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INFLUENTIAL FACTORS OF COUNTRY'S ACCOUNTING SYSTEM DEVELOPMENT

ABSTRACT

The accounting system of each country is affected by different influential factors. As there is a very small possibility that influential factors of two countries will be equal, they can also be considered as generators of national specificities. The level of differences of each influential factor between countries implicates the intensity of accounting differences at the international level. The actuality of international accounting harmonization issues imposes the need of consideration and detailed examination of factors that influence the development and accounting system in one country. Considering the different classification of factors mentioned above, as well as factors which are extracted or specially emphasised in literature, some of them are described.

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Key words*: accounting system, influential factor, classification*

1. INTRODUCTION

As a social science, accounting is affected by the environment in which it operates, but at the same time, it is one of the factors impacting on this same environment. This is a fact that points to the interdependency of accounting and its environment. A country's accounting system is affected by a variety of historical, economic, socio – cultural, institutional, and other non – accounting factors, so it is highly unlikely for the influential factors of any two countries to be exactly the same. Therefore, it can be logically assumed that the factors affecting the development of a country's accounting system are also the generators of special national traits and, thus, the generators of differences between accounting systems at the international level. After all, just as countries have different histories and political and legal order or even value systems, so will their accounting systems have more or less differing development and operating model.

In the literature, affirming or refuting the importance of individual factors from the environment on the development of a country's accounting system generally comes down to citing and describing impact factors, while few efforts have been made to quantifiably assert these factors or discern their interdependence that would account for the dissimilarities of accounting systems of countries based on the susceptibility of accounting to diverse business environments.

Several comments on influential factors can be singled out from the literature. For example, Saudagaran (Saudagaran, 2004, 3 – 7) lists ten influential factors, while pointing out that this is not an exhaustive list, and that the intensity of differences in accounting at the international level depends upon the intensity of dissimilarities of individual factors between

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countries. In this case, he lists the following factors that affect a country's accounting development: 1) Type of capital market, 2) Financial reporting system, 3) Types of business entities, 4) Legislative system, 5) Application degree of legislation, 6) Inflation level, 7) Political and economic relations with other countries, 8) Status of the accounting profession, 9) Existence of a conceptual framework, 10) Quality of education in accounting.

In addition to the above, influential factors can also be classified as (Choi, Mueller, 1992, 39 – 43): 1) Legal system, 2) Political system, 3) Nature of ownership, 4) Differences in the size and complexity of business entities, 5) Social climate, 6) Level of sophistication of administration and the financial community, 7) Level of legislative interference in the operations of entities, 8) Existence of specific accounting legislation, 9) Speed of business innovations, 10) Level of economic development, 11) Growth pattern of an economy, 12) Status of professional education and profession associations.

Other factors of influence also mentioned in the literature include (Mueller, Gernon, Meek, 1987, 10 – 15) 1) Relationships between business entities and sources of capital, 2) Political and economic relations with other countries, 3) Legal system, 4) Level of inflation, 5) Size and complexity of business entities, level of sophistication of business management and the financial community, and the general level of education.

Finally, it is interesting to point out the claim that, notwithstanding all the frequently cited influential factors, five factors are all that are needed to explain how different reporting objectives are the cause of international differences in financial and accounting reporting. Basic models have been established in which the major influential factors are expressed as the following model variables: 1) A country's culture, 2) Strength of the system of external sources of funding, 3) Types of business entities, 4) A country's level of cultural independence, 5) Financial reporting system (Nobes, 1998, 177 – 180).

Based on the above classification of influential factors, on factors that repeatedly appear in individual classifications, as well as on factors that certain authors particularly emphasise, several influential factors have been singled out and are explained in detail in the following section. That this paper focuses more on some factors and less on others results from the fact that the literature reviewed does not deal equally with all factors.

2. CAPITAL MARKET

The literature points to several factors affecting how an accounting system develops and is shaped that could be grouped under "capital market" as a common denominator[1]**.** Namely, although fundamentally different financing systems are involved, in this case the term "capital market" encompasses both the level of development of financial instruments and the globalisation level of a given capital market.

