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Not on the ruins, but with the ruins of the past – Inertia and change in the financial reporting field in a transitioning country

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ABSTRACT

We investigate how local actors in the Romanian financial reporting field mobilize their indigeneity to enact and operationalize transnational financial reporting models in a context where neoliberal ideas represent a substantive change in respect to the past. We mobilize interviews with local key actors, evidence from multiple data sources, and Bourdieu's concept of habitus to investigate how inertia and change are intertwined. We explain how the Romanian state continues to draw on and reproduce the local accounting inclinations inherited from communist times. At the macro level, the state's actions (through the role of financial reporting regulator) suggest a strong agency exerted in the backstage, paralleling the appearance of accepting International Financial Reporting Standards (IFRS) in the frontstage. At the micro level, where rules are operationalized, indigenous professionals deal with their historically created habitus and with various destabilizing influences from newcomers to the financial reporting field, which reflects diverse relationships and power imbalances between nascent actors of a market economy. We show that habitus is critical in understanding the complicated dynamics of inertia and change in accounting practices. Our results illustrate a web of improvisation, imitation, hybridization, and reinterpretation of both locally traditional and Western principles as local accounting rules and practices become global *and* remain local.

> *"Change, even fundamental change, of the social world is not the passage from one order to another but rearrangements in how multiple orders are interwoven."* (Stark, 1996,[1] p. 995).

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[1] The first part of our title is a rephrase of Stark (1996), the original being 'not on the ruins, but with the ruins of communism' (p. 995).

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1. Introduction

Drawing on Bourdieu's conceptualizations of habitus, this study provides an understanding of the dynamics between change and inertia in the field of financial reporting in Romania, particularly in relation to the arrival of International Accounting Standards (IAS)/ International Financial Reporting Standards (IFRS).[2]

Communist Romania experienced a regulatory process characterized by the traditionally prominent (even absolute) role of the state. Such a strong state ideology, inculcated and reproduced for years via the disciplinary and symbolic power of governments in overall society, fragilized the extent of socioeconomic change in the country. After the fall of communism, neoliberal market-oriented reforms were a prerequisite for indicating local efforts to change in accordance with international expectations, a condition to gain general international acceptance, and, more importantly, to secure loans from international donor agencies (King et al., 2001) and membership in the European Union (EU). In the accounting field, such reforms consisted of the adoption of Western models, including IAS/IFRS.

Our research is thus particularly relevant because it looks at a context that experienced "substantive change" (Gendron & Smith-Lacroix, 2015) in the realm of politics by transitioning from a communist regime to a neoliberal one (Albu et al., 2014; King et al., 2001). Romania is, therefore, an appropriate context to investigate how ideology and local actors interfere with Western models, given the ongoing tensions between the state and market-based philosophies.

We investigate the area of financial reporting in Romania by looking at the dynamics between law formation and law implementation (Alon et al., 2019; Hartmann et al., 2020). Law formation refers to law-making; the result is a regulatory framework. Law implementation refers to how regulatory frameworks are enacted and operationalized into practices. Critical accounting research on macro level regulatory reactions to IAS/IFRS (e.g., Abras & Al Mahameed, 2022; Alexander, Carungu, & Vignini, 2022; Nguyen & Rahman, 2019; Peng & Bewley, 2010) and on the micro level of IAS/IFRS practices (e.g., Aburous, 2019; Masum & Parker, 2020; Samaha & Khlif, 2016; Tyrrall et al., 2007) indicates complex, varied responses across local settings, which signals both acceptance and resistance. Few studies have connected the macro and micro levels of analysis (to investigate tensions between law formation and law implementation) or analyzed local responses from an in-depth perspective, offering a stronger voice to indigenous actors. Consequently, we respond to recent calls to investigate how a national context interacts with IAS/IFRS (Hartmann et al., 2020) by looking at how this global phenomenon "spreads, meets with resistance, transforms and is reinvented" (Chiapello, 2017, p. 60).

Specifically, we investigate how local actors (and particularly the state) in the Romanian financial reporting field mobilize their indigeneity to enact and operationalize transnational financial reporting models in a context where neoliberal ideas represent a substantive change relative to the past. Our research questions are: What are the dynamics surrounding inertia and change in the financial reporting field in Romania? How do indigenous actors and local institutions navigate through and deal with conflicting ideologies when operationalizing IAS/IFRS?

To carry out the investigation, we rely on Bourdieu's social field theory, which is recognized as being helpful in investigating how inertia and change (Malsch et al., 2011) intertwine in social fields because it considers underlying micro and macro dynamics (Bourdieu, 1988; Wacquant, 1990). Also, this theoretical framing is useful for understanding the emergent, uneven, and difficult process of change (Malsch & Gendron, 2013) taking place in transitioning countries, such as Romania. Our aim, translated into Bourdieusian language, is to study the extent to which the political revolution in Romania triggered a significant change in other social fields, such as financial reporting, or if (and how) the habitus of dominant actors (such as the state) pushed toward maintaining the status quo. We mobilize evidence from multiple data sources, including interviews with key stakeholders in the financial reporting field and archived materials, to investigate the social and cultural contexts in which these interactions occur.

This paper mainly contributes to the literature by providing an in-depth understanding of how the dynamics of change and inertia impact the financial reporting field of a country facing abrupt political and economic changes. We build on and extend previous research (e.g., Alon et al., 2019; Ezzamel et al., 2007; Mihret et al., 2020) by illustrating how the work of a regulator in the financial reporting field extends beyond law formation. Moreover, we provide an example of the state's actions backchannelling ideological influence in a context that appears to be aligned with Western market-based models (given, for example, Romania's EU membership). In so doing, we complement prior research (e.g., Ezzamel et al., 2007; Zhu et al., 2021) on more state-centered settings.

