accounting harmonization, accounting profession

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## **Introduction**

A big issue concerns how countries transition between different types of economies, and what is the role of accounting in this process. After the collapse of communism in Eastern Europe in the late 1980's and early 1990's, transition represented the passage from planned economy to free market economy. Transition was therefore a dynamic historical process, implying change at all levels (Havrylyshyn and Wolf, 1999). Ex-communist countries represent an experimental field for some theorists of the market economy, acting as 'doctors' for these young, reconfigured economies (Akimov and Dollery, 2008; Sandu, 2017). Moreover, these markets give space for experiments; they are no longer seen as abstract economic coordination mechanisms, but as a space to be actively organized (Mennicken, 2010; Sandu, 2017). In the process of transition, international financial organizations, development aid agencies, and experts from developed countries play a strategic role, and help shaping local practices and institutions. In this setting, accounting (as a set of national rules, techniques and practices) has to be fundamentally reformed, to change from a role of informing the plan in the communist regime, to a role of informing investors in the context of the new emerging market. This process is taking place in a particular geopolitical context that enables us following Hopper et al. (2017) to question the role of accounting in development policies.

It is therefore important to understand the links between the local and global context and the drivers of accounting reforms in the context of two juxtaposing processes, which are transition to the (European) market and globalization. Transfer of practices from developed countries to transitional or emerging economies can provide a rich framework for understanding how local practices and institutions are shaped (Mennicken, 2010; Caramanis et al., 2015), as well as related research on the role of professional accounting firms as vehicles of professionalization and accounting regulation (Caramanis, 2002; Cooper and Robson, 2006).

However, there is still limited research in this area, so the purpose of our paper is to explore the accounting reform as a space of struggles and competition, where accounting is being actively reorganized by a plurality of actors and forces, at the national and global level. These sometimes competing, other times converging forces, reflect the strategies of foreign countries (including support for development) to sustain broader processes of globalization and Europeanization (for those in the European Union (EU) sphere).

Similar to other research, we aim with our study to map accounting reforms across the institutional and political transformation of a country (Yapa et al., 2016). The context of our study concerns Romanian accounting reforms between 1989 and 2007, undertaken as part of the transition from communism to free market and EU accession. With our paper, we provide a detailed analysis of the successive accounting reforms in Romania, depicted in the local literature as “a jungle of the accounting reform”, or “reform after reform”

(Feleagă, 1996; Malciu and Feleagă, 2005). We focus on the transition from communist planned accounting to a French inspired accounting, followed by an abrupt turn to an International Financial Reporting Standards (IFRS) accounting, with help from the Institute of Chartered Accountants of Scotland (ICAS), in the perspective of EU integration, which finally occurred in 2007. We explain the sudden turn from French inspired reform to an Anglo-Saxon driven reform as a matter of geopolitics, where accounting becomes an instrument of Europeanization.

Even if no direct confrontation opposes the foreign intervention of experts in the Romanian accounting reforms, it is however an asynchronous confrontation of accounting regimes, taking as 'battlefield' the uncharted accounting territory of post-communist countries. It reflects in this way the struggles that are taking place on a more global arena, where national and global logics are confronting each other in shaping international regulation (Djelic and Sahlin-Andersson, 2006). This episode at the periphery is revealing the twists and turns of accounting reforms in transition, supporting the idea that accounting regulation is not a neutral framework, but it translates a broader geopolitical setting. Moreover, even if the Romanian context cannot be directly qualified as a post-colonial one, it is interesting to note that the various influences exerted by France and United Kingdom (UK) are using post-colonial 'recipes', which are reflecting a know-how and strategies developed in a post-colonial setting. This means our case can shed some light on how the local accounting reforms in a post-communist country are shaped

by the direct or indirect intervention of western countries, following processes of Europeanization and globalization. Also, our paper sustains the claim that globalization is not a uniform linear process, and that tensions, confrontations and alliances are part of this movement.

We also find that the twists and turns of accounting reforms in Romania are impacted by geopolitics, like the transformational diplomacy lead by the UK after the cold war, as well as the European Union (EU) accession process. Moreover, we find that accounting academics are playing an active role in bridging between planned economy and market, in the absence of trained accountants and of an organized accounting profession, therefore bringing a contribution to the accounting profession literature.

Next in section two of the paper we introduce a quick historical overview, including the main steps in EU accession, and the origins of French influence in Romania. This will be followed by section three that covers the main literature for our theorisation, namely geopolitics of accounting, and accounting profession. In section four we provide a description of our methodology introducing the research context and methods. This section explains the accounting harmonization process at the European level, and the successive stages of the accounting reform in Romania in the context of EU accession. Next, in section five, the findings will be set out, following the pace and path of accounting reforms under the French and UK influence. In section six, the discussion is developed around a geopolitical reading of accounting reforms, and the role of academics

in the reforming process. Finally, in section seven, the conclusion section will then discuss the contributions of the paper, and open new avenues for research.

## **General background: a historical overview of Romania, and the roots of French influence**

The research context sets out the transition from Communism to EU accession and accounting harmonization for Romania, a country with a mosaic of influences and geographical setting placing it at the cross-roads of powers and interests. In particular, it will consider the French roots of influence.

### **Historical overview**

A quick overview of Romanian history reveals it is strongly influenced by the country's geography, namely by its place on the world map, its topography and hydrography (Sandu, 2008). Thus, the history of Romania, full of unsolved contradictions, is played out in a space of borders (Durandin, 1995), between East and West (Hitchins, 2014).

From an intellectual point of view, the Romanian nation emerged in the 18th century (Hitchins, 2014), but the space claimed by the Romanians was for a long time fragmented into the separate principalities of Moldova, Valachia and Transylvania later reunited: the moldo-valaque unit dates from 1859, the formation of the Great Romania from 1918 (Durandin, 1995). 'Between the 1860s and the decades between the World Wars, which

constitute the national period, modern Romania took form politically, economically, socially, and culturally, in accordance with the European model' (Hitchins, 2014: p. 2). After WWI, the country expanded considerably (the size and population more than doubled) thus developing into a regional power. The relative prosperity of the interwar period was followed after WWII by the installation of a communist regime in 1947, Romania becoming part of the Eastern bloc. The fall of the Communist regime in 1989 opened a turbulent transition period towards democracy and market economy, but eventually Romania joined the North Atlantic Treaty Organization (NATO) in 2004 and the EU in 2007. The period under study in this paper covers the years 1989 – 2007, between the fall of communism and the EU accession. Transition to the European market is a complex process, with several layers of overlapping reforms, in a turbulent international context. The timeline in the next figure shows some of the most relevant events for EU accession that punctuated this period, and that provided a background to accounting reforms in Romania.