Differences in financing systems

Business entities within different accounting systems basically rely on earned capital; their external sources of funding, however, may differ. Therefore, depending on whether funds are raised by issuing securities or through credit loans from financial institutions, accounting systems can be characterised as those whose main source of funding is either the stock market (*equity-oriented*) (Saudagaran, 2004, 3) or a bank (*debt-oriented*) (Saudagaran, 2004, 3)[2]. In such a context, a capital market, through its attributes, impacts on a country's

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[1] For example: Types of capital markets (Saudagaran, S.M., 2004.); The relation between business entities and capital sources (Mueller, Gernon, Meek, 1987.); Financing systems (Nobes, 1998.)

[2] Alike mentioned in the text, Zysman (1983) also distinguishes three types of financing systems: a) Systems based on capital markets where prices are determined at the competitive markets; b) Credit based systems where

financial reporting system. This impact primarily depends on who are the investors or creditors (individuals, banks, a state), who are the information users and what are their information needs, as well as how many of them there are and what is their association to business entities. Namely, financial reports and the accounting information they hold are an indispensable and vital source of data on the performance of business entities regardless of the financing system and its attributes.

For example, in countries whose businesses raise funds by issuing securities, investors see financial reports as a very important source of information about the performance of these businesses because investors have limited access to alternative sources of information. Hence reporting is directed towards and focused at their information need, regardless of whether they are investors in stocks or bonds, as countries with this type of system also have developed proprietary securities markets as well as debt securities markets. Because of the large number of stockholders and the impossibility of contacting each one individually, financial reports should be transparent and contain a sufficient amount of information to indicate how a business is performing.

In systems in which the major sources of funding are banks' credits, with usually a few very powerful banks meeting most financial needs, financial reports are based on the information needs of creditors and are focused on their protection. The information needs of banks are often met through personal contacts and/or direct access to reports, which is the difference when compared to transparent financial reports mentioned above. In a way, exclusive access to information diminishes the need for developing a more open and informative reporting system. Although these business entities are also obliged to make public their financial reports, these reports differ in their scope of information from the ones previously mentioned.

Level of development of capital markets

In addition to the mode of funding, the level of development of capital markets also influences a country’s financial reporting. Briefly, in systems with developed securities markets, new and more complex financial instruments emerge that need to be covered and monitored in terms of accounting, causing changes to the contents of financial reports. Conversely, in systems in which long-term indebtedness with banks and simple financial instruments prevail, there is no need for frequent changes to the method of accounting coverage and monitoring to keep abreast of any possible financial innovations.

With regard to the importance and strength of the capital market as an influential factor, it is necessary to mention the proposal for classifying countries according to their financing system and, concurrently, to their reporting system. This is a classification system that classifies countries with regard to the relation between prevailing sources of funding (securities or loans) and information users who have either unlimited (“insiders”) or limited (“outsiders”) access to information. In this context, “outsiders” (Nobes, 1998, 166) refers to those information users who are not board members and do not enjoy preferential treatment within a business. “Outsiders” include stockholders as individuals and some of the institutions or other business entities that engage in investment. Likewise, “insiders” (Nobes, 1998, 166) enjoy close-knit and long term-focused relationships with businesses in which they have invested, and this gives them an exclusive right to frequent and timely financial information. By placing the types of information users in relation to the sources of funding, four systems emerge within which countries can be classified[3], as illustrated in Table 1.

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companies are more reliant on grants credit. It usually means banks, whether under the influence of governments or not; and c) Credit based systems where financial institutions are dominant (according to Nobes, 1998, 166.)

[3] The purpose of classification, or classifying accounting systems into classes or clusters, is grouping of accounting systems according to common characteristics. The classification should determine and demonstrate

Table 1

Financing systems and financial – report users – Proposal for developing Zysman's (1983) classification of financing systems according to Nobes (1998)

	Loan-based financing system	Securities-based financing system
"Insiders" prevail, i.e. information users with unlimited access to information	**I**	**III**
"Outsiders" prevail, i.e. information users with limited access to information	**II**	**IV**

Source: Nobes, C.: Towards a General Model of the Reasons for International Differences in Financial Reporting, ABACUS, Vol.34, 1998, No. 2, p. 166.