At the macro, regulatory level, change and inertia are balanced, alternated, and superposed in regulatory frameworks. On the one hand, local regulatory frameworks are the result of managing relationships between transnational and national actors to signal an expected acceptance of IAS/IFRS. On the other hand, the state's agency is locally exerted via its regulatory approach, particularly the structure of regulations, tax inspections, and educational initiatives, which influence professionals' cognitive structures. As such, the state draws on and reproduces the indigenous, communist, inherited habitus.

At the micro level, indigenous professionals must deal with their historically created habitus, while newcomers (e.g., Big 4 firms, multinationals' subsidiaries) bring a Western habitus. Indigenous professionals' dispositions are under a form of permanent revision

[2] The standards issued by the International Accounting Standard Committee before 2001 are called IAS. After the international standard-setting reform, the International Accounting Standard Board (IASB) was established, and the standards issued afterwards were called IFRS. Because the IASB adopted all previously issued IAS, when reference is made today to IFRS, they also include previously issued IAS. However, countries may have had previous experience with international standards before 2001, and regulations or research refer to the standards used at that time as IAS. Therefore, in this paper, we use the term IAS/IFRS – where IAS refers to standards, regulations, and research issued in the 1990s or early 2000s, and IFRS refers to standards (including previously issued IAS), regulations, and research issued in the mid or late 2000s and later. Also, see Appendix A for a list of all the abbreviations employed in this paper.

(De Clercq & Voronov, 2009), which is a slow process that balances both the state's actions toward inertia and incentives provided by exponents of the market-based system for enacting change. Newcomers create space for a slow change in the local habitus via socialization with local professionals. However, the impact of these newcomers on local habitus and practices is nuanced and uneven, given that newcomers must perform a balancing act between challenging some local rules while following others to become accepted. The outcomes testify to hybridized responses to IAS/IFRS, accommodating Western principles and local inclinations. Our research results add to the literature documenting local resistance and blends in IAS/IFRS-related practices (e.g., Aburous, 2019; Kamla & Haque, 2019; Nguyen & Rahman, 2019) by underlying the role of habitus in the orchestration of these responses.

The remainder of this paper is structured as follows. The next sections introduce the key findings from the related accounting literature on the role of local agency in responding to Western reforms at the macro and micro levels. This is followed by an introduction to the concept of habitus (based on Bourdieu's work) and an outline of the adopted research methods. The case narrative is subsequently presented, followed by a discussion and conclusion.

2. Indigenous responses to transnational governance

Transitioning countries deal with significant reforms resulting from a desire to mimic the developed world. The unfolding change process is uneven and open-ended, given the conflicting pressures of transnational and local actors. These influences result in misaligned expectations, local resistance, and adaptation (Neu et al., 2008).

Transnational actors relevant within the financial reporting field include the World Bank (WB) and the International Monetary Fund (IMF), transnational accounting firms (generally known as 'the Big 4'), global professional bodies (usually of Anglo-American origin), and global standard-setters such as the International Accounting Standards Board (IASB) (e.g., Aburous, 2019; Ghattas et al., 2021; Neu et al., 2002; Nguyen & Rahman, 2019; Samsonova, 2009; Tyrrall et al., 2007). These actors often promote a neoliberal agenda, insisting on the primacy and efficiency of markets, privatization, competitiveness, and capital accumulation. This doctrine is presented as a meaningful model of organizing economic life in less powerful states (Chiapello, 2017). Studies (e.g., Alawattage & Fernando, 2017; Annisette & Neu, 2004; Neu et al., 2002) have underscored that this transnational influence reflects a modern form of colonialism, given that accounting tools "permit imperial powers to dominate distant territories and their inhabitants" (Annisette & Neu, 2004, p. 1).

At the local level, the arrival of such global models (e.g., IAS/IFRS, or Anglo-American types of enforcement systems) transforms the web of local arrangements in many countries, particularly where local states (government and public services) traditionally play an important role in many areas (including accounting). In the financial reporting field, this advent of global models results in transnational governance (Djelic & Sahlin-Andersson, 2006), which implies a mixture of local and transnational public and private actors that are involved in law formation and implementation.

The literature exemplifies how local responses reflect local agency and predominantly underscores the resistance of the Rest to the domination of the West (e.g., Abras & Al Mahameed, 2022; Abras & Jayasinghe, 2022; Alawattage & Fernando, 2017; Neu, Silva, & Ocampo Gomez, 2008; Finau and Chand, 2022). Local responses vary between (but are not limited to) the acceptance and dismissal of Western models, which are subject to some translation processes enacted through the resources, ideologies, interests, and interactions of local actors. Alawattage and Fernando (2017) advanced the concepts of hybridity and mimicry as useful in explaining local responses to the arrival of global models. Hybridization occurs because "ideal 'models' are appropriated and localized through juxtaposing them with local ideologies and practices" (p. 5). Mimicry is a component of hybridization and entails "a double articulation: a complex strategy of reform, regulation, and discipline to 'appropriate' the Other; and a significant inappropriateness, difference or recalcitrance" (p. 5).

While local, hybridized responses represent a familiar finding in previous studies, what is of interest to us is how the blending of local and global models occurs and unfolds over time and which local actors instill or block a change in various cultural, socioeconomic, and political contexts. Hybridity occurs both at the regulatory stage (law formation) (e.g., Abras & Al Mahameed, 2022; Abras & Jayasinghe, 2022; Alawattage & Azure, 2021; Nguyen & Rahman, 2019; Samsonova, 2009) and in law implementation (e.g., Albu et al., 2014; Aquino & Batley, 2022; Mennicken, 2008; 2010).

