

ACTUAL PROBLEMS AND GOOD PRACTICES IN ACCOUNTANCY TEACHING TO STUDENTS IN ALBANIA

[Alketa Pasholli \(Zheku\), PhD](#)

**Head of Finance and Accounting - Department
Faculty of Economy "Fan S. Noli" University, Korce,
Republic of Albania
Tel/Fax: ++355 82 242230, mobile: 00355692173122**

Abstract: The profession of accountancy in Albania on the road to the euro, represents a challenge to be faced. The 21st century requires the field of accounting profession to have a more qualitative education, improved programs of professional preparation in order to bring up an accounting professional capable to meet the growing requirements and prevent undesirable situations. The qualitative preparation of the accounting professionals starts at school, from the professional high school to university (finance and accounting departments) and continues even further with different qualifications near professional organizations and institutions.

The purpose of this paper is to present the achievements in the field of education and training of the accounting professional, existing problems and recommendations on potential improvements needed. This analysis is particularly focused on the shortcomings of the development of the accounting education starting from the curriculum deficiencies of the Economic Faculty or other economic oriented faculties in public or private universities, educational programs of the accounting professional organizations and institutions, ect. This paper tries to answer the following questions: How effective are our undergraduate programs in combining theoretical and practical elements and what are the potential improvements needed? What are some of the best-experiences in the other well-known accounting schools in the preparation of the qualitative accounting professionals and what are the necessary improvements? Finally, recommendations will help in determining potential approaches in order to improve the accounting profession education system and increasing its.

Key words: Accounting profession, education of accounting, standards

JEL: M 41

1. Introduction

Recent developments, including also the global crisis of 2008 onwards which involved almost all countries of the world, are following with reviews in the accounting field, its standards and rules in improving the accounting information quality, increasing the accountant role in preventing bad situations, with improvements in their qualitative education and preparation, etc.

The goal of this paper is not to analyze changes in accounting rules, but to bring in the work done until now in educating and preparing the accountants and what are some of the ways for bringing in a higher level the quality of this preparation in order to better respond to the demands of the XXI-st century.

2. Why is there a need for change in the accountant education and preparation field?

It is known already that development of the accounting profession in the world came as a need of public investors demands for providing financial information related to economic units they had invested in. These conditions were the requisites for establishing free accounting professions in Albania after the 1990s. In establishing these free professions the audit and the accountant legal changes were needed such as those on the accounting or the law on trade associations in 1992 and 1993 which further on were changed in 2007-2008 or 2009 was the Law Nr.10091 dt.05.03.2009 "On Independent Financial Audit, Organizing the Profession of Certified Public Accountant and Registered Accountant" Besides, this law determines the rules of public supervision of professionals, quality control, education in professional progress, etc.

During these years, similarly the Albanian society which encountered its variations while looking for the best in a democratic society and a free trade market, accounting also had its progress, with improvements, increases in order to establish the vision to respond to the increasing demands to this important and mostly requested profession in the market economy. Efforts for increasing the quality of accountants' work have been made in all aspects such as: schools (universities), designing the curricula and school programs, books, didactic means, etc. Also efforts have been made even from professional organizations such as IEKA (Accountants' association), private training institutions, etc. The results of these efforts were satisfactory but not sufficient in responding to today's increasing demands.

We should emphasize that during this period, a large part of Albanian entrepreneurs are still far from realization and evaluation of important accounting documents, balance sheets and financial statements in their decision making. These entrepreneurs do not realize yet the role of accountants in establishing values, increase of efficiency of their activity and their considerable role in decision-making process. At least there are the economic units which make use of the accountant information in service of their activity or design perspective budgets, economic-financial programs, etc.

It has been accepted that an accountant qualitative profession results in an accurate and credible financial system which helps the users of the information to make right and efficient decisions.

3. What does it mean to prepare an accounting profession in the Albanian environment tailored to the XXIst century demands?

Firstly: The accountant should know how to identify the negative phenomena related to economic-financial activity of the economic unit and increase their preventing power to these negative aspects. In this viewpoint, it should not only display the phenomenon, but understand its basics and propose the means and ways for its transformation.

Secondly: Implement qualitative accounting and auditing practices being at the right place and at the right time.

Thirdly: To know how to harmonize the sciences and other disciplines with the accounting science and practice, in order that the implementing character of this science gives more efficient results in preventing the undesirable situations (crisis). Experts think that modern economists in general and accountants especially should

necessarily be educated about issues that deal with environment, health service, education, new information technologies, agriculture, transport, tourism, as well as with the global warming effects and their impacts on business activity costs.

Fourthly: Accountants should be educated in such a way as to have a more global view related to accounting information in order to respond to the business demands and economic-financial developing in general in the country as well as abroad. Furthermore, the accountant should be able to implement his/her technical skills in practice in real life situations.

4. What should change in the Albanian environment in order to prepare high level accountants in order to respond to the demand of new developments?

Before we talk about the way we have to follow in order to make changes in increasing the accountants' quality, so that they respond to the actual demands and to be in the right place at the right time, we have to bring some facts as result of the financial crisis which confirm that accountants have their own part of responsibility in it. According the analysis of the G20 on the crisis effects and the measures for preventing the crisis, more than 9 thousand billion US\$ were used when the crisis effects for different countries, businesses and individuals were estimated to be some 45 thousand billion US\$. The economic-financial losses are estimated to be higher than those of the Second World War put together. What about the damage in the Albanian economy? Approximate estimations give a figure of about 500-600 million Euros. Who were the responsible persons who caused it?

More than this: It seems like the economists and accountants as professionals having a great expertise in the field that should understand and prevent that fact, failed in their role as 'doctors' of economic and financial health on both national and international levels. Are they the direct responsible for the crisis? Moreover, is there any essential reflection on their future role or the accountant profession content itself? Disputes on their role and place are more and more the object of the specialized analyses focus. What kind of accountants do we need? What kind of expertise is necessary for educating an accountant? What problems should they solve? How do we check their quality? All these issues reflect on a new challenge time to accountant that they "justify" themselves against what to expect from them today. What about the accountants' responsibility as far as the crisis of 2008 onwards is concerned? For each professional person in the accounting and finance field it should be made clear that no crisis is to be expected to happen and to punish even harder than the one of September 2008 onwards. And then we discover the deficiencies like: a) lack of constantly review of our work, b) insufficient transparency and honesty in composing the balance sheets and financial statements, etc. Through this point of view, the profession of an accountant or an auditor should be considered as the one that takes on responsibilities and plays the role of preventing the negative phenomena in a global economy in crisis. There are examples in Albania and in other countries as well, especially in those businesses which even in crisis' periods are stable in their financial activities. This is possible as the preventing factors acted well: a) high professional level managing staff having a clear vision for the future, who knows how to use the financial reports in an efficient decision-making process, b) developing investments in perspective and profitable sectors, c) long-term budgets establishing financial resources by calculating well the costs, d) continuous control and supervision on management and making use of economic unit assets, e) transparent and timely self-

declaration, f) balance sheets and financial statements which represent the real economic-financial activity of the economic unit, etc.

Taking chance of the positive experience, we evaluate that in order to have the kind of accountant with a broad vision for the future, able to respond the increasing demands, there is still place for visible improvements in their way of education and preparation.

Firstly: Rationality is required in accountants' education by linking better the accounting theoretical elements with the practical ones, making thus the learning halls laboratories with applicative character in the accounting subject. Regardless the efforts of several faculties to include in their curricula the IT subject, we are still far from what is required. Still laboratories of this technology are missing, also there is a lack of advanced software, there are no concrete conditions where lessons could take place, related to activities such as production, construction, banks, insurance institutions, agriculture, tourism, mines, etc. Students, under the lecturers' supervision should solve concrete situations from these activities. Only in this way they could be educated as real accountants in the labor market. Is it an honor to us as accounting lecturers that students, being our product in this case, after getting a job they cannot perform even the simplest task of an accountant? For example, they do not know how to accountabilize the bank or Cash operations, purchases or sales, not to mention how to compile a balance sheet. In a figurative way, this means they got the driving license but do not know how to drive a car. This should make us think and wonder what is lacking in the accounting education in our schools for responding to market demands. We should give an insight to our job, the accounting lecturers and their level, material basis, labs, books, computers, etc. We should insist every student have a PC with appropriate information systems, otherwise teaching is very formal and its quality is poor. We should compose curricula relying on the world experience but having them adapted by the level of our students and their own culture. In this point of view all accounting disciplines should be considered such as basics of accounting, financial accounting, cost and administration accounting, accounting information systems (IT) and advanced accounting. Above all, books should be revised if they fit the education of the Albanian accounting students. Do they find themselves close with the Albanian environment or most of examples are taken from the European or American continents on corporation levels? We already know that Albanian business is made up in about 95 -96% of small and medium size enterprises and in the gross product Albania is completely incorporate of the middle level. Even professional organizations should improve their qualification programs in order to educate high level accountants for responding the demands of time, balance sheets and financial statements with accounting standards and apply the Code of Ethics in their work. Professional organizations should build training programs and design manuals in order to serve better to their members, increasing thus the professional quality in these new conditions and developments.

Secondly: Programs of accountants' education should not be exaggerated, unnecessary repetitions and concept should be dominant. In their content should be included the Education International Standard (SN.2) adapted to our country's conditions as well as cultures and attitudes of our people. We think there is place for improvement, along all the steps taken in improving programs and curricula from the economic faculties (accounting departments). Considering those students who get an accounting degree and pay less attention to practical accounting decisions, lecturers and students should possess a great number of teaching skills and this requires a lot of efforts. Object of these accounting programs should be today's problems, the issue of

financial crisis, treatment of social, ethical and environmental issues. The objective of the accounting with the product it offers, the balance sheets and financial statements, aims to facilitate the decision making process from all the stakeholders, and besides the effective use of economic resources of the unit and provision of compatibility with the ethical social business responsibility. Effective and efficient allocation of uncommon economic resources depends on the quality and quantity of the accounting information. The dynamic increase of global business complexity, the opposite environmental impact of the economic activities on both national and international resources, the quality of life and need for increasing public investigation as result of last business frauds and world financial crisis are some of the factors that address the accounting education and practice to the way of essential changes. As economic and financial information provider, accounting plays a vital role in getting over these obvious deficiencies. Taken in this aspect, the education system in general requires extensive changes of the curricula in quality as well as in pedagogy. The objective of this new treatment is to enable the accounting students and future accountants to provide the necessary knowledge and to be able to explain and create opinions concerning:

- Interrelations among accounting as a profession and social, environmental and economic conditions.
- Ethical issues.
- Social and environmental reports and auditing.
- Criteria through which environmental and social reports will be evaluated.
- Impact of environmental issues on balance sheets and financial statements, auditing reports and accounting problems.
- Use of accounting techniques for accountabilizing and reporting the environmental impact.

In this way, accountants need to provide a better resource and understand accounting as an information through which to see how all system parts work and cooperate together, where all problems of the economic unit are integrated together. Nowadays, business environment requires the accountants to be educated in our schools, develop an actual and real system perspective on accounting information and decision-making processes. All the student needs from the University halls is to provide knowledge about the essential business processes and information technology in Albania emphasizing the accounting report processing which is cost effective and made actual for a wider range of business decisions. In this point of view, considering out work through a critical eye, there is needed an essential improvement in each aspect, in order to reach those educational levels required today for the accountants. In other words, education of the accountant should be focused on putting into accounting students' minds what is the real world practice in business conditions. This will create the possibility for accounting students to integrate their knowledge, concepts and skills through analyzing and solving complex accounting situations.

Thirdly: The actual economic-financial crisis which affected the world is dedicated considerably to the lack or disregard for vital norms and standards. Many “achievements or enormous developments of financial innovations” which generated the financial crisis got inspired” and found a free path from malpractice and improvisation of ethical standards and norms not only in business ethic field but also in ethic code of the accountants. There is mentioned little about the ethics in Albania and less about phenomena which should be put under the ethical judgment. If one talks today to politicians, businessmen, decision-makers, accountants, consumers or

Alketa Pasholli

simply to Albanian citizens, they have no idea of ethics as a concept or they just equalize it with moral in general without paying attention. Or in the best of cases, they just express regret that the Albanian society needs very much of ethics in each of its aspects. This is more than true in the economic and financial activity in general and in business activity especially. In Albania, economy and ethics or accounting and ethics seem like a problematic binomial and far from one – another. Ethics in accounting is not a part of school programs yet, both in the high school and in the university levels. The negative effects of this distance are seen every day: in designing balance sheets and financial statements without the necessary responsibility, in the insufficient integrity and compilation and certification of accounting information, in conflict of interests, etc. Moreover, they seem to be in the last place or stay out of the decision-making process of the daily activity on all levels, both governmental and professional accounting organizations.

From this point of view, the “anti-crisis” packages or middle and long term strategies of the world economic and financial development are gaining more and more space. ***“Concerns about introducing and consolidating ethical, transparent and necessary rules in order to be implemented in each sector of the economy, finance, accounting and auditing”***.

From an accountant’s point of view who “produces” the balance sheet and financial statements through which the activity of an economic unit is put in evidence and important future decisions are made, they should bear the burden of the professional ethics on themselves. This burden in many places around the world is practiced with ethics and responsibility from colleges or different professional organizations. In Albania, the role and responsibilities of associations and professional accounting organization should be developed qualitatively and as fast as possible.

Recommendations

1. Each future-oriented education institution or accounting professional organization should review the curricula and training and teaching programs in order to perform them better during the teaching process and identify better the relationship between theoretical and practical elements in both Albanian and global conditions in order to educate high level accountants for responding better to the market and economic developments in general.

2. By knowing the concrete Albanian conditions, Ministry of Finances and Ministry of Economy, National Accounting Council, education institutions and professional organizations by common agreement, should determine the rate and aim of implementing new packages of professional education, in order to achieve the new level of accounting professional quality. The basis of their programs in our opinion, might be involvement of new information technologies, accounting integration processes in European countries and wider, etc.

- Accounting teachers, by realizing their role in the new environment, should be prepared even with additional programs in order to raise further their levels and respond better the new developments in the accounting field. Also, they should make efforts in making students acquire better the accounting subject programs.

REFERENCES:

1. International Federation of Accountants, (2006) Handbook of international auditing, assurance and ethics pronouncements
2. Law on Independent Financial Audit, Organizing the Profession of Certified Public Accountant and Registered Accountant Albania,(2009)
3. National Accounting Standards (2008)- Albania.
4. Ronald F Duska and Brenda Shay Duska. Accounting ETHICS 2008,
5. /<http://www.ieka.org.al>, Institute of Certified Public Accountants. 2011