If we were to disregard the fact that in any country there probably exist more than just one of the systems observed (for example, a small family business will be funded through bank loans, and a large joint-stock company, by issuing stocks) and to assume, in theory, that in each country only one financing system prevails, then the major portion of countries would belong to Group I (prevalence of insiders, and loan – based funding) and to Group IV (prevalence of outsiders, and securities – based funding). Accordingly, the accounting systems of Group I countries will be more heavily focused on protecting creditors, while the accounting systems of Group IV countries will be characterised by reporting that focuses on the owners of securities.

The level of globalisation of capital markets

Finally, accounting systems and financial reporting systems are also influenced by a capital market's level of globalisation, viewed in the context of foreign businesses entering domestic capital markets. If such business entities are from countries whose accounting system is characterised by high standards in drawing up and publishing financial reports, then they will exert a direct influence on raising the general level of financial reporting in the country they are entering. Likewise, a country's financial reporting systems will not be influenced by businesses coming from countries in which high standards are not set for making and publishing financial reports.

3. FINANCIAL REPORTING SYSTEM

In explaining the preceding factor, we have explained its influence on financial reporting. On the other hand, considering a financial reporting system in the context of individual influential factor primarily implies the existence of singular or dual, that is, separate or joint reporting for business and taxation needs. In accounting systems in which rules are set based on individual decisions of precedence (Koletnik, 2001, 6) (Anglo-Saxon countries), tax reports are independent of financial reports that are external – user oriented, and are drawn up autonomously and independently of tax regulations. It is different in countries whose accounting systems are based on Roman law (Austria, Germany), that is, where accounting rules are stipulated and fixed by a country's regulations, thus leaving them

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the main common attributes of accounting systems in clusters as well as characteristics which are crucial for their differentiation. Generally, classification is important for understanding and analysing significant facts and formulating relations between them.

with little elasticity (Koletnik, 2001, 6). In this case, there is a single reporting system, with minor differences existing between reporting for tax purposes and reporting for business purposes. In other words, the association or non – association of accounting reporting with tax and business purposes will impact on and determine the attributes of the financial reporting system itself.

4. LEGAL SYSTEM

The previously described influential factor implies an understanding of the legal system as a factor in how an accounting system is created and how it operates. The legal systems of most countries can be classified as systems marked by strict adherence to laws and regulations (*Code law; legalistic; Roman law*) (Saudagaran, 2004, 7; Mueller, Gernon, Meek, 1987, 13; Choi, Mueller, 1992, 40; Buchanan, 2003, 66 – 67), or as systems in which common law (*Common law; non – legalistic*) is predominant (Saudagaran, 2004, 7; Mueller, Gernon, Meek, 1987, 13; Choi, Mueller, 1992, 40; Buchanan, 2003, 66 – 67). Hence, in the relevant literature, this factor is very frequently mentioned in the context of classifying accounting systems either under the Anglo-Saxon cluster or the Continental Europe cluster.

Characteristic of an accounting system influenced by Roman law is the legalisation of accounting standards and procedures. Prescribed by a country's regulations, accounting rules are very detailed and comprehensive, leaving a very small margin for interpretation and no possibility for improvising. In this type of conservative and inadaptable system, the role of the accountant consists in literary applying prescribed and detailed legal requirements, with special emphasis on protecting creditors.

Conversely, in accounting systems, which are under the influence of Anglo – Saxon rules and in which rules are set based on individual decisions, accounting rules and policies are set by professional organisations operating in the private sector. This type of legal system is more adaptable, more innovative and more topical than the system described above, and it focuses on transparent and timely financial reports, as well as on the information needs and protection of investors.

5. POLITICAL SYSTEM, POLITICAL AND ECONOMIC RELATIONS AMONG COUNTRIES

The political system as an influential factor is often mentioned in the literature under the term of colonial inheritance (Nobes, 1998, 170) and as such, it is considered a major influential factor of accounting systems and reporting systems alike. The impact of this factor is also evident through history, with invading countries imposing their political, as well as their accounting system on the countries they have conquered and colonised. It is also a fact that many countries, upon gaining independence, have continued to use the same political and accounting system even though it no longer suits their current needs and economic situation, whereas others have opted for a different political and accounting system[4]. The influence of a political system is reflected in the strong effect of other cultures on certain countries because of their size (small), low level of their development or their previous colonial status.