**Insert Figure 1 about here**

### **French influence**

It is particularly relevant to this paper to observe the strong French influence in the history of Romania, setting grounds for cultural affinities and early choices in the transition from



communism to the EU market. However, it should be pointed out that this influence is partly mythical (Boia, 2001; Sandu, 2008) and its weight and manner of expression vary considerably over time. On a political level, France has always been a traditional ally of Romania (Durandin, 1995) and played a central role during the major events that marked the country's history: organization of the Paris conference which led in 1859 to the union between Wallachia and Moldova (Castellan, 1994), support during the 2nd Balkan war (Hitchins, 2014) and support (including military assistance, through the Berthelot mission) during the First World War (Castellan, 1994; Hitchins, 2014).

The origins are relatively recent and are set in the mid-19th century, when the young enlightened Romanian elites travelled to Paris and came into contact with European romanticism (Castellan, 1994; Boia, 2001). The cultural and political ideas that crystallized at that time would have a profound impact on the political and intellectual life of the country for at least one century (Durandin, 1995). Even the Romanian language has significantly evolved under French influence, to the point that today approximately 20% of the current vocabulary is of French origin (Boia, 2001).

During the interwar period, Romanian cultural circles remained receptive to French academic ideas, but in the 1930s competition emerged between French, German and Italian perspectives; moreover, during the same period, Romanian nationalist movements clearly displayed an anti-French attitude (Durandin, 1995). Before the outbreak of WWII, "the relationship with France was not merely political; it grew out of the Romanians'

perception of a general community of interests between the two countries, of mutual comprehension and even affection” (Hitchins, 2014: p. 197). However, some dissensions arose, as France criticised the political instability and the rise of the extreme right in Romania. Nevertheless, it still explicitly supported Romania's desires for external policy - to preserve and have recognized the achievements of 1918-1920 and to maintain regional stability (Durandin, 1995).

After 1945 and the establishment of the communist regime, Romania shifted towards the East, especially towards the Union of Soviet Socialist Republics (USSR). In the 1960s-1970s there was a change of course with the development of closer ties with the Western countries, a movement that France accompanied and encouraged. Later the regime hardened again and French intellectuals supported the Romanian dissident movements (Durandin, 1995). In the 1980s, the West became concerned about the rule of law and certain social issues, and in 1989 the French Prime Minister made a speech at the United Nations (UN) condemning Romanian policy (Durandin, 1995). Following the fall of Communism in Romania in 1989, since 1993 Romania has been a member of the International organization of French-speaking countries (*Organisation Internationale de la Francophonie*), even though French is not its official language.

## **Literature review**

Our paper builds on two streams of research, providing first a geopolitical reading of

accounting reforms in transition to market, and second, focusing on the role of accountants and accounting profession in this process.

### **Colonies without empire: the geopolitics of globalization**

The role of international financial organizations in transition of countries has been already underlined in the literature, and the research on globalization acknowledges their central position, based on the nature and the relations they establish with the local actors. Most of these studies analyse the role played by World Bank and International Monetary Fund (Neu et al., 2002; Saravanamuthu, 2004; Annisette, 2004; Murphy, 2008). International organizations have certainly a role to play in shaping the ‘new global managerial order’ (Murphy, 2008), and the perspective taken in previous research is based on imperialism, and global governance frameworks (Annisette, 2000). Murphy (2008) considers that ‘while the international financial institutions have achieved a certain notoriety in western countries, their strategic involvements in developing transitional countries have received relatively little critical scholarly attention’ (2008: p. 73).

Also, there is a rich literature on accounting in post-colonial contexts (Chua and Poullaos, 2002; Poullaos and Uche, 2012) where accountancy is seen as a vehicle for the dissemination of developed countries’ institutions and practices, which includes the UK (Poullaos and Sian, 2010). This can be seen as part of the globalization process. Hopper et al. (2017) addresses the question of influence and transmission of know-how in the

context of globalization and look at particular strategies deployed by developed countries as vectors of post-colonial intervention in the context of developing countries.

Moreover, a vast body of literature looks at forms of resistance or independence from the colonial power (Anisette, 2006; Davie and McLean, 2017). Hopper et al. (2017) plead for a balanced point of view. This involves on the one hand the introduction of western accounting practices that can be seen as a post-colonial process aimed at disseminating capitalist ideology, but on the other hand it allows for a better integration of developing countries in the global economy even enabling them to exert a positive influence. The actual impact of accounting reforms should be therefore nuanced: ‘A recurring research finding is that whilst basically sound accounting and accountability systems were often adopted and maintained, in actuality they played a ceremonial role to gain legitimacy from the populace and external funders, and played little part in ministerial and parliamentary scrutiny or decisions’ (Hopper et al., 2017: p. 128).

Yapa et al. (2016) claim that this colonial and post-colonial literature privileges the British story and there are few examples of the institutional accounting and professional legacy of the other colonial powers. Moreover, the call for more studies in other settings is not new, and yet still unanswered (Cooper and Robson, 2006). We aim to fill this gap and add a new setting to this increasing body of literature, focusing more specifically on transition and the Europeanization context.

It needs to be noted that Romania is not a former colony by the definition of the term, but we contend that this setting can shed some light on the way in which developed countries are deploying strategies for influence, or support for new democracies, as part of a post-colonial global setting. In this perspective, we consider that ‘...imperialism can exist without (formal) empire and (...) might continue in various forms. The rise of the US could be described as a new variety of informal empire’ (Poullaos and Sian, 2010).

Moreover, the collapse of communism opened overnight a new market on the global arena, corresponding most often to an unchartered accounting arena, as the accounting adapted to the need that the planned economy had to be reformed. The case of China sheds light on reforming processes, where western ideas (embodied in the International Accounting Standards (IAS) coupled with a strong concern for preserving local identity (Ezzamel and Xiao, 2015).

Moreover, Djelic and Sahlin (2006) point out, building on Bourdieu that ‘the opening up of new social spaces – and international standard-setting arenas are such spaces – is likely to generate conflicts over the material and symbolic occupation of this space’. With our study, we add to this literature by focusing on transitional economies and accounting reform arenas as such spaces generating struggles and competition. Moreover, it is acknowledged that accounting plays an important role in globalization processes, as “developments in accounting are part of a broader movement towards global ordering by means of standardization” (Ahrne and Brunsson, 2006; Drori and Meyer, 2006). The fall

of communism in 1989 reshuffled the geopolitical tectonic plates, and we are therefore bringing a contribution to the literature on the role of accounting in globalization, by focusing more specifically on the transition to (EU) market in post-communist countries.

### **Accounting profession, gaps and continuity**

Accountants and the accounting profession play a particular role in the accounting reforms in post-communist countries that include Romania, both by the absence of an organized profession in the early stage, and by the role played by academics in bridging knowledge, practices and know-how over transition.

There is a rich literature on the role of the accounting profession in the context of economic development, transition and transmission of practices from western countries to young economies. For example, in Greece, Caramanis (1999, 2002) identifies a local competition between professional elites willing to modernize, respectively to conserve accounting practices.

Other studies identify more subtle influences than the direct forms of colonialism, like for instance education, cultural background and affinities (Annisette, 1999; Cooper and Robson, 2006), with the purpose of expanding power and leadership of accountants from developed countries. The role of ethnicity as well as of rivalry between local groups, or a foreign and a local profession is already explored in the literature (Caramanis, 1999, 2002; Annisette, 2003; Cooper and Robson, 2006). However, in the case of transitional

Romania we have an example of central powers rivalry, and competition for reforming accounting in a transitional country, at the periphery, similar to Yapa et al. (2016) for the case of Cambodia. Indeed, in the early stage of the accounting reform in Romania, no professional accounting elites were formed yet. The role of the accountant as practitioner, and as professional, being minimized in the communist society, with the dismantlement of the accounting profession, yet another indirect struggle took place, between the French and UK accounting expert teams, for reforming accounting in Romania.

By examining the role of expert teams from developed countries in driving accounting reforms for the transition of a country's planned economy to a market economy, as well as by identifying the struggles to step in uncharted accounting territory, we intend to fill a research gap as "much more can be done about the potentially variable roles that accounting plays in special versions of capitalism" (Cooper and Robson, 2006).

Accountants are not representing (only) their own interests, with national agencies from developed countries part of a complex web of relations and alliances within the global governance, although literature has often overlooked the complexity of relations between national and international agencies (Caramanis, 1999, 2002; Cooper and Robson, 2006). Moreover, limited work has considered the way in which accounting reforms are driven and shaped by the competing intervention of experts from developed countries, and how they act locally for gaining leadership in reforms. Our study fills this gap, by focusing on the competition between the French and UK (Scottish) teams of experts for gaining

leadership in the Romanian accounting reform, and how this is part of a broader geopolitical setting. In addressing this question, we add relevant insights to the accounting profession literature, as while authors have presented the rise of the accounting profession as a response to the rise and development of industrial society, some have argued that it is a way to preserve and reproduce privilege. Others have also seen it as an expression of external forces associated with colonialism, domination and globalisation (Yapa et al., 2016). We consider that in our case processes of Europeanization and globalization are relevant to explain the path of accounting reforms in a post-communism context, therefore answering to a call to address differently the professions' and struggles, which are not limited to conflicting or aligned interests, but reflect and resonate with broader social and political processes. In this sense, accounting is represented as a "space of competition and struggle" (Yapa et al., 2016) embedded in the global political arena.

Moreover, the literature does not often address the absence of profession(s) in a country. One notable exception is Yapa et al. (2016), identifying the absence of an organized profession as a relevant explanatory factor for the evolution of accounting in Cambodia. In the case of former colonies, existing literature would suggest three different alternatives: the creation and rise of a state-supported local body; the re-establishment of professional institutions associated with the historical colonial power (France); or the growth of professional bodies directly linked to globalized professional associations (Yapa et al., 2016). The authors link the accounting practices and evolution of accounting



bodies with the birth and development of industrialization. The specific context of China (Zhu et al., 2021) raises different questions related to state-accounting relations, identifying a heteronomous influence of the state on the accounting field, as well as a major role of the state in producing doxa in accounting. The accounting profession proves to be here an extension of the state, which departs from similar studies on western contexts, where professional bodies are built on liberal principles.

Bailey (1975) previously explained the difference in social status between accountants of Eastern Europe and those of the West by the completely opposite ways in which economic activities are integrated at the micro-economic level in the two types of society. The free market implies the existence of specific institutions (financial markets, entrepreneurship), while the planned economy entails the existence of planning agencies and planners. Within this system, accounting is an appropriate mechanism of monitoring the flow of resources, and output of goods, and of exercising financial control over the company (Bailey, 1975). Great differences of professional and social status are observed between the accountant of the Western countries and the accountant of Soviet Union based on an analysis regarding the USSR. The lower status in USSR compared to western countries can be explained by the regression of accounting to book-keeping, and the fact that accounting was mainly reduced to recording procedures during the centrally planned economy (Bailey, 1975). This also applies to the Romanian society of the same period, considering particularly the absence of an organized profession.

In Romania, an organized accounting profession existed before the communist era and was dissolved during communism. Based on the article by Zelinschi (2009), more studies on the emergence and evolution of the accounting profession in Romania have followed (Mutiu and Tiron, 2010; Farcas et al., 2012; Zelinschi, 2012). The facts analysed in these studies are related to the creation in the early 20th century of the Professional Body of Certified Accountants, which was to be dissolved at the beginning of the communist regime, this profession remaining disorganised until 1992, when a new professional body was to be created. The literature does not address the question of absence of the profession in the early stage of the reforms, and we address this gap by looking at the interim leading role of academics during the first stage of the accounting reforms.

Calu (2005: p. 203) already observed that during the communist period, in Romania, despite the closure of the system, there have been some studies carried out by researchers (academics) to study the possibility of changing accounting standards, according to a Western model, but which remained peripheral and often unpublished, given the political context. The author cites an unpublished material, dating from 1984, which referred to the French accounting doctrine to propose the modernization of the accounting system. In the same vein, the study of Bockman and Eyal (2002) shows that relations between Eastern and Western scientists' countries have existed even at the time of the Cold War, and the networks that were thus created (especially among economists) provided a material basis for the spreading of neoliberal ideas after the revolution. In this way,

despite the absence of market practices, a part of the elite was prepared for reform and, after the fall of communism, has acted and gained new positions and power.

Therefore with our paper we contribute to two streams of research: (1) accounting profession, by bringing light on the role of experts and accounting academics in reforming accounting for the market, and (2) accounting regulation and globalization, by showing that accounting reforms in transitional countries are not following a linear process towards an efficient system technically adapted to the market, but they are reflecting (and constitute an arena for) broader struggles in the process of globalization.

## **Methodology**

### **Research context: European accounting harmonization and accounting reforms in Romania**

Accounting harmonization represented one of the means of the economic integration envisaged by the Treaty of Rome of 1957. Three European accounting directives were successively published: the fourth (1978) defining the objectives, the presentation and the contents of the financial statements, the seventh (1978) regarding group accounts and the eighth (1984), about legal audit. These three directives represented until 2005 the basis of accounting harmonization within the EU and they undoubtedly led to a relative alignment of accounting practices.

However, because of the way these EU directives had been conceived, they did not bring a sufficient degree of harmonization and standardisation, in a context where more and more countries and companies (including the former Eastern Bloc, undertaking a massive privatization process) tried to raise funds abroad, and foreign investors arrived on the national markets. A large number of possible options were allowed and during the transposition of the directives the national legislators could choose the option to be set up, therefore each country succeeded in maintaining its accounting tradition. In addition, many controversial topics had been ignored and the only reference point was the true and fair view, which left much freedom for the various national States. The European harmonization process was rather slow and constantly lagging behind the evolutions in the financial and economic fields; consequently, the directives had quickly become obsolete. Moreover, certain divergences existed between them, as they had been elaborated in different economic and political context.

At a global level there was an actual market for accounting standards, where the European directives competed with the increasingly influential International Accounting Standards (IAS) (today IFRS), but also with the US GAAP. Business companies could choose between various accounting frameworks, depending on the intended purpose (Barbu, 2004).

At the end of the 1980s the harmonisation process at the European level virtually stopped, while national standard setters continued their work in an uncoordinated way. In 1990,

the Commission organized a conference on the future of accounting harmonization within the EU where the majority of the participants spoke out against the reduction of the number of allowed options (at a time when the IASC decided to allow only two options). Following this conference, the Commission set up an accounting advisory forum, but this body did not have any notable influence. At that time, the harmonization of the European system started to crumble: the comparability of the accounts worsened because of the separate evolution of the national accounting standards and companies preferred the US GAAP or the IAS, which were frameworks regarded as internationally recognized (Colasse, 2009).

At the end of 1994, the decision of an alliance with the International Accounting Standards Committee (IASC) was taken, as it was the only institution offering a framework accepted by the international markets (apart from the USA standard setter<sup>1</sup>). Eventually, in 2000 the European Commission adopted a new harmonization strategy for the EU, namely the application of the international IASC standards by all listed European groups. Setting up a unified capital market called for a true accounting standardisation, as the previous accounting harmonization, allowing certain variations, was no longer sufficient. A new regulation published in 2002 required that publicly traded companies prepared their group accounts in accordance with the IASC standards starting in 2005.

Romania started the EU accession process in 1999 and became a member in 2007. The following table presents the overlapping reforms after the fall of communism, and the

rebirth of accounting profession in the same period. This visualization explicitly illustrates the pace and focus of reforms in the preparation of the EU accession and links the major stages to the steps taken in the official accession process. It is very important thus to closely scrutinize the background of accounting change in Europe, and more specifically the process of international accounting harmonization.

**Insert Table 1 about here**

It is in this context of EU accession and accounting harmonization that we will map the accounting reforms in Romania, with direct assistance from French and UK missions, plus the specific role of accounting academia in the professionalisation of transitional economies.

**Research methods**

The paper draws on interviews and secondary documentation. The thirteen interviews provided insights on debates over the Romanian accounting reform, which are summarised in Table 2.

**Insert Table 2 about here**

Eight of the interviews (IC), conducted with actors from a variety of backgrounds, provide a general understanding of the context of transitional Romania and they are relevant for understanding the general economic and financial environment after the fall of

communism.

The other five interviews (IA) are directly related to the accounting reform. Two interviews were conducted with actors (one French, one Romanian) involved in the accounting reform, during the period under study. Two other interviews were conducted with UK participants to various international advisory missions in Eastern European countries. One interview was conducted with a participant to the mission in Romania, a French expert accountant, member of the management of the French professional association at the time.

Most of the interviews (with the exception of the last three) were conducted in the period May 2010 - May 2011 in Romania, and in the case of one interview in France. They took between 50 minutes and 1 hour and 40 minutes, with an average of 1 hour and 20 minutes. The three additional interviews were conducted in 2018-2019. Nine interviews were taken in Romanian, two in English, and two in French.

Secondary sources include publications of government agencies, academic and practitioners' reports, as well as on an extensive body of accounting regulation in Romania and Europe. Table 3 provides a list of Romanian accounting regulations from the period under study, used in our analysis.

**Insert Table 3 about here**

Regarding data analysis, two of the authors established themes from the data individually, and then together, as an iterative process. In the findings section, we have chosen to present successively the two phases of the reform (under French influence, and under UK influence), as a way to structure the episodes of our story. Then, the main themes emerging from the analysis of the interviews and secondary data were grouped around two themes that are structuring and driving the discussion of our findings in section 6, namely the role of academics in the accounting reform, and the geopolitics of accounting.

## **Findings**

The purpose of this section is to set out the findings of the study in terms of the accounting reforms in Romania that includes the influence of the French and UK accounting professions and role of academia.

The introduction of accounting principles in the Accounting Act of 1991 in Romania marked the transition to accrual accounting, more adapted to the needs of the market economy. It is the period of constructing financial accounting with a strong French influence, as presented by Richard (1995: p. 317), ‘The French influence in the new chart of accounts that the pro-French camp has managed to have published may be described as overwhelming’.

There is a rather general consensus in the Romanian literature regarding the main stages of accounting reforms, preceding EU accession (Ionaşcu, 2007; Calu et al., 2010). From



1991 to 1998 it is suggested that the regulation relative to the market economy (1993) was inspired by the French model. Then from 1999 to 2005 it is suggested that the harmonization regulations (1999 and 2001) reflected the Ministry of Finance's attempt to reconcile the European Directives with the IAS/IFRS. Finally, after 2005, it is suggested that the compliance regulations (2005 and 2009) saw the adoption of the accounting Directives in view of Romania's accession to the EU on 1<sup>st</sup> January 2007.

We will now look at these stages, to understand how the French influence was replaced by an IFRS orientation, with help from the Know-how fund and UK accountants.

### **The French advisory role in the early stage of accounting reform**

After the fall of the iron curtain, from the year 1990, the fight between capitalism and communism was replaced by the confrontation between the various forms of capitalism, with the offensive of stock exchange capitalism and of the related accounting system (Richard, 1999). At the international level, this means that the Anglo-Saxon accounting philosophy holds an ever-growing importance, embodied by the IAS/IFRS, to the detriment of continental accounting<sup>2</sup>. This phenomenon, which thus emerged more than 25 years ago, has been increasingly visible during the two last decades, i.e. since the 2000s.

For a long time, France has attempted to encourage the export of its accounting model (which is continental), especially to the countries of southern Europe and to the former

French colonies. In the 1990s this type of policy was implemented with the countries from Central and Eastern Europe (CEE) and the communist countries in Asia (China, Vietnam), using models largely inspired by the French accounting standards. Despite considerable efforts, results have been mixed, with many failures and some successes, in particular in small countries such as Romania (Richard, 1999).

For the French profession, the need for accounting reforms in transition countries is clearly regarded as an opportunity. Gilbert Gélard, who was technical and international director of the Supreme Council of the *Ordre des Experts Comptables* (OEC), the French association of professional accountants (1987-1995), asserted that ‘when building a market economy, the role assigned to accounting is different from the one that we know in developed western countries: accounting has the single historical opportunity to be one of the driving forces of development instead of accompanying it’<sup>3</sup>. Moreover, the objectives of the OEC in the CEE countries were clearly stated as being to propose an accounting system inspired by the French system as reference (this would in addition facilitate the installation of French companies and accounting firms); to assist in setting up a training program based on the French accounting philosophy; and to mobilize the French accounting profession towards new markets.

*The Système Comptable d’Entreprise*

In 1990, the French accounting profession and the Ministry of Economy and Finances decided to take action in the field of international accounting cooperation, in order to preserve and defend the continental system, threatened by the growing influence of the Anglo-Saxon practice. An accounting guide adapted to the countries moving towards market economy was to be designed, building on three references: the French *Plan Comptable Général* (PCG) (1982 issue), the European accounting directives and the IASC standards. The purpose was to provide ‘an instrument for training, discussion, analysis and the definition of a new terminology based on a continental accounting framework, in opposition to the Anglo-Saxon practice’<sup>4</sup>.

The outcome of the development process, decided and implemented by the Superior Council of the OEC, was the enterprise accounting system (*Système Comptable d’Entreprise* – SCE), which was the subject of a book published in 1991 (Delesalle et Gélard, 1991). It was intended to be exported to countries in transition to market economy, while adapting the proposed solutions to the specificities of each country. According to its authors, it was not conceived as a model to be replicated as such elsewhere, but rather as a technical document containing a set of rules, mechanisms, and financial statement templates. The ambitions were rather high, as the purpose of the new system was ‘to participate in the development and the evolution of accounting standardisation, as a theoretical and practical tool’<sup>5</sup>.

The SCE was conceived with a clearly visible (and stated) political purpose: to serve as an instrument for promoting the French, and therefore continental accounting philosophy in the countries in transition towards the market economy. Initiated by the OEC, with the assistance of the French advisory body on accounting standardisation (*Conseil National de la Comptabilité* – CNC), where all relevant stakeholders were represented, the project was carried out under the patronage of the Ministry of Economy, Finances and Budget. The timing was perfect, as the first draft was finalised in September 1990 and the final document (Delesalle et Gélard, 1991) was published in January 1991, the year when the cooperation agreement with the CEE countries were signed. As for the positioning of the SCE in relation to ‘competition’, Delesalle clearly stated that the system was designed as ‘an instrument for the continental system, i.e. an instrument against the Anglo-Saxon domination in accounting’<sup>6</sup>.

Beyond the technical aspects that will not be developed here, the SCE has certain interesting features regarding its design as well as its practical adaptation. It contains a glossary where the most important concepts of an accounting system in a context of market economy are detailed, with the goal of facilitating the appropriation of the model by the foreign partners. Certain sensitive topics are discussed, and solutions are recommended, for example the connection between accounting and taxation, the elements of manufacturing costs, and the calculation of the profit or loss etc. The suggested chart of accounts proposed is decimal and is clearly inspired by the French PCG. The SCE also

makes proposals concerning accounting reforms: it seems to favour a partnership approach, focusing on the dialogue between the various stakeholders during the development of a new accounting system, similar to the standardisation process used in France.

Concretely, in 1991, the SCE was the basis for technical exchanges between the OEC and the standard setters from certain CEE countries, as well as for exchanges at international level on the choice of an accounting system (for example in French-speaking Africa). It was also used for the practical training provided by the OEC to more than four hundred Polish, Romanian, Czech and Slovak accounting practitioners, in a program assisted by the French State (the SCE was translated into the languages of the different countries).

#### *The advisory mission to Romania*

Starting with 1990, a cooperation program between the French accounting profession (supported by the State) and the CEE countries was set up. In this context, the OEC and the French association of professional auditors (*Compagnie Nationale des Commissaires aux Comptes* – CNCC) carried out technical assistance missions regarding accounting and professional training in Bulgaria, Hungary, Poland, Czechoslovakia, Romania, Russia and Yugoslavia. In addition, in Poland, Romania and Czechoslovakia, the cooperation agreements provided for the presentation and the promotion of the SCE through training seminars. According to the members of the advisory missions, these were

performed while respecting the following points: not to present models, show availability and contribute to the development of an accounting framework compatible with European practice and of an accounting profession.

The system appeared as a continental accounting model, which was confronted in the CEE countries with alternative offers, in particular of Anglo-Saxon inspiration, coming from various countries. This competition between the two accounting philosophies, as well the increasing threat of the Anglo-Saxon model were clearly perceived by the French accounting professionals and all their actions were aimed at defending their own interests.

In Romania, in 1990 and 1991, namely immediately after the fall of communism, authorities started studying the European accounting directives (it should be recalled that the initial purpose was the integration into the EU) and discussing with experts from France, Germany and the UK about accounting standardisation. Eventually a choice was made, and a cooperation agreement signed on 24<sup>th</sup> July 1991 between the French and Romanian ministries in charge of the economy, the OEC and the CNCC. The French project leader was Eric Delesalle, expert accountant, who was also a professor and co-creator of the SCE with Gilbert Gélard. As was the case for all CEE countries, this convention covered a number of points including assistance with the implementation of an accounting system adapted to market economy conditions; training of local accounting practitioners in the fields of business economics, accounting and management; assistance with organizing the accounting profession and the practice of accounting; bilateral annual

meetings between professional organisations; and organising visits in French accounting firms from foreign professionals, with internships in accounting expertise and legal audit.

In 1991, an accounting law was promulgated in Romania and it was detailed by governmental ordinance in 1992. In 1992 also the authorities created a consultative body for accounting standardisation, whose attributions remained however rather limited, as the government retained the entire power. The following year, in 1993, with the participation of the UE assistance programme for the CEE countries (PHARE), the new accounting system was tested in 75 Romanian companies, with the help of French and Belgian experts. After some adjustments, it became effective starting the 1<sup>st</sup> January 1994. The accounting profession was organised by governmental ordinance in 1994, with the creation of an association (Corpul Expertilor Contabili si Contabililor Autorizati) and the definition of the missions.

The continental characteristics were very visible in the new accounting system (Delesalle, 1994). This included a coherent legal framework and precise terminology, separation between a standardized financial accounting and a mandatory but freely organized management accounting, the ‘*image fidelă*’ objective (literally translated from the French ‘*image fidèle*’, an equivalent of the true and fair view), clearly stated accounting principles (prudence, consistency, going concern etc.), annual establishment of the financial statements comprising a balance sheet, an income statement and the notes, and the existence of a chart of accounts with the explanation of their operation. According to

Delesalle (1994), some reminiscences of the centralized economy period subsisted, such as the prevailing role of the ministry in charge of the economy in the standardisation process, the obligation to calculate a precise profit or loss each month, particular approaches in cost calculation and analysis of equity, and the particularly severe rules regarding the keeping and maintenance of accounting records.

The next stage of the accounting reforms brings in to the arena the technical assistance from UK experts, through programmes financed by the Know-how fund.

### **Twists and turns of the accounting reform: the role of the UK and Know-how fund**

The involvement of the UK in Romania, through the Know-how fund, can be seen as a direct result of UK transformational diplomacy in the aftermath of the cold war (Hamilton, 2013). The British funding was decided in reaction to political developments in Poland in 1988, and it was further extended to other post-communist countries, in order to help these countries to develop and enhance security, as part of the post-cold war policies of Margaret Thatcher's Conservative Government.

However, besides the political aspects of the help, it was mentioned at several moments in drafts, white papers and internal documents of the Know-how fund that helping these countries to reconstruct would enable the UK to gain influence in this area (in direct competition with Germany and France). In a second stage, when the European accession process was clear for most of these countries, it was also meant to help in creating future



partnerships within the EU (Hamilton, 2013). This was to ensure the UK was not outmanoeuvred: ‘...we may well be upstaged by the Germans’ (Ratford, quoted by Hamilton, 2013:14).

However, it is important to note that the Know-how fund was initially very reluctant to extend help in Romania (as well as Bulgaria), because of the difficult political situation in the early years of transition, and because of the instability of reforms. Despite early-developed missions in Poland for instance (November 1989, focusing amongst other domains on the accountancy sector, at both professional and technician levels), the Romanian revolution did not open similar fields of intervention for the Know-how fund, which was very cautious on entering these new unstable territories.

Nevertheless, the Romanian officials openly expressed their need for funding from the UK, since the early days of the transition. For example, Michael Atkinson, British Ambassador in Romania, reported in January 1990 ‘an undercurrent of dissatisfaction filtering back from prominent members of the NFS<sup>7</sup> who feel that the UK is lagging behind some of our European partners, most notably French and Germans, in responding bilaterally to Romania’s immediate practical needs’ (quoted by Hamilton, 2013: 49).

As the much-awaited help was not yet agreed (despite existing small programmes, focusing mainly on medical help), some of the Know-how officials began to echo the demands coming from Romania: ‘Romanians wanted British help if only to

“counterbalance the aggressive French”, and even a small fund would “represent a disproportionate political benefit” (Lewis, January 1991, quoted by Hamilton, 2013: 122).

Starting in 1995, the Know-how fund began to phase down and prepare an exit phase, also in order to redirect British help towards countries in need from Africa and Asia. This was because the political situation in Eastern Europe was no longer of immediate concern (a policy turning towards poorer countries which was finally enacted by the New Labour government, after the 1997 elections). The fund decided to phase-down the help in other EU candidate countries (like Poland and Hungary), who were well developed, and having different needs now. However, it is interesting to note that this was precisely the moment when UK influence became of relevance in the accounting reform in Romania. This is because the Know-how fund decided then that countries like Romania and Bulgaria had finally taken a clear reforming path, aiming to EU accession (see the major EU accession phases in Table 1).

Moreover, the new strategy of the fund was to focus on few but important projects, with the main concern identified in Romania, in addition to problems of poverty and corruption, being the lack of proper frameworks in several areas, including finance. The need for transparency and protecting the population from asset and income misuse and hijacking (Hamilton, 2013) was clearly related to the accounting reform.

Therefore, the accounting reform in Romania moved in this precise period towards an Anglo-Saxon model, with assistance from ICAS (Scotland) (One of the UK's main accounting professional bodies) and funded by the Know-how Fund of the UK. In September 1996 the British government, under its Know-how Fund banner, provided assistance to the Romanian Ministry of Finance, Accounting Legislation Department, to further develop the accounting system (King et al., 2001).

The orientation towards international accounting standards was therefore part of a broader movement of development of transparency in relation to the financial market and the accounting regulations, under the pressure of international bodies such as the World Bank and the International Monetary Fund (IMF) for better governance. Moreover, this is part of the post-cold war transformational diplomacy consisting in assistance through funding and know how to support emerging democracies.

## **Discussion**

As a theoretical contribution we suggest that broader geopolitical processes, and postcolonial influence without an empire, were at play through the accounting reforms, facilitating transition from a planned to market economy as Romania moved from communism to capitalism.

Indeed, we find that accounting reforms were not solely driven by technical arguments,

or interests of the actors directly involved, but they are interconnected with, and reflecting, a broader geopolitical setting.

As a result, there is a role played by accounting academics due to the absence of an organized profession and a periphery view of the geopolitics of accounting regulation.

### **The role of accounting academics: filling the gap in the absence of an organized profession**

The accounting reforms were not just the preserve of foreign accounting bodies. Moreover, as a profession did not exist in the western sense, it was academics who were able to bridge the gap. Indeed, our research further develops this argument on the basis of parallel interviews gathered in Romania and France. For example, one of the interviewees (French expert accountant with high responsibilities in the *Ordre des Experts Comptables*<sup>8</sup> OEC), who was an actor in the initial stage of the accounting reform in Romania, identified two main categories of participants to early presentations and meetings with foreign specialists in Romania, after the fall of communism: the Ministry of Finance and the academics. Throughout the discussion, while trying to grasp the meaning of this observation, we were able to confirm the finding that accounting practitioners were not very present at the beginning of the accounting reforms, and neither was the accounting profession (which is understandable, as it was not organized in the form of an association until 1992).

At the end of 1991, training sessions took place in some of the most important Romanian cities (Bucharest, Cluj, Timisoara and Iasi). As noted by a member of the French team: ‘at that time everything was changing in Romania [...] I was there exactly when there was a legislative effervescence and every day something new appeared’ (IA5). The sessions were welcomed, however the local participants had difficulties in understanding the operation of accounting in a free market context<sup>9</sup>. According to a French expert, there was also a conflict between the old and the new generation: ‘I completely felt like a struggle for influence, a struggle for power, knowledge for power. [...] We clearly perceived this generational shift, this paradigm shift, and with it, we always say the same thing, the one who holds the information holds the power’ (IA5).

The few practitioners that were present had difficulties in understanding the new accounting system, as this meant understanding both the logic of the free market and accounting techniques. An oral history anecdote expresses this great abyss from which the accountants were coming out: after the explanation of the depreciation system, a very old accountant had exclaimed: ‘Yes, I know what this is! I finally understand! I have seen this before the war<sup>10</sup>!’ (IA1). Often very old, these practitioners could not represent the link that would renew the connection with the free market practices and the suitable accounting techniques. This supports Bailey’s statement on “neutralization of accounting” during communism (Bailey, 1995), where accounting was used as an instrument of control, being incorporated to the centralized planification system.

Accountants were little familiar to the accounting techniques and mechanisms of the market, while academics could take more easily a leading role in the very early stage of accounting reform, based on their knowledge capital.

The academic leadership in the early stage of reforms corroborates with the thesis of cultural French affinities, and the access to a French type of accounting before the fall of communism. As stated by one of the interviewees, visiting missions allowed to some academics in North Africa enabled a direct contact and enhanced familiarity with the French accounting, which was used in these post-colonial settings (IA2).

Therefore, accounting academics (coming mainly from public universities) ensured the connection with the international experts of free market economies and also with the past; they ensured the transmission of the new accounting logic, at least during the early years of reform. This important role played by academics in the modelling and in the transmission of practices, while the profession was not yet organized, has not been often mentioned in the literature, and represents one of the contributions of this paper. Of course, historical studies on the relation between profession and education acknowledges the important role played by education and academics during the process of professionalization. It has also analysed the mutual influences between praxis and academia (Anisette and Kirkham, 2007; Njokua et al., 2010), but the connecting role played by academics in the absence of a developed professional community has not yet been studied in accounting research.

### **Geopolitics of accounting regulation: through the lenses of periphery**

As we were able to see in section 5, the accounting reforms in Romania follow surprising turns between a French inspired model, international standards, and European regulations. There are various ways to explain these twists and turns: cultural affinities, economic interests and the drivers of the EU accession process.

After the fall of communism, a number of French experts were particularly active in the international support (Eric Delasalle, Gilbert Gélard and Louis Klee). They were important players of the first accounting reform in Romania. Their assistance was accompanied by injection of public funds, justified by the strategic interest of France to increase its influence in a traditionally francophone and francophile country.

One explanation for the initial selection of French models of the accounting reform in Romania is based on socio-cultural factors. A second explanation is based on the mutual interest of a Romanian accounting elite with French education and affinities and of France as a strategic investor in the region, to build a system and an accounting logic in their own image. A third more neutral explanation is relative to the context of European integration and correlates the French-style reform with the Fourth European Directive (King et al., 2001).

The last reason concerning European integration is highly sustained by our data. For instance, the interview with the French expert points three main routes of reform

(Conservative, pro-Anglo-Saxon, and pro-French), based on collaborations established between Romanian professors and French experts, but also based on the orientation, which was clearer to the French experts (and less to local ones), on a future possible integration of Romania in the EU, thus involving already the need for accounting harmonization with the European directives (IA1). This represents a step further compared to the French system, a step that foreign experts were willing to take, but which sometimes gave rise to protests from local teams: ‘-But are the French doing this too? - ...No...- Well, then neither will we!’(IA1).

The expert further observes (quoting also Feleagă, a Romanian academic and influential accounting professor) that it was more a power struggle between three parties - Conservative, pro-Anglo-Saxon and pro-French -, reflected in terms of influence on the design of the new accounting system. These different explanations appear also in the debate between Feleagă, who favours the technical arguments<sup>11</sup>, and Richard (1995), who insists on the political and cultural aspects. For Feleagă (1992), the features of the 1991 Romanian accounting framework could be explained by the need to simultaneously obtain micro and macroeconomic data for a wide range of users and to implement a system well adapted to the characteristics of the local economy (predominance of small and medium sized companies, market and State-based financing). Richard (1995) emphasizes the conflict between the three parties already mentioned, stating that eventually the pro-French camp won this struggle for power. In addition, the preference



for the French model could be explained by economic and cultural reasons. In the 1990s, French investments were very important in Romania and, at least during that period, the French culture appeared to be particularly influential. Later, Feleagă and Feleagă (2016) attempted to synthesise all arguments through tradition, cultural relations, scientific and economic exchanges and need to comply with the EU directives.

However, this choice of the Romanian authorities, i.e. the implementation of an accounting framework largely inspired by the French, remains difficult to fully understand (Roberts, 2001).

In one of the interviews, a member of the French mission in Romania clearly drew a parallel with the case of the French former colonies: ‘I had already gone to Africa with a cooperation mission and I had implemented the OCAM plan<sup>12</sup>. The SCE was exactly the same thing as the OCAM plan, as the French PCG’ (IA5). However, the approach was different: ‘In Africa it was easier, because we brought things along, we put them in place, we contributed to the evolution, but we weren't replacing a completely different system. We went in the right direction and we made things change. It was more of pure cooperation, whereas in Romania, in Bucharest, you had to put a cross on the past to build something else. There was this rupture that there hadn't been in Africa’ (IA5).

The French episode is often discussed from a cultural point of view, as a smoother and more easily accepted transition from an accounting adapted to central planning, to an accounting for the free market (Feleagă, 1992; Richard, 1995; Feleagă and Feleagă,

2016). The replacement with an IFRS oriented system is often understood, especially in the local literature, as a turn to a more adapted system (technically designed for the market), in line with evolutions at the international level, having of course its costs (Ionaşcu et al., 2006, 2007). Moreover, some of the literature identifies a paradox in Romania, being more open to a prompt adoption of IFRS (including the newest projects), than France for instance, which resisted explicitly and vigorously to their implementation (Ionaşcu, 2007; Albu et al., 2011).

However, the process and choices are similar with what happened in other ‘singular’ post-colonial contexts, like Cambodia (Yapa et al., 2016), where the French influence was just a temporary episode in the alignment with international standards, promoted by international professional bodies. By comparing the two cases, we argue that this is linked to the need to bridge between planned economy and market, based in our case on cultural affinities and familiarity of the French system for Romanian academics involved in the early stage of reforms. However, the broader processes (transformation diplomacy as instrument of globalization, international accounting harmonization in Europe and Romania’s EU accession) drive the final direction of accounting reforms and set their pace.

Ionaşcu et al. (2006) consider that the regulations adopted in Romania in 1999 (Order No. 403/1999) mark the reorientation of the Romanian accounting to international accounting standards, as the IASB conceptual framework was integrated into the regulations.

The conclusion of Ionaşcu et al. (2006) is that the decision to harmonize the Romanian accounting with IAS / IFRS was not part of the strategy for accession to the EU (nor was it opposed to it), but it rather represented an adaptation to the accession strategy of a process of harmonization started under the pressure of international finance organizations, and under the counsel of the Know-how fund. Therefore, a game of influence and power took place locally, involving national experts from developed countries as global players.

The Know-how fund was previously involved in the architecture of the accounting reform in Poland, an experience that developed in connection with the evolution of financial markets. Considering the role of academics in the accounting reform of transition countries, the experience of other countries is also illustrative, in this case through the Know-how fund in Poland: ‘In Poland there have been various programmes sponsored by the British Know-How Fund and exchanges between Polish academics and Western universities’ (Baruga and Bailey, quoted by King et al., 2001: p. 71).

The fact that the Know-how fund waited longer before stepping in to support Romanian reforms was mainly a question of funds available (IA4), and a balance between diplomatic ambitions and public and parliamentary expectations (Hamilton, 2013). Also, other national and supra-national organisations were entering specific areas of the reforms (like USAID for the democracy and free market project), with higher funds, and a higher impact.

Standardization is seen in the literature as a means of building global order. Djelic and Sahlin-Andersson (2006) studied the shift in governance from a professional logic to a market logic. Our story sustains the case of a different, more dramatic shift, from plan to market logic, engaging actors from developed countries which are already involved in the transnational regulation games. 'Tensions between conflicting interests, perceptions and strategies were often dealt with at a more subtle level and appeared as hidden sub-text of official rhetorics' (Djelic and Sahlin-Andersson, 2006). In our case, official rhetoric included diplomacy and politics in the context of EU accession/enlargement.

Moreover, the Romanian State was re-placed on the map (in the geopolitical sense) in the European market context. Therefore, the accounting field provided the needed management, business and governance mechanisms adapted to the new market, and needed to operate the transition, in line with the EU market logic, and adjusting the pace of change to European accounting reforms.

Experts advising also based on their own agenda, which was changing in the context of the conflicts between transnational and national regulation. This episode shows how these struggles are evident not only at the centre, but also reflected by the periphery, and can become a political resource for the actors engaged.

In addition, the tools and technologies used in reforming are marked by the geopolitical lenses of the developed countries. France and UK are therefore promoting their national programmes, but they are both part of a broader movement of globalization (transnational

regulations with IFRS). The speed is different, and forces are sometimes converging, sometimes opposing. France follows its own economic and political agenda: the models used are post-colonial, importing the same system that they recommend in Africa for their former colonies (for reasons of simplicity of application). UK follows the agenda of transformational diplomacy, following US. However, the Victorian UK already included behaviour of what Gallagher and Robinson (1953) called ‘informal empire’ in former colonies. Therefore, the pattern is not new.

The output of the accounting reform was finally the adoption of the EU directives (as part of the accession process). Also, a European movement towards IFRS (despite debates and resistance of several national models), characterized the accounting regulation arena in the same period. This episode of ‘confrontation’ in the field of accounting is therefore part of the Europeanization, and globalization processes, accelerated after the fall of communism.

## **Conclusions**

Providing a proper framework for business governance, by reforming regulation and management practices (including accounting) has been a major challenge for transitional economies after the fall of communism. The need to improve governance through the quality of financial reporting in these countries and the orientation towards a new age of financial disclosure are mentioned in many expert reports of foreign or international

organizations (the World Bank, the European Bank of Reconstruction and Development, the Organization for Economic Co-operation and Development, USAID and the Know-how Fund). Accounting becomes in this context a factor of stability, and a major stake for these young democracies in the geopolitical arena.

Our paper provides a mapping of accounting reforms in a transition to market context. We give therefore a detailed account of how competing experts from developed countries were stepping in uncharted accounting territories, as part of a broader globalization process. The replacement of an accounting reform parented by French experts, with a new accounting reform under a clear Anglo-Saxon influence shows that the choice of reforms in accounting is not determined solely by the search for efficient technical solutions, but is most often driven by several types of actors and struggles: local experts looking for legitimacy on the basis of cultural background and affinities; experts and consultants from developed countries looking to expand their influence, and hence, gaining an economic, cultural and social capital; and last but not least, direct influence from national and international aid and reconstruction agencies, as part of a more complex game of geopolitics (in this case, transformational diplomacy in a post-cold war context).

Therefore, this paper brings a contribution to two inter-connected streams of research: (1) a geopolitical reading of the role of developed countries in transmitting and transforming accounting at the periphery (Annisette, 1999; Mennicken, 2010); and (2) professional

accounting literature, in a transnational context (Annisette, 2000; Arnold, 2005; Bakre, 2005; Caramanis, 2002).

Yapa et al. (2016) found that accounting provides the needed structure and tools to support economic development. In our case, focused on the context of transition to market economy in post-communist European countries including the unique phenomenon of European integration, we found that the various possible directions of development (international, European, local) and the concomitant international processes (transformation diplomacy in western countries, accounting harmonization in Europe, etc) are shaping the local choices and pace of reforms.

Moreover, our paper is answering to a call for more studies on accounting and territorialisation (Mennicken and Miller, 2012), by directly addressing the impact of transformational diplomacy in post-communist accounting reforms.

We find that the twists and turns of accounting reforms in Romania are echoing (with surprising delays or accelerations) the broader processes in the international regulatory field. This finding is in line with Djelic and Sahlin-Andersson (2006), who show that the dynamic development of the regulatory field implies that the form and content of financial reporting standards have gone through numerous re-negotiations and revisions, in a still ongoing process. This process was studied at the 'centre', however studying at the periphery (with transitional and emerging economies) can shed more light on the global accounting regulatory process.

Also, we bring a contribution to the literature on professions, by revealing the role of academics in the early stages of the reform, when there was no established accounting profession. This is in line with Ashraf et al. (2020: 262), pointing out that in emerging economies ‘universities are perceived as a cog in the machinery of economic development, to create a professional workforce for businesses and government organisations’, where applied research is perceived as useful, providing academics with ‘credibility to act as paid consultants and advisers, rather than conducting research.’

However, one main limitation of the paper is the lack of detailed information on the ICAS mission, as well as the fact that no interviews were taken with members of the UK team directly involved in the Romanian accounting reform. However, the authors have dealt with this limitation by relying on literature and secondary data, mainly from reports of the Know-how fund that clearly reflected the political aspects of funding reforms in the later stage of transition in Romania. Moreover, we have added two interviews with members of UK advisory missions (ICAEW) in other Eastern European countries.

Further research should focus on different forms and paces of accounting reforms in other transitional economies, as well as on the struggles and strategies deployed by actors involved, to bring more light on the role of diplomacy, national agencies and supranational organizations in constructing, maintaining and transforming accounting regimes (Jones and Dugdale, 2001).



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<sup>1</sup> Previously, European attempts to obtain mutual recognition of the accounting standards with the US had failed. The US had shown little interest, as the US GAAP were de facto already recognized in Europe, but this was not the case in the USA for the European directives.

<sup>2</sup> This notion, generally well accepted, is sometimes challenged (Walton, 1993), but the existence of a common historical basis is obvious: the widespread dissemination of the Napoleonic commerce code across continental Europe during the 19th century.

<sup>3</sup> *Revue Française de Comptabilité*, no. 233, avril 1992, p. 52.

<sup>4</sup> Le SCE, un an après, *Revue Française de Comptabilité*, no. 233, avril 1992, E. Delesalle, p. 24.

<sup>5</sup> Exporter la comptabilité. Le système comptable d'entreprise, *Revue Française de Comptabilité*, no. 223, mai 1991, E. Delesalle and G. Gélard, p. 75.

<sup>6</sup> *Revue Française de Comptabilité*, no. 233, avril 1992, p. 61.

<sup>7</sup> National Front of Salvation: main political party after the fall of communism, considered to have a strong communist heritage.

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<sup>8</sup> The French *expert comptable*, as the Romanian *expert contabil*, do not have any equivalent in English. Thus, following (Bocqueraz, 2001), it was translated here as *expert accountant*.

<sup>9</sup> Revue Française de Comptabilite, no. 233, avril 1992.

<sup>10</sup> In reference to WWII.

<sup>11</sup> Revue Française de Comptabilite, no. 233, avril 1992.

<sup>12</sup> The interviewee refers to the attempts to set up a unified French-inspired accounting system in several African countries, first within the OCAM (*Organisation Commune Africaine et Malgache*), an organisation of French-speaking African countries, created in 1965 and dissolved in 1985.