

ANALYTICAL APPROACH TO ACCOUNTING PROGRESS - A FUNDAMENTAL PREMISE FOR NEW ACCOUNTING GUIDELINES

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Abstract

The relationship between accounting and progress has always been a topic of interest for accounting historians. The way in which progress has been made within accounting has been analyzed, respectively, the role that innovation has played in the evolution of accounting. Thus, in this paper, we aim to explore what could be understood by using the notion of "progress" in historical accounting research, by describing accounting as "progressive" and the impact that the evolution of accounting has had on society. In the context of the permanent changes in the emerging business environment, studies in the field of accounting science highlight major changes in it, by developing new guidelines in the evolution of accounting such as integrated thinking, globalization and digitalization, complemented by business resilience and business ethics. aspects generated by the current economic context caused by the new pandemic

Key words: *accounting progress, evolution, integrated thinking, globalization, digitization, new accounting guidelines*

JEL Classification: *M40, M41*

I.INTRODUCTION

Progress is a problematic concept, from the perspective of accounting as a social science, which involves both change and improvement and the formulation of value judgments. For accounting, this improvement has become increasingly difficult to achieve as it moves from technology to social phenomenon. Accounting historians of the mid-1980s have characterized their predecessors as relying heavily on a progressive accounting perspective and accounting change as evolutionary. This perspective on the history of accounting is provided by A. C. Littleton, in his pioneering work "Accounting Evolution to 1900," which described accounting as "relative and progressive" and "the phenomena that make up its subject matter are constantly changing." Older methods become less effective under modified conditions; previous ideas become irrelevant to new problems. Thus, the surrounding conditions generate fresh ideas and stimulate the ingenious to devise new methods. Such ideas and methods are proving to be successful in turn and are beginning to change the conditions around them. The result is what we call "progress." (Littleton, 1933, p.361, quoted by Napier, 2001). In Littleton's view, the term "progress" refers to the ability of accounting to solve current and emerging business planning and control issues by increasing professional audits and developing management accounting. Accounting has its origins in known circumstances, in response to social needs, evolving in harmony with them. The historiography of accounting is considered a dynamic one: accounting "came from definite causes and moves towards a definite destiny" (Littleton, 1933, p.362, quoted by Napier, 2001). This statement supports the view that the history of accounting embodies a "teleology", ie this science pursues a final goal, a certain result. Teleology (Greek *τελεολογία*, composed of *τέλος*, telos - purpose and *λόγος*, lógos - teaching) is a theory, a study or a discourse that considers the finality of things and beings in nature. The term "teleology" was first used by the German philosopher Christian Wolff in order to make sense of human existence. The development of a teleological trajectory in the history of accounting provided a basis for understanding the change in accounting practice (Hopwood, 1987).

One of the meanings given to the concept of "progress" according to MDA (Small Academic Dictionary, 2010) is "favorable change due to which an expected result is reached or a certain goal is achieved". This definition brings the two central aspects of progress: first, it is a dynamic concept: the first condition for progress is the existence of change; secondly, progress can be seen as a process of improvement, more or less continuous, towards a certain goal. Moreover, progress is defined as "improvement over time, especially the gradual perfection of humanity" (Robert Solomon, 1995, quoted by Napier, 2001). Kant's view that the history of mankind is a movement toward an ideal state was developed by Hegel, who explained progress through conflict between and within political ideas and systems. Following their internal contradictions, they fall apart and will be replaced by higher forms through a dialectical process.

Belief in progress has been a symbol of optimism about the present and the future (Napier, 2001). Bowler

notes that the approach to evolution has appeared not only in historical writings but also in a wide range of contexts, and suggests that this evolution provided "a general progressive scheme designed to create order out of chaos" (Bowler, 1989, p. 5).

II.EVOLUTION AND PROGRESS IN BECOMING ACCOUNTING

In our approach, we will seek to understand the coordinates of scientific progress in the evolution of accounting towards the new accounting guidelines. We also find the meanings in philosophy. Acceptance of a scientific theory or research program is related to its ability to solve scientific problems. Progress can only take place if the succession of scientific theories in any field shows an increase in the effectiveness of problem solving (Laudan, 1977). In other words, by comparing two theories, one of which solves more problems and is more difficult than the other, then that theory can be considered better. This emphasis on problem solving provides a way to conceptualize progress in accounting theory. (Littleton, 1933, quoted by Napier, 2001). Kuhn (2008) has a notable view, suggesting that later theories cannot be evaluated or compared with previous theories. One argument would be that some of the problems of previous theories simply no longer exist as problems in later theories, that is, they are conceptually inexpressible in terms of these theories.

Progress can be interpreted in different "forms." Graham (1997) identifies three versions of progress by relating to the point of view of an "impartial observer" to a past event in two moments: now and at any time in the past. It is about conceptualizing progress, by appealing to value judgments at the level of individual preferences. This conceptualization, by locating judgments at the level of individual preferences, are attempts to circumvent the objection that progress is a valuable concept.

Table no. 1 Forms of progress

Uniform progress	Evolutionary progress	Revolutionary progress
The observer's perception is of continuous improvement, that is, a present observer believes that, for any moment in the past, there is a later moment when he would prefer to live and, in addition, the observer would have had this judgment at any past moment.	In a pattern of evolution, the observer believes that recent history shows a uniform improvement, but in the past there have been episodes in which things have improved, followed by periods in which they have worsened. However, in each successive cycle, the best position is an improvement over what was best in the previous cycle, and the weakest position is also better than the worst in the previous cycle.	Instead of cycles of growth and decline we have long periods of stagnation followed by rapid improvement to a new plateau.

Source: own projection after Graham, 1997

Graham expresses a personal preference for evolutionary progress, which he considers "the most plausible form of progressivism" (Graham, 1997, pp. 63-6). These forms of progress of Graham directly raise the issue of the connection between the concepts of progress and evolution. Seen from a simple perspective, evolution can signal a process of gradual and continuous change, in contrast to the revolution. For example, a change in the economic environment can cause new problems for which a number of possible solutions appear. The solution that becomes predominant following a process of "natural selection" and "survival" will be considered the best.

The concept of evolution has had, over time, multiple interpretations: from a teleological perspective - evolution pursues a final goal, a certain goal to be achieved, to a progressive perspective - evolution is a force for unlimited progress (Napier, 2001). Both approaches lead to the conclusion that history has been written in the narrative framework of progress, demonstrating how problems are solved, challenges overcome and things improved.

The impact of accounting on the improvement of society was first materialized through rational calculation, ie "ways in which certain forms of calculation help to rationalize the conduct of life in the sphere of enterprises but also in general" (Miller and Napier, 1993). According to traditional accounting historians, accounting was seen as having an indisputable potential for improving technique: "Changes in accounting systems are seen as progressive and reforms in accounting practices are based on the notion of teleological trajectory. Changes in practice are seen as manifestations of functional progress and system improvements"(Broadbent and Guthrie, 1992, p. 10). Progress within accounting occurs whenever an accounting law, audit regulation or new standard is proposed or revised. From this perspective, the concern for progress in accounting, ie for the change for the better, is manifested by both accountants and regulators. Also, progress within accounting is when researchers and professional accountants develop technical innovations that are improvements to current practices. For other researchers, progress in accounting is the ability to solve more and

more difficult problems (Laudan, 1977, quoted by Napier, 2001) and accounting records in line with the canons of objectivity and realism (Chambers, 1966).

Another element of progress in accounting is represented by technological progress or the pace of innovation, but these technological changes in accounting have led to the partial obsolescence of accounting methods developed in the manual era, they need to be chiseled in the computer age. This type of change, which affects the "core of the problem", needs a solution that we find in accounting. On the other hand, we embrace the view that "change does not, of course, necessarily mean progress" (Edwards, 1988). Progress in accounting is identified with the ability to solve problems, and the solution is defined in terms of obtaining "answers" or at least a "consensus" (Nobes, 1991). This situation is in line with Graham's (1997) model of "progress", more precisely with the "evolutionary progress" model which implies the major belief that, despite the possibility of setbacks in the past on the road to the present, the observer considers that the current state of things is preferable to the past. The "new" accounting historians that emerged in the mid-1980s characterized their predecessors as relying heavily on a progressive perspective on accounting and accounting change as evolutionary (Napier, 2001). One proponent of "evolution" as a system of thinking about the history of accounting was the American Accounting Association, which noted a direct link between the evolution of accounting thinking, practices, and bodies, and the evolution of the economic, social, and political environment. called the "modernization theory." (American Accounting Association, 1970). In support of this approach, Funnell (1998) argues that the history of accounting is not just a simple story of progressive improvement in response to the emerging needs of society.

A constant concern of the "new accounting historians" has been to stimulate research in order to establish the current state of knowledge and directions of historical research. The tendency of historians up to that time has been to present the history of accounting from a technical point of view, detached from the social, economic and institutional context, creating, at least apparently, the idea of an autonomous development of accounting, which does not affect accounting techniques. The use of evolutionary or progressive notions of change has been made with efforts to provide alternative, teleological perspectives (Hoopwood, 1987).

The essential feature of the new accounting history, initiated by Hopwood and developed by many other historians, is that of sociological history concerned with theorizing and generalizing, rather than particularizing. At the same time, the social scientific canons of research generate a tendency to make value judgments, with a significant influence on the form of argument. New accounting historians, while documenting the expansion of accounting through the emergence of related disciplines in new contexts and fields, have felt the need to make value judgments about society and the role of accounting in society during the study period. Presenting a point of view on the development of accounting, Tomkins, 1978, quoted by Napier, 2001, considers that accounting developments arose primarily in response to economic issues, social and political pressures, and then to act as a future development. Despite the criticism of the period, the long-term accounting is perceived as encouraging. From Berkofer's perspective, 1995, progress as a way of interpreting and placing in history, is seen both as a methodology and as a moral perspective.

III. NEW ACCOUNTING GUIDELINES

In the context of permanent changes in the emerging business environment, studies in the field of accounting science highlight major changes in it, by developing new guidelines in the evolution of accounting such as integrated thinking, globalization and digitalization.

According to the 2030 Agenda, sustainable development involves promoting the idea of a balance between economic progress and social progress, without neglecting the natural balance of the planet. A new set of values is brought to the fore that will guide the future model of progress, values that aim especially at man and his present and future needs, the natural environment - its protection and conservation. The current challenges of sustainability and the strategic importance of reporting (Higgins et al., 2015) have created the main arguments for promoting by the International Integrated Reporting Council (IIRC, 2010) integrated thinking, which allows a better understanding of the factors that significantly affects an organization's ability to create value. Integrated thinking is not, however, exclusively a concept for senior management, it involves changes at the organizational level, being considered one of the new paradigms of accounting.

Integrated thinking is the new perspective of corporate-integrated reporting, which seeks to recognize, evaluate and present social and environmental information along with financial information. Integrated reporting is not just an "evolution of corporate reporting, with a focus on conciseness, strategic relevance and future direction" is a tool that can lead to "behavioral changes and improved performance across the organization" (IIRC, 2019). The International Council for Integrated Reporting promotes integrated thinking, which allows for a "better understanding of the factors that significantly affect an organization's ability to create value." In this regard, the International Integrated Reporting Council has defined six different types of capital that represent inventories that can be increased, decreased or transformed through the activities and results of organizations: financial capital, manufactured capital, most frequently reported by organizations, capital intellectual, social and relationship, human and natural capital. Organizations will rely on and use multiple types of capital to create

value for themselves and other parties. Financial results are no longer enough to provide an overview of a business. In order to provide an overview of the activity of an entity, the reports will need to include both the traditional financial part and the non-financial part to provide information on sustainable development, the impact of the activity on the environment, social responsibility. Integrated reporting is based on integrated thinking, which leads organizations to have a more comprehensive and compelling, manageable approach to creating value in the short, medium and long term, on several levels. Compared to the traditional financial reporting, based only on financial data, known in the international language as the "bottom line", the integrated financial reporting also considers two components: society and the environment, hence the name "triple bottom line". In other words, companies' business objectives are inseparable from the company and the environment in which they operate, and failure to take into account the impact on these two components would lead to the unsustainability of companies' activities. Based on this consideration, the concept of corporate social responsibility or corporate sustainability was born.

Integrated thinking changes corporate behavior because the concern of financial capital providers and other stakeholders is for an organization's ability to think integrated and at the same time its ability to successfully execute an integrated report, which is the written result of the whole process. Thus, we can consider integrated thinking as the main argument for integrated reporting. At the entity level, integrated reporting is the solution to the growing demands of investors seeking to gain a strategic understanding of the company's vision, by gathering financial and non-financial information and combining internal and external reporting, which leads to greater efficiency, transparency and consistency. (Cozma Ighian D., 2015).

Given the complexity of sustainability issues, another type of research has been developed, the transdisciplinary one. Transdisciplinary research is specific to areas of research that address issues that cross the boundaries of two or more disciplines, aiming for a holistic approach. It also involves concepts or methods that were originally developed by one discipline but are now widely used by other scientific disciplines. With regard to the accounting approach, cross-disciplinary research recognizes the need for a new accounting model designed to lead to advanced decision-making and accountability to create a bridge between the entity and stakeholders (customers, suppliers, government agencies, employees and other groups). , thus generating a new direction of accounting: accounting for sustainability. The major concern of this new orientation is the integration of social and environmental factors in traditional financial reporting and performance measurement and is increasingly present in both scientific research and business policies of entities. This new direction of accounting is a way to integrate the functions of the corporation: finance, marketing, research and development, in a strategic manner.

Globalization is a new stage of civilization, which defines the internationalization of the economy, the merging of markets, the concentration of capital, the creation of general conditions and the legal basis for economic activities and changes in societies, being practically a certainty today. The globalization of economic and financial markets, the economic evolution of the last years have generated the development of accounting systems, based on high-performance accounting standards and good practices in different countries. The business environment is increasingly benefiting from the effect of economies of scale, businesses being designed on a large scale, by creating transnational companies. In this context, international standardization, the concern for the production and provision of relevant accounting information and the inclination of the accounting profession towards managerial accounting are becoming more and more necessary. For these reasons, it is essential to harmonize accounting regulations through extensive international cooperation. Countries and jurisdictions around the world require that entities' financial statements be prepared in accordance with International Financial Reporting Standards (IFRS). The needs of international customers must be met in a context where affiliates may apply different sets of accounting rules. Although the use of IFRS is not mandatory in all countries, in an increasingly globalized economy, many accounting firms must be able to meet the needs of their clients who operate and beyond the borders of the state in which they reside.

In the current context, in which we are witnessing a rapid progress of information systems, there is a need for a new approach to computerized accounting, which can have a positive impact on the business environment. Digitization is "the reality in which the modern professional accountant is trained, perfected and carries out his daily activity. It is an environment in which understanding the opportunities of new technologies ensures that obstacles are overcome and risks are prevented" (<http://bit.ly/2MTszyJ>). Modern information systems that are constantly evolving have taken over many of the activities of professional accountants, largely reforming the accounting profession.

Cloud services, smart systems and Big Data have quickly entered the field of accounting. The importance of technological progress was very well captured in a study by the Association of Chartered Certified Accountants (ACCA) in collaboration with the Institute of Management Accountants (IMA) in 2014: "First and foremost, they play a key role in wealth creation. In improving the quality of life, they have an impact on economic growth and can even transform societies. Second, guaranteed revenue streams are declining, and companies are forced to innovate and experiment continuously, which of course poses risks. Finally, technology is evolving very fast, and the strategies of consumers and companies need to keep up." In situations of economic and financial crisis, as it was a few years ago and as it is felt during this period, technologies such as cloud

computing and business intelligence are becoming increasingly important in order to gain benefits at the expense of implementing expensive and complex on-site systems (Pugna and Boldeanu, 2013). The digital revolution, in addition to changing the way we work so far, is also an opportunity because it opens new horizons for professionals who will be able to capitalize on their knowledge to provide new customer service (Paraschiv-Pop, 2019). Perception study Digitization in industrial companies in Romania, conducted by Cult Market Research commissioned by the Industrial Academy, shows that 74% of companies perceive digitalization, represented by new technologies - robotics, cloud services, smart systems and Big Data as the main factor that would generate an increase in the efficiency of the activity carried out. According to the same study, digitalization produces a reorganization of processes (according to the perception of 49% of respondents), an improvement of working conditions (25%) and a mechanization of activity (15%). In this sense, the accounting services market will be increasingly concerned with technology and software / SaaS based solutions by automating the processing of primary documents, the reasoning of the professional accountant will intervene mainly to analyze and improve the entire accounting process (Ene, 2019).

A systematization of the many challenges posed by the new accounting guidelines according to Stoiljan (2016) is as follows:

- real-time information for decision making;
- adding "added value" to the accounting data by extending the role of the professional accountant; he is more than just a "data holder", he is a business consultant, who analyzes the financial situation and performance of the entity, provides recommendations and solutions relevant to the business strategy of the entity;
- auditing the entire set of financial and non-financial data;
- highlighting in the accounting reports the relevant information for users;
- preventing blockages and reducing the risks posed by digital crime (cybersecurity);
- the progress of accounting science and the development of accounting standards;
- cultivating the integrity and ethics of the accounting profession, generating confidence in the reality of the data reported by companies.

The current economic context caused by the new pandemic has created the premises for accounting guidelines such as strengthening the resilience of the business environment to future shocks or disasters, risk management and the development of "business ethics". Resilience means having organizational discipline and the agility to develop and continually improve the company's plans and capabilities. Although the focus has quickly become response and recovery, there must continue to be a strong focus on prevention to reduce the likelihood of disruptions and reduce their potential impact. The development of "business ethics" is one of the challenges of thinking about business in the future. It is imperative that there is an organizational culture in all companies that always encourages the observance of a unitary set of moral values and ethical behavior, which can only be achieved through the joint effort of all actors in the business environment.

IV. CONCLUSIONS

In conclusion, it is legitimate for accounting historians to relate events in terms of progress, as long as they recognize that what is progress for some may be involution for others and what seems progressive at some point may no longer be interpreted as such. retrospectively. Therefore, we consider that the history of accounting is worth examining because it indicates, on the one hand, the extent to which it has been learned from the "stories" of the past, considered "success" or "gallant failure" (Carnegie and Napier, 1996). part, the extent to which the rhetoric of progress has highlighted the evolution of accounting both internationally and nationally, as well as at the level of organizations, through a teleological approach. The new trends in accounting, generated by the evolution of IT, by the constantly changing economic reality, by the phenomena of globalization and internationalization of business are reflected in the new dimensions of the accounting profession. Therefore, in order to meet the requirements of society, it is necessary for professional accountants to acquire the necessary skills to be able to make extensive use of new information technologies, to constantly adapt to the reconfiguration of business models according to the current economic and social context. In the context of current technological advances, changes in the emerging business environment, the approach of the accounting profession must be proactive, so that professional accountants can reposition themselves, reinvent themselves to continue to provide beneficiaries with relevant, transparent and credible information regardless of the challenges. current or future.

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