[4] Just as an example, Commonwealth nations' accounting systems are under great influence of British accounting system (Saudagaran, 2004, 8). In fact, the accounting system of almost every former British colony has its roots in British accounting model (Australia, New Zealand, Malaysia, Pakistan, India, and South Africa). The influence of Dutch accounting system is also evident in the Indonesian accounting, as well as German and French in their former colonies, or American accounting system influence to Canada, Mexico or Filipinas. (Mueller, Gernon, Meek, 1987, 12)

The influence of economic relations among countries on developing and designing an accounting system is the result of developed international exchange. Accordingly, a country's accounting system can be affected by the accounting system of another country because its geographical position makes it a neighbour, and also because the former represents a large export market for the latter, with many of its businesses going over to the other's securities market (Canada and the U.S., for example).

6. QUALITY OF ACCOUNTING EDUCATION AND THE STATUS OF THE ACCOUNTING PROFESSION

In the literature, the quality of education in the field of accounting is often referred to as a factor in the development and design of an accounting system. Various authors agree that this factor, if lacking, can represent a constraining factor in accounting system development[5]. While the quality of accounting education is directly influenced by a society's general level of knowledge, it is also affected by other factors such as the status of the accounting profession in a country, the level of economic development, economic relations with other countries, and so on. Accordingly, accounting will not be more than average in countries in which the general level of knowledge is low. Bringing in accountants from advanced countries or sending accounting professionals to advanced countries for education is not a perfect solution because advanced countries may not have or do not have the same accounting system as less developed countries. Also, advanced countries have a developed accounting system that is characteristic of large and complex businesses with complex accounting problems that can only be solved by highly qualified and skilled accounting professionals. Conversely, because smaller and simpler forms of business entities prevail in less developed and developing countries, the required level of accounting education and qualification is lower, and accounting is "primitive" (Mueller, Gernon, Meek, 1987, 15).

Contrary to the reasoning that this factor impacts on the design and attributes of an accounting system, Nobes (1998) holds a different opinion. Calling upon the Doupnik – Salter (1995) (Nobes, 1998, 172) theoretical model explaining accounting differences, Nobes claims that a different level of accounting education is not a relevant factor in explaining differences because it can not be used to classify accounting systems. Accordingly, it could be viewed merely as an outcome of differences among accounting systems but not as the cause of these differences, and it could possibly serve in making comparisons between advanced and developing countries. Seen from this perspective, this factor could be considered within the framework of factors relating to a country's level of economic development or to the tradition and strength of the accounting profession (Nobes, 1998, 172).

Regardless of the fact that this factor is linked to other factors, we deem that it should be considered separately, nevertheless. Also perhaps, it is not completely correct to claim that accounting in less developed countries is "primitive". In fact, if the accounting needs and information needs in these countries can be met by a lower level of development of the accounting system, this does not necessarily need to imply that the country's accountants are less skilled but simply that the level of education in the field of accounting is the level required by the environment in which it operates. On the other hand, improvements to accounting education could impact on the environment and development of an accounting

[5] More about the influence of quality of accounting education to accounting system can be found at: Mueller, G.G., Gernon, H., Meek, G.,: Accounting: An International Perspective, IRWIN, Homewood, Illinois, 1987, 15; Saudagaran, S.M.: International Accounting: A User Perspective, 2nd edition, Thomson South – Western, Australia, 2004, 11., and Choi, D.S.F., Mueller, G.G.: International Accounting, 2nd edition, Prentice – Hall, Englewood Cliffs, New Jersey, 1992, 43.

system, and in turn on accounting requirements, and, indirectly, on the country itself (Černe, 2007, 17).

In addition to accounting education, the status of the accounting profession in a country can also be observed as a factor affecting the country's accounting system, even though it is, at the same time, conditioned by some of the other influential factors. In countries whose legal systems are based on code law, the accounting profession is less important and is state-regulated, whereas in common-law countries, it is highly appreciated, self-regulating, and plays a major role in setting accounting and auditing standards, as well as in developing and promoting the profession itself.

7. SIZE AND COMPLEXITY OF BUSINESS ENTERPRISES, FORMS OF BUSINESS OWNERSHIP

In the literature, the influences of these factors are explained mostly together and in a very similar manner, based on the assumption that larger business enterprises also constitute systems that are more complex. According to one opinion, it is highly likely that the level of economic development a country has achieved will affect the number and size of business enterprises operating in that country (Saudagaran, 2004, 6). As this means that large business enterprises prevail in more developed countries, and small enterprises, in developing countries, the accounting system of developed countries with complex forms of business enterprises will differ from the accounting system of developing countries. The head offices of large and complex businesses producing and selling beyond the borders of their home country and generating profits greater than the gross domestic product of less developed countries, are generally located in developed countries. Accordingly, accounting and financial reporting will be more complex and demanding than in less developed and developing countries, whose economies are characterised by many smaller business enterprises with less complex operations and, in turn, with simpler accounting coverage and monitoring, as well as financial reporting. In other words, different accounting systems are generated.

The size and complexity of business enterprises is an argument that has multiple implications in explaining accounting system differences. Namely, the accounting needs of large businesses that have several different production lines and a wide variety of products differ from the accounting needs of smaller enterprises producing, for example, only a single product. The information needs of multinational companies are different from the needs of large businesses that manufacture only for the home market, and they differ even more from the needs of small enterprises (Černe, 2007, 19).

Although business entities' ownership, as an influential factor, is affected by other influential factors such as a country's political system or its economic orientation, it should also be viewed separately in order to underline the impact of various business ownership forms resulting in different information needs, which in turn generate differences in accounting systems prevalent in the various forms of ownership. For example, the information needs and accounting requirements of stockholders differ from those of small, family-run business or enterprises in the majority ownership of states or banks.

8. LEVEL OF INFLATION

An economy's level of inflation can also be considered in the context of its influence on a country's accounting system, in particular because it affects the asset valuation method and because, in conditions of high inflation, it is essential to have an accounting system suited to inflationary conditions. For example, countries such as the U.S. or Great Britain (Saudagaran, 2004, 8) in which inflation levels are mostly under control apply the historical cost method for the needs of financial reporting. This method, however, cannot be fully applied in countries such as Bolivia or Mexico (Saudagaran, 2004, 8), which have had or do have a high rate of inflation; instead, these countries use different models that seek to reduce the impact of inflation on financial reporting to obtain relevant information. In other words, accounting for inflation is required, and is therefore more developed and pronounced in economies with high inflation levels, consequently leading to differences in accounting systems as a result of different inflation levels. Regardless of this, there are opinions that the level of inflation is not a crucial influential factor in elucidating the differences between accounting systems, although it could possibly be the cause for differences in accounting practices of those accounting system belonging to the same category (Nobes, 1998, 175). According to this perspective, a certain level of inflation will trigger a reaction in every accounting system, and procedures for accounting inflation will be applied. In this, it is crucial to know who will react and how: will it be the professional accountants or the state within the framework of the tax system (Černe, 2007, 20).

9. APPLYING AND ENFORCING LEGISLATIVE REGULATIONS IN ACCOUNTING

The accounting systems of countries differ not only by accounting regulations but also by the degree to which current accounting regulations are applied in practice. This factor can be viewed as being a continuation of the influence of the political and legal systems, as well as the way in which a country has set up its accounting regulations. Accordingly, deviations between accounting regulations and accounting practice in a country will depend upon its degree of application assistance and degree of application control, that is, upon its power of enforcement. For example, accounting practice will be strongly consistent with regulations in countries in which accounting regulations are widely controlled and rigorously enforced, but will be less consistent in countries in which there is no supervision over how accounting regulations are enforced in practice.

10. ACHIEVED LEVEL OF ECONOMIC DEVELOPMENT

The influence of the achieved level of economic development on an accounting system is also evident in some of the influential factors depicted above. Undoubtedly, the development of an accounting system is conditioned by a country's economic development, that is, by the level of economic development it has reached. Considering that most of the world can be divided into the rich and the poor, countries can also be divided as "accounting "have" and "have nots" nations" (Mueller, Gernon, Meek, 1987, 15). In addition to a powerful economy, developed countries are also marked by a diversity of economic – and, in turn, financial – activities. Stockholders prevail in the ownership structure of capital; securities markets are present and operating. Earlier it was mentioned, when explaining the influence of the size and complexity of business enterprises, that a country's level of economic development also affects these attributes. Hence, it follows that large and complex business enterprises whose operations exceed national boundaries are the prevailing form in developed countries, and that management is highly developed in terms of the application of complex techniques, tools and decision-making procedures. Also, the currencies of developed countries are more stable, and their inflation rate is lower in comparison to developing countries On the other hand, the influence of the state is evident in developing and less developed countries, in particular, regarding the contents and form of financial reporting, accounting periods, and the way profit is determined and costs are accounted. Their financing systems are not developed relative to the systems of developed countries, and are marked by a large number of constantly growing bank loans and a failure to develop other financial instruments. Securities markets either do not exist or are poorly developed. Also, accounting education in some developing countries is influenced by the educational system of the advanced countries whose colonies they once were, and whose accounting knowledge they have accepted and whose practice they follow. Such countries are also marked by rather strong nationalism, with political leadership ranging from pragmatic and fairly stable in some countries to unstable in others (Benson, 1981, 88).

Finally, it could be said that the achieved level of economic development is a factor from which several influential factors can be derived, and that an accounting system then develops and is improved in dependence of circumstances, that it, as it is adjusted to circumstances in the environment. Hence, it is logical to assume that the accounting system of a less developed or developing country will reflect the (less developed) environment in which it operates.

Nevertheless, besides opinions that a country's accounting system will begin to develop when the factors that influence this system are developed, some authors contend that it is the lack of expertise and legislation within the accounting system of developing countries that is holding back their potential economic growth and development (Mueller, Gernon, Meek, 1987, 15). Regardless of this, our opinion is that concurrent efforts should be made to develop both the accounting system as well as the factors that influence it, and that such interdependent action will help towards improving an accounting system and its environment. Concerning the influence of economic development, the literature also makes mention of the growth pattern of an economy (Choi, Mueller, 1992, 43), asserting the difference between growing, stable or lagging economies, and the different political and economic circumstances that affect them.

11. CULTURE

In addition to knowing a country's legal, political or financing system, it is also necessary to know something about its culture in order to better understand the country's differences and its accounting practice. Even when financial reports are comprehensible to users with regard to language, monetary unit or the accounting principles applied, culture should be considered as a factor that affects the development of an accounting system. The assertion that culture is interrelated with the environment and that it is, at the same time, affected by other influential factors is the likely reason of its rarely mentioning in the literature as an influential factor. Nonetheless, the influence of culture is considered and mentioned in several articles and studies[6]. Especially interesting is the theory that links some of the structural elements or dimensions of culture[7] (Gray, 1998) to accounting values[8] and

[6] Some of them are:

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[7] 1) Individualism versus Collectivism, 2) Large versus Small Power Distance, 3) Strong versus Weak Uncertainty Avoidance, 4) Masculinity versus Femininity (Salter, Niswander, 1995)

[8] 1) Professionalism versus Statutory Control, 2) Uniformity versus Flexibility, 3) Conservatism versus Optimism, 4) Secrecy versus Transparency (Gray, 1998, 8; Salter, Niswander, 1995, 382)

systems (Gray, 1998), and the testing of hypotheses formulated by this theory (Salter, Niswander, 1995). Among other things, the justification of considering culture as a criterion in classifying national accounting systems is analysed (D'Arcy, 2001).

Contrary to the model mentioned, there is the opinion that culture is not primarily an influential factor because the use of cultural variables opens up new questions and because the way in which culture may possibly influence an accounting system is not completely obvious (Nobes, 1998).

Nevertheless, we are of the opinion that culture can be seen as a factor that indirectly affects those factors whose influences are more direct, such as capital markets or financing systems. The influence of culture may also help in studying the differences in the behaviour of accountants in decision-making or the behaviour of auditors. Also, the influence of culture could be linked to the earlier mentioned political system or colonial heritage as influential factors in countries that were once colonies (Černe, 2007, 29). Schultz and Lopez (2001, 276) consider that cultural differences have a crucial role in developing accounting systems, in particular, in how accountants make personal judgements regarding evaluation and disclosure. The results of their study that takes into account cultural elements have shown that given similar principles, the judgement of accountants in different countries will vary[9]).

12. CONCLUSION

The diversity of accounting systems' models of development and functioning is the result of the diversity of business environments around the world. The fact is that accounting, as a social science, is interrelated with its environment and, therefore, exceptionally susceptible to influences from this environment, with the similarities and differences in business environments being manifested in the similarities and differences of accounting systems.

The relevant literature lists and describes the individual influential factors, seeking in this way to justify or refute their effects, rather than to quantifiably prove their influence, or to look for interdependence, for the purpose of explaining the differences in the accounting systems of countries. The intensity of accounting differences at the international level will also depend upon the intensity of dissimilarity of influential factors among countries. Because international accounting harmonisation continues to be a live issue, with its advantages and disadvantages frequently pointed out, it is necessary to consider and study in depth the factors that affect a country’s accounting system development and model. Taking into account the different classifications of these factors, and the factors that are singled out or underlined in most classifications, this paper has selected and briefly explained several influential factors. The reason that more space has been given to some factors and less to others lies in the fact that these factors are not dealt with uniformly in the literature reviewed.

While certain factors may be viewed as being independent or as not being affected by other factors, for the majority of factors listed, it is possible to find or to assume interdependence with other factors. For example, a country’s political system or level of economic development will affect its accounting system for a number of reasons, and, among other things, it will also impact on the size and complexity of businesses enterprises, the level of inflation, the financing system and on other factors that can, too, be viewed independently, and which will, in turn, influence the sophistication of management, the status of the accounting profession and so on. In other words, without an in-depth analysis, neither is it easy nor, considering the classifications represented in the literature, possible to explicitly

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[9] The countries considered are Germany, France and USA.

state with certainty which factors are independent, and which factors, of equally strong influence, have resulted from these independent factors.

Among the factors that stand out for the force of their influence is the capital market, not only in the context of different financing systems, but also in terms of the level of development and globalisation of the capital market, from which follow differences in financial reporting. Also, the legal and political system, as well as political and economic ties and relations among countries are mentioned in almost every classification of influential factors in the literature. The achieved level of economic development is often described as an independent factor that affects a number of other influential factors such as the quality of accounting education and the status of the accounting profession; the size, complexity and ownership forms of business enterprises; as well as an economy's level of inflation. Finally, we are of the opinion that it is also necessary to take culture, as a factor that directly or indirectly affects an accounting system, into consideration.

It is also necessary to reflect on and explain the fact that, in most of the relevant literature reviewed, mention is made of countries, not of the accounting systems of individual countries, and that the use of the term "accounting system" is based on the assumption that one accounting system is the equivalent for the accounting of one country. Nonetheless, there is a consideration in the literature (Nobes, 1998), to which we are inclined, according to which more than one accounting system can be present in a country, making it necessary to establish that a specific business entity in a specific country is using a specific accounting system. Finally, the importance of an influential factor is also underlined with regard to the possibility of classifying accounting systems in clusters based on an individual factor as the basic criterion. In this case, different accounting systems would be classified, while the business enterprises of a given country would be grouped within a number of clusters.

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UTJECAJNI ČIMBENICI RAZVITKA RAČUNOVODSTVENOG SUSTAVA POJEDINE ZEMLJE

SAŽETAK

Računovodstveni sustav pojedine zemlje pod utjecajem je različitih utjecajnih čimbenika. Vjerojatnost da će utjecajni čimbenici bilo koje dvije zemlje biti jednaki vrlo je mala, stoga se isti mogu promatrati kao generatori nacionalnih posebnosti. O intenzitetu različitosti pojedinog utjecajnog čimbenika između zemalja ovisit će i intenzitet računovodstvenih razlika na međunarodnoj razini. Upravo je zbog aktualnosti teme međunarodne računovodstvene harmonizacije neophodno razmotriti i detaljnije proučiti čimbenike koji utječu na razvoj i model računovodstvenog sustava pojedine zemlje. Uzimajući u obzir različite klasifikacije spomenutih čimbenika, kao i čimbenike koji se u većini klasifikacija izdvajaju ili posebno naglašavaju, izdvojeno je i objašnjeno nekoliko utjecajnih čimbenika.

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Ključne riječi*: računovodstveni sustav, utjecajni čimbenik, klasifikacija*