2.1. *Macro level hybridization and regulatory blends*

When Western rules are transformed into local laws, they "become rather complicated by their infusion and confusion" with local systems of political governance (Alawattage & Azure, 2021, p. 19). Local actors with regulatory power find spaces to customize rules, norms, and standards; therefore, the result is a blend of mimicry and resistance (Alawattage & Azure, 2021; Alon et al., 2019; Samsonova, 2009).

Previous studies investigating the motivations for IAS/IFRS adoption at the macro level largely emphasize standards' legitimacy functions in transitioning contexts (Albu et al., 2014; Aburous, 2019; Wagaw et al., 2019), and their distance from local accounting traditions (Abras & Al Mahameed, 2022; Abras & Jayasinghe, 2022; Kamla & Haque, 2019; Samaha & Khlif, 2016; Tyrrall, Woodward, & Rakhimbekova, 2007). The outcome is, in many cases, particularly in early reforms, regulatory blends, and simplified, truncated IAS/IFRS adoption (Alexander et al., 2022; Abras & Jayasinghe, 2022; Kamla & Haque, 2019; Nguyen & Rahman, 2019; Peng & Bewley, 2010; Tyrrall et al., 2007).

Local regulators (in most cases, national states) have the power to decide on the roles to be played by other actors in law formation. Alon et al. (2019) provided an example in this respect with their investigation of the role of the state in the audit oversight field in Russia. Alon et al. (2019) underscored that the relationship between the state and private actors coevolves and mediates external influences since various actors negotiate their positions and roles and thus moderate each other's power in the field. The Russian state endured as a powerful actor through what Alon et al. (2019) call legislative layering (i.e., starting with an ambiguous law that allows for more action in the private arena and regulatory capacity building, and then issuing more regulatory details that advance the state as the key authority in the Russian audit oversight field).

The role of culture and ideology in localizing accounting is particularly illustrated in the literature, with examples from contexts with strong political or religious beliefs (e.g., Abras & Al Mahameed, 2022; Abras & Jayasinghe, 2022; Alawattage & Azure, 2021; Ezzamel, Xiao, & Pan, 2007; Guo & Krever, 2022; Mihret, Mirshekary, & Yaftian, 2020; Situ, Tilt, & Seet, 2021). These studies explicate how the state mobilizes ideology to control the contextualization of accounting reforms (Ezzamel et al., 2007; Guo & Krever, 2022; Mihret et al., 2020), and how resistance to, and adaptation of, international norms is shaped by the difference between a local ideology and neoliberalism (e.g., Abras & Al Mahameed, 2022; Abras & Jayasinghe, 2022).

These findings apply to IAS/IFRS adoption, whereby local regulators construct and employ strategies to appeal to both transnational audiences and local actors. Kamla and Haque (2019) provide an example of how a powerful local standard setter appears open to Western models by accepting IFRS but also retains a local ethos. Another example of local regulatory blends is found in countries characterized by strong state ideologies. These countries have witnessed robust state interventions over regulatory products that incorporate IAS/IFRS. As such, Nguyen and Rahman (2019) showed how the regulatory framework in Vietnam is a blend that integrates both IFRS and the rule-based approach of the state. Peng and Bewley (2010) illustrated how the state polices IFRS acceptance in China by removing accounting policies (i.e., fair value-related) that are considered inappropriate for the local context. In these settings, the state appears to allow change by accepting IFRS; yet the change is uneven and slow and results from continuous top-down and bottom-up communication, actions, and reactions of the state and the market.

2.2. Micro level hybridization and local agency

The literature investigating the micro level (i.e., practices, or the operationalization of the regulatory framework) underlines how local culture and existing practices influence a web of interactions between local (and nonlocal) actors. This, in turn, impacts how rules or standards infused by international models become localized and operationalized into practices.

For example, several studies (e.g., Apostol & Pop, 2019; Mennicken, 2008, 2010) illustrated how the meaning of Western concepts, such as market, audit, or tax consultancy, are locally reinvented in former communist countries, and both new concepts and old relationships between actors transpire in local practices. Aquino and Batley (2022) explored hybridity in public management practices in Brazil, where reforms toward global models were accommodated but not fully assimilated. Modified hybrids emerge in practice in each stage of a reform. Change and inertia are not found to be in antithesis but function as a package, resulting in a continuous process of accommodating new models.

Prior research investigating IAS/IFRS practices in transitioning countries documents loose coupling, resistance, and varying levels of compliance (Aburous, 2019; Albu et al., 2014; Kholeif, 2010; Maroun & van Zijl, 2016; Samaha & Khlif, 2016). A stream of this literature investigates the role of various actors in the application of IAS/IFRS. IAS/IFRS-based practices are deeply contextualized by local actors whose roles and actions shape and are shaped by IAS/IFRS (Aburous, 2019; Albu et al., 2014; Kholeif, 2010; Mantzari & Georgiou, 2019; Masum & Parker, 2020; Nguyen & Rahman, 2019; Nugraheni et al., 2022). Conflicting pressures from various actors often result in loose coupling and limited compliance (Albu et al., 2014; Kholeif, 2010), while higher compliance is facilitated when actors align their support for neoliberal, market-based institutions (Albu et al., 2014). This might be achieved with strong support and intervention from expert actors in IAS/IFRS, such as auditors (particularly large international audit firms). This case was expounded on by Aburous (2019), who emphasized how auditees relinquish to auditors some of their responsibility in preparing IFRS financial statements.

Another stream of literature employs culture and ideology as potential explanations for variations in IAS/IFRS implementation in contexts traditionally characterized by a strong state-oriented ideology. For example, the history of communism and its ideology explain why it may be difficult to implement IAS/IFRS in post-communist countries (Bailey, 1995; Tobor-Osadnik et al., 2013; Tyrrall et al., 2007). In some cases, particularly when the state still overtly holds a dominant position in the accounting field, the acceptance of IAS/IFRS is conditioned and enhanced by government support (Nugraheni et al., 2022). In other contexts, manifesting a conflict between neoliberal and state ideologies, state interventionism should be outweighed by a market-based ideology to have a higher acceptance of IAS/IFRS (Albu et al., 2014; Mantzari & Georgiou, 2019). For example, Mantzari and Georgiou (2019) documented a "fragmented and contradictory" acceptance of IAS/IFRS by local practitioners in Greece in close relationship to their adherence to neoliberal values and ideology and dissociation from a statist orientation.

2.3. Summation

Concluding, we observe that most studies are positioned at either the macro (law formation) or micro (law implementation) levels. While such studies bring in-depth experience with the localization of transnational models, only a few of them investigate the dynamics of the overall complex relationship between rules at the regulatory level (law formation) and rules in practice (law implementation) (Alon et al., 2019; Neu et al., 2008). This is particularly the case in the IAS/IFRS literature, where a significant stream is focused on the degree of convergence, harmonization, acceptance, and reproduction of the Western model (Samaha & Khlif, 2016), with IAS/IFRS being envisioned as a necessary local change. From this perspective, IAS/IFRS represent the new "normal" (Kerr & Robinson, 2009), the needed reform in local contexts, and drawbacks or failures to achieve it are reported as resulting from difficulties in practicing judgment-based accounting, insufficient resources for training, or inefficient enforcement (e.g., Bailey, 1995; Poudel et al., 2014; Samaha & Khlif, 2016; Tyrrall et al., 2007). Thus, one dominant trend within the IAS/IFRS literature focuses on the "necessary" conditions to achieve harmonization with IAS/IFRS and expand global capitalism. Yet, the literature for the moment silences the voices of indigenous actors (see Abras & Al Mahameed, 2022; Abras & Jayasinghe, 2022 as recent exceptions).

We thus respond to calls to investigate the role of the socioeconomic cultures of transitioning countries (Samaha & Khlif, 2016) in IAS/IFRS implementation. We add to the literature documenting local resistance, blends, and reworked financial reporting frameworks and practices (e.g., Abras & Jayasinghe, 2022; Aburous, 2019; Kamla & Haque, 2019; Nguyen & Rahman, 2019) while considering practitioners' ideology and rationales (e.g., Mantzari & Georgiou, 2019). Our question is how indigenous actors and local institutions mobilize their indigeneity to enact and operationalize IAS/IFRS in a context characterized by conflicting ideologies that result from abrupt political and economic reforms. To make sense of the role of conflicting ideologies in the operationalization of IAS/IFRS, we frame our analysis by mobilizing Bourdieu's work, particularly the concept of habitus.

3. Framing the tension between inertia and change: The mediating role of habitus

Social theorists have questioned the assumption that progress results in substantive change (Gendron & Smith-Lacroix, 2015). Research has shown that, in many cases, change occurs slowly, and that the introduction of new rules and tools for supporting change is more supportive of the rhetoric of change than of truly substantive change. Resistance to change in favor of the condition of inertia can be explained by using the perspective of Bourdieu's field theory (1966, 1971a, 1971b, 1992).

While Bourdieu's praxeology is complex and entails multiple concepts and relationships between them (Golsorkhi & Huault, 2006; Golsorkhi et al., 2009; Malsch et al., 2011), for this paper, we mobilize the concept of habitus. Therefore, we do not employ Bourdieu as a theory or "network of concepts" (Llewellyn, 2003) but instead draw on the richness of the habitus concept. Llewellyn (2003) argued that when practices are the central concern of research, such as in our case, "the power of concepts in theorizing is enormous" since "concepts theorize through explicating practice" (p. 674).

Boyer (2003, p. 70) underlined that "the concept of habitus and that of field invite a historical approach to discern the genesis, the institutionalization and then the factors of transformation and finally the crises of a field." This is particularly relevant for our case, in which an abrupt reform occurred in the field of financial reporting, and the newly ideologically distant tools introduced arguably generated a crisis (in the sense that ways of thinking and doing are significantly destabilized) in the field. The concept of field identifies "relatively autonomous social spaces constituted around a particular activity, which have been constructed historically through struggles and power relation and have succeeded in generating their own…mechanisms of legitimation and recognition…their own structures of relative positions" (Mangez & Liénard, 2015, p. 184).

Habitus is "a system of durable, transposable dispositions" (Bourdieu, 1990, p. 53) that organizes the perception of the social world. Habitus is an individual attitude, but the notion of habitus can also work at an aggregated level and produce collective practices (Bourdieu, 1990). Indeed, different groups and organizations develop "different habitus as a result of different organizational cultures and different knowledge and understanding of group members" (Goddard, 2004, p. 563). Furthermore, homogenous social groups with similar habitus often tend to reproduce it to perpetuate their domination over other groups (Hilgers & Mangez, 2015). Bourdieu (1988, cited in Golsorkhi et al., 2009, p. 783) showed that "the field, as a structured space, tends to structure the habitus, while the habitus tends to structure the perceptions of the field" in a process of a "circular conception of reproduction" (Crossley, 2003). As such, habitus mediates the relationship between a field (macro level) and its practices (micro level) (Golsorkhi & Huault, 2006).

The concept of habitus has been widely employed and discussed in social studies in general (e.g., Cardinale, 2018; De Clercq & Voronov, 2009; Kerr & Robinson, 2009) and in accounting research to investigate the tension between change and inertia (reproduction) in various fields (e.g., Gracia & Oats, 2012; Malsch & Gendron, 2013; Xu & Xu, 2008). This concept is highly relevant to making sense of globalizing dynamics in transitioning countries, where local habitus is expected to influence how new, global, and fashionable Western tools are implemented; yet, in the process, local habitus may change to some extent (Neu et al., 2008).

As a kind of historical repository (Boyer, 2003), habitus contributes to a field's reproduction since field actors, when confronted with imperatives to change, may continue to rely on their previous schemes of perceptions and dispositions (Malsch et al., 2011). Yet habitus might change because actors can reflectively respond to a new situation and modify their thinking (Cardinale, 2018; De Clercq & Voronov, 2009). In other words, substantive change may occur in a field, and this is a result of relations being dynamic rather than static.

Boyer (2003) suggested several factors that might trigger a change in a field: desynchronization between the field and its habitus, the arrival of new entrants with a distinct habitus, transformations in the capacity of dominant actors to impose a pace of transformation, changes in the boundaries of a field, and shifts in the role of local actors (e.g., the state) in a field. Of these, the role of actors (dominant or newcomers) has been the focus of previous studies.

The role of actors in navigating the tension between change and reproduction was explained in the literature in relation to the resources ("capitals" in Bourdieu's vocabulary) available to actors, and power relations. If a field's members continue to play in accordance with the rules of the game, domination is reproduced in the field (Golsorkhi et al., 2009). Reproduction is not passivity since "reproduction mechanisms require constant innovations by the dominant agents" (Malsch & Gendron, 2013, p. 877). On the other hand, capitals and power relations may evolve, leading to structural change (Cardinale, 2018; Goddard, 2004; Xu & Xu, 2008) and pressure to change habitus to reflect new cultural arrangements (Stringfellow & Maclean, 2014).

Organizational studies theorists have shown that change is usually initiated by "newcomers" to a field (De Clercq & Voronov, 2009; Stringfellow & Maclean, 2014). De Clercq and Voronov (2009), for example, theorized how newcomers must balance two forms of legitimacy: they must fit in (i.e., conform to at least some extent to existing rules of the game), and stand out (i.e., challenge existing arrangements). However, once they arrive in a field, new rules and actors may change how the indigenous ones react. "Agents may react differently in situations of crisis or rapid change caused by the gap between a habitus historically formed in social conditions different from those established by the new rules within a field" (Malsch & Gendron, 2013, p. 875). Local actors may adjust their habitus to varying degrees. Moreover, the arrival of new tools and new actors opens the dichotomy between the native, indigenous professionals, and the "others," a distinction common in studies on indigeneity (Fukofuka et al., 2022; Merlan, 2009).

Reforms in the field of financial reporting in transitioning countries take place in an existing field, with inherited principles of organizing accounting, particularly bookkeeping, and usually with the state as the dominant actor. Reforms bring new rules, new types of arrangements, and new actors (e.g., users, auditors, and professional bodies). This case is an example of drastic desynchronization between a field and its habitus (Boyer, 2003), as well as a relevant case to investigate the role of the state in a change process.

In Bourdieu's view, the state makes an essential contribution to the reproduction of a symbolic order. The acceptance of state domination produces conformity and obedience (Bourdieu, 2014). This is possible because the state "infiltrates the cognitive structures" and "demands cultural consonance" (Zhu et al., 2021, p. 2), particularly in countries in which the state has been, for a long time, "the arbiter of economic and political power" (Zhu et al., 2021, p. 3).

An example of a country where the state has maintained a very strong ideological power is China. Studies on accounting (e.g., Situ et al., 2021; Xu & Xu, 2008; Zhu et al., 2021) that covered this setting explicated how the state infuses a habitus and controls the extent and pace of change in the accounting field. However, in Central and Eastern European (CEE) countries (unlike in China), a significant decrease in the role of the state is expected after the fall of communism (Bailey, 1995). The full implementation of functional capital market mechanisms is projected for these countries. This provides a historically different type of context for investigating inertia and change.

We thus respond to recent calls for field studies to investigate in depth the role of habitus in the process of change (Malsch et al., 2011; Malsch & Gendron, 2013). Malsch et al. (2011, p. 219) underscored that "emphasizing habitus allows distinctive research questions to emerge, which can broaden our understanding of the role of accounting in structuring fields." Our questions, revised in line with Bourdieu's concept of habitus, are rephrased as: *What role did indigenous habitus play in the operationalization of IAS/IFRS in Romania's financial reporting field? How did IAS/IFRS affect indigenous actors' perceptions and dispositions?*

4. Research design

4.1. Research context

Our research context is Romania, a former communist country that has been exposed to a good level of "Westernization" since it became a member of the EU in 2007. During Romania's communist regime (1948–1989), accounting, like other economic frames, was required to fulfill the needs of the central government regarding a planned economy (Schroll, 1995). The fall of communism, followed by the transition toward a market economy, represented a major political and economic event that caused a shift in the country's economic, social, and political systems. The accounting system had to be reformed in line with Western, capitalistic, neoliberal models (Calu, 2005; King et al., 2001).

For several decades, reforming the country's entire political and economic system has been a difficult task and a continuous process, mainly characterized by regulatory pushes and delayed responses in the operationalization of laws. Even if the adoption of Western neoliberal tools is generally expected to result in a decreasing role and power of local states (Bailey, 1995), the Romanian Ministry of Public Finances (ro. Ministerul Finanţelor Publice – MFP) established regulatory frameworks for accounting throughout the entire period after the fall of communism. The reforms of regulatory accounting frameworks took three major rounds over two decades (Calu, 2005; Calu et al., 2011) and arose along with the creation of other market and accounting institutions (see Table 1).

Specifically, the French accounting system served as an inspiration for Romania in the first stage of the accounting regulatory framework reform (Calu, 2005), which was applied beginning on 1 January 1994. The key institutions associated with a capitalistic economic model (i.e., the capital market and accounting professional bodies) were created. As such, the first and largest Romanian professional body (i.e., the Body of Expert and Licensed Accountants of Romania, ro. Corpul Experţilor Contabili şi Contabililor Autorizaţi din Romania – CECCAR) was recreated in 1991.[3]

However, some transnational actors deemed the speed and outcome of this first stage of reform to be insufficient. As a result, the WB intervened via loan agreements with Romania (Delesalle & Delesalle, 2000; King et al., 2001) in the second stage of the reform; this resulted in more drastic changes, representing the beginning of an Anglo-Saxon influence over the Romanian accounting system. Beginning in 1999, local accounting regulations were changed to incorporate a strong component of IAS/IFRS. The establishment of a new professional body for statutory auditors who were expected to audit IAS/IFRS financial statements, among other duties (i.e., the Chamber of Financial Auditors of Romania, ro. Camera Auditorilor Financiari din Romania-CAFR, which was established in 1999) was also a condition imposed in this stage of the reform by transnational actors (King et al., 2001).

Later, as Romania prepared for its EU membership (Romania joined the EU in 2007), the MFP fully enacted the European Accounting Directives and their requirements in the mid-2000s. This third stage of the accounting reform implied a two-tier regulatory framework, one applicable to non-listed entities and the other applicable to listed entities. The former comprised national regulations that had to comply with the European Directives while still preserving a strong influence from IAS/IFRS (Albu & Albu, 2017). IFRS as adopted by the EU became applicable to public-interest entities (e.g., particularly listed companies, banks and other financial

[3] CECCAR was established in 1921 and functioned until 1951 when it was dismantled by the communist regime (CECCAR, 2006).

Table 1
Chronology of key events.

Period	Events in the regulatory space
The 1990s (The first stage of the accounting reform)	• French-inspired reform in the regulatory field of financial accounting • The MFP is in charge of issuing accounting regulations • Recreation of the CECCAR in 1991 • Reopening of the Bucharest Stock Exchange in 1995
The late 1990s–mid-2000s (The second stage of the accounting reform)	• Anglo-Saxon influence in the regulatory field • IAS were included in national regulations to be applied by large companies (1999–2005) • The CAFR was created in 1999
The mid-2000s–present (The third stage of the accounting reform)	• Enactment of EU Directives and requirements • National regulations are revised in line with EU requirements: EU Directives are fully transposed into national regulations but still strongly influenced by IFRS • Use of IFRS as adopted by the EU by entities listed in the regulated market

institutions, and state-owned companies).

This chain of events points to the continuous conflict of ideologies in the Romanian financial reporting field. On the one hand, for a long time, Romania was characterized by a strong state ideology. On the other hand, market-based institutions and models embody a different market-based ideology that is at odds with indigenous logic. Inherent tensions occur in the financial reporting field, and change, even if expected, is doubted and becomes an interesting object of investigation: "An anomalous situation arises when accounting suited to an advanced market economy is introduced by fiat into a nascent market economy. […] How does accounting, instead of being politically driven (i.e., designed so as to promote the realization of certain political objectives), come to be market driven?" (Bailey, 1995, p. 603).

4.2. *Data sources*

We collected data from several sources, including interviews and publicly available archived documents, reports, regulatory documents, and previous academic studies that investigated the Romanian case.

Interviews represent the core of the data collected. We mobilized data from 41 semi-structured interviews that we conducted with 40 key stakeholders involved in accounting regulation and practice in Romania and abroad. The interviewees have various backgrounds and include representatives of MFP, professional bodies, Big 4 and non-Big 4 auditors, the stock exchange, and the WB, as well as financial statements users and preparers, and academics (see Appendix B). They were selected to reflect complementary perspectives on the context investigated. Moreover, several interviewees have experience in multiple capacities and harness wider understandings and perspectives on the accounting field. Some have also worked abroad, allowing them to put the Romanian case into a wider international context. All the interviewees have an in-depth understanding of the Romanian accounting system.

The interviews were conducted during different periods (from 2008 to 2018), allowing us to capture important trends at different points in time and reflect on changes occurring in the financial reporting field. To some extent, the phenomena of inertia and change in accounting regulation and practice were addressed in all the interviews by focusing on the relationship between field participants and local culture and behavior (i.e., habitus). Some of the interviews were initiated as data collection for research projects focused on the topics of IAS/IFRS application, IAS/IFRS enforcement, and auditor–auditee interactions. These interviews comprised extensive background discussions about the operationalization of accounting reforms and the overall Romanian environment (i.e., actors in the field and their power and roles).

Issues such as the role of the state, the importance of taxation, or the persistence of previous practices were repeatedly mentioned by the interviewees, with many contextual examples and details, and such data were loosely employed in other research projects. Ten of the 41 interviews had the role of the state and other actors in the financial reporting field as the primary topic. These rich empirical data inductively allowed us to pursue the research more in depth around the question of change or inertia in accounting practices. This type of adaptation to the research setting is not unusual in qualitative research because "insights emerging while collecting data often reveal new ideas that might inspire new data collection […] and even a modified research question" (Bansal et al., 2018, p. 1,193).

The interviews aimed to develop an understanding of accounting regulatory changes and implications for practices (Qu & Dumay, 2011). The interviews were conducted in person or via Skype by one researcher and lasted between 30 and 95 min. The interviews were conducted in Romanian when this was an interviewee's mother tongue (i.e., 40 of the 41 interviews) and in English (one interview). We conducted the interviews at the place suggested by an interviewee, most often at the interviewee's office or in a conference room on his or her employer's premises. The interviews were scheduled ahead of time to allow the interviewees to obtain permission from their respective institutions.

The interviewees were first asked to describe their experiences and provide a general overview of the matters being addressed (Anesa et al., 2019). A middle-road approach recommended by Leech (2002) was followed for "putting the respondents at ease:" "[t]he interviewer should seem professional and generally knowledgeable, but less knowledgeable than the respondent on the particular topic of the interview" (p. 665). A rapport was also created with the interviewees before, at the beginning, and during an interview (Mahama & Khalifa, 2017). Before an interview, the researcher became familiar with an interviewee's employing organization, the position and role of the interviewee, and, where possible, used this background as an icebreaker. At the beginning of the interview, the researcher explained the purpose, nature, and interview format in a nonthreatening way and cleared any confidentiality concerns. During an interview, the researcher continuously showed interest and nonjudgmentally listened to the interviewee.

Twenty-nine interviews were recorded and subsequently transcribed. When permission to record was not granted (i.e., in 12 cases), notes were taken and fully transcribed immediately after the interview. The high percentage of interviewees who did not permit us to record the interviews is not unusual in the context of transitioning economies and/or topics considered sensitive (i.e., the role of the state) (Ezzamel et al., 2007; Ghattas et al., 2021).

The authenticity of the research was maintained in the initial phase of "knowing the data" (Mahama & Khalifa, 2017), which was conducted in the language of an interviewee and the researcher who conducted and transcribed it. Given that the interviews were conducted in Romanian, a translation of the interview material into English was needed. We therefore had to decide whether only selected quotes (Feldermann & Hiebl, 2020) would be translated – or the full dataset (Kamla & Komori, 2018). We opted to translate the entire dataset from interviews, given that we worked in a mixed-language author team.

A translation is a complex process, which may result in difficulties preserving an original meaning, or even preventing an introduction of errors (Evans & Kamla, 2018; Feldermann & Hiebl, 2020). Attention was paid to conveying nuances and meanings, when the researcher who conducted the interview fully translated it into English as a continuation of the transcribing process. Several strategies were employed in trying to ensure the preservation of meaning (Feldermann & Hiebl, 2020; Kamla & Komori, 2018): by maintaining words, short expressions, or even sentences in the original language (in our case, Romanian), and by purposively seeking not to engage in a literal translation of words. Then, the translation was cross-checked by another coauthor on the team, a Romanian native but also a proficient English speaker.

Additionally, we analyzed accounting regulatory documents issued by the MFP after the fall of communism (12 regulations) as part of the regulatory framework. We also analyzed other public documents, which included 15 written materials around the activity of the MFP (its organizational chart, training offers, participation in public events, notes on fundamental accounting regulatory changes), and two WB reports for Romania (World Bank, 2003, 2008). Moreover, previous academic research (five books and 25 articles) investigating accounting reforms in Romania was reviewed. Some of these academic materials were authored by local and foreign authors[4] who were actively involved in various stages of the accounting reforms. These offered additional first-hand impressions of the regulatory process and allowed for the collection of rich data and data triangulation, as reported in Table 2.

4.3. Data analysis

The coding of the data and the data analysis were performed by moving back and forth between the literature and theory, and data. A list of relevant codes was identified from the literature and theory, and this included change or continuity in regulations, actors, habitus, actors' reactions to a local accounting framework, and IAS/IFRS. These general predetermined codes were useful in searching, organizing, and categorizing high-volume and diverse types of data (i.e., interviews, regulations, local reports, and academic materials). Additionally, more nuanced codes emerged from interactions with the data.

We performed process research (Bansal et al., 2018) intended to cover "dynamics that unfold over time" (Berends & Deken, 2021, p. 134). Such research is typically conducted using the temporal dimension as a starting point. We thus used this dimension to conduct our first-order coding because "what happens at any moment in time is affected by what comes before and what may come after" (Berends & Deken, 2021, p. 135). This allowed us to trace the evolution of regulations, mainly by employing regulatory materials. Time bracketing (see Table 1) was driven by key moments when regulatory reforms occurred (as indicated by regulations issued by the MFP and identified as critical events in previous academic research). We coded regulatory responses to the IAS/IFRS over time. We started with two general codes (change, or continuity in regulations), and we added a third code, ambiguity, which later in the analysis was related to the role of taxation in Romania.

Next, since we focused on the financial reporting field, and particularly on the operationalization of IAS/IFRS in practice, we identified key actors and mapped this field over time. This mapping was performed inductively, starting with the data. In this stage, we employed data from interviews, reports, research on Romania, and other sources (see Table 2).

In particular, we identified the roles and (re)actions of field actors over time in relation to accounting regulations. Given the need for theoretical explanations to investigate empirical phenomena (Berends & Deken, 2021), we continued the analysis by iteratively examining the data and Bourdieu's concept of habitus. The case narrative was written to reflect a conceptualized composition (Berends & Deken, 2021), which has the advantage that "it simultaneously conveys the theoretical significance of events in an empirical narrative" (p. 140). We started with the field's prescribed habitus and its desynchronization from the field with the arrival of transnational governance. Next, we investigated the actions of the state as the main source of field reproductions (which occur at the macro level) and drivers of change at the micro level, including opportunities for indigenous professionals to meet with newcomers (i.e., actors carrying Western principles and market-based values).

[4] For example, E. Delesalle was one of the French consultants in Stage 1 of the accounting reform (Delesalle & Delesalle, 2000), while King, Beattie and Cristescu were part of the team working under the Know How Fund initiative in Stage 2 of the reform (King et al., 2001). Moreover, several of the academic works consulted are authored by prominent Romanian academics involved in accounting reforms (e.g., Prof. Feleagă was deeply involved in the initial reforms (Feleagă, 1992), while Manolescu, Petre and Lazăr were directors in the MFP (Manolescu et al., 2021)).

Table 2
Description of data and use in data analysis.

Type of Data	Description	Primary Use (Research Task)
Interviews	41 interviews, with 40 key stakeholders, conducted between 2008 and 2018 (details in Appendix B)	Gain a fine-grained perspective on the operationalization of and reactions to accounting regulations
Regulatory documents issued by the MFP or materials around the work of the MFP	12 regulations	Develop a historical account of the governance field (with emphasis on the impact of transnational governance)
Previous academic research and WB reports	25 research articles Five books Two WB reports	Acculturate with the perceived role of and consequences for practices of regulatory products Identify key actors Gain an empirical perspective on the operationalization of and reactions to accounting regulations – to complement (for the beginning of the period under analysis) and triangulate (for recent years) data from interviews
Other materials: training offered by various actors; notes on public events; articles in the media about accounting regulations; statistics and comments on the development of the capital market	15 written materials	Develop an understanding of the financial reporting field's development (actors' importance in the field) Complement and triangulate evidence collected from interviews regarding the field's practices around accounting regulations

5. Desynchronizing the financial reporting field

5.1. Field-prescribed indigenous habitus

Regulatory accounting frameworks are not applied in a vacuum. A local context, its culture, and traditional relationships between key actors influence the implementation of accounting rules. Individuals most often rely on their previously developed interpretive schemes to make sense of accounting rules and construct responses to them in practice. The concept of habitus is effective in conceptualizing this relationship.

Accounting reforms in CEE countries were undertaken in a historical context marked by communism. The post-communist financial reporting field was mainly inhabited, at least in the early years of the transition toward a market economy, by professionals educated and practicing during communism. As such, the field-prescribed habitus, i.e., the field-prescribed feel for the game shared by locals or incumbents (De Clercq & Voronov, 2009), was historically constructed during communism.

Accounting-related ideology originating from communism was based on an authoritarian and omnipresent state. The "state" in Romania was—like in other former communist countries—the accounting regulator (Bailey, 1995; Calu, 2005). Via the MFP, the state issued detailed rules and trained accountants and inspectors to produce and check accounting information supplied only to the state. The accounting model in that period was of Soviet origin (Calu, 2005) and had many similarities to the systems of other countries with comparable political regimes, such as other CEE countries, China, or Vietnam.

The emphasis of regulations and how they were operationalized was on bookkeeping and proper documentation (Calu, 2005). Detailed bookkeeping rules (ro. *norme de evidenţă contabilă*) contained charts of accounts for each industry and exhaustive instructions about their use by accountants, which led to uniform accounting practices (Calu, 2005; Calu et al., 2011). Moreover, accounting regulations included details regarding the form and purpose of all documents and their proforma templates (ro. *formulare tipizate*), resulting in a fixation on the correctness of supporting documentation and accounting records (Calu et al., 2011). During that period, the account, not financial reports, was the most important accounting instrument because it facilitated the tracking of the production process (Calu et al., 2011).

The inculcation of appropriate accounting practices (which may be perceived as responses to strict regulations) was worked out in large-scale training for accountants (CECCAR, 2006). This educational process allowed the Romanian state to shape accountants' interpretive schemes and cognitive structures:

> Courses were also held almost every month […] I worked in control and one week per month I was at the MFP for training. […] with so many courses, people had the chance to understand [how accounting should be dealt with]. (I29, Regulator)

Thus, accountants expected to receive very detailed and clear rules to follow in bookkeeping, and they relied (only) on the state for this. The state played the most important role in shaping habitus in accounting. There was little authority and influence over accountants at the entity level since, in that period, the administration of entities was also subsumed to the state; being ruled by political orders, those in charge had little discretion in their work (Soulsby & Clark, 1996). Apostol and Pop (2019, p. 8) noted that "[a]ll actors involved served the same owner, i.e., the state, which resulted in a non-adversarial relationship and the absence of the notion of non-compliance." Therefore, accountants' predispositions and interpretive schemes were quite homogeneous at the field level, with little (or no) variation resulting from organizational influences (such as education). Consequently, the *homo sovieticus* concept, that involves "submission to authorities [….] who were the only correct body," "intellectual enslavement," and "not hav[ing] to think because everything was simple" (Tobor-Osadnik et al., 2013, p. 23) depicts an indigenous habitus. This is the background for accountants' habitus and skill development in place at the demise of the communist regime.

5.2. *Influences of transnational governance – desynchronization between the field and the habitus*

The fall of communism in Romania implied a rapid, abrupt change in economic and accounting doctrines, oriented thereafter toward capitalism (Feleagă, 1992). Romania benefited from external guidance and advice,[5] and all stages of reforming the country's accounting system were influenced by powerful, expert international actors.

I29 (regulator) recalled how the course of the reform was externally driven immediately after the fall of communism:

> I recall what a fight it was [between various fractions of local actors, with different suggestions] [the interviewee pauses and smiles] this is how we started [pause] and slowly we started to comprehend [pause] with external assistance. We did not ask them [the external advisers] to come; they came on their own, but they knew what had to be done because they had the experience of working with other countries. (I29, Regulator)

Chief external advisers for the three stages (see Table 1) in the accounting reforms included French consultants in the early 1990s, followed by assistance from the Institute of Chartered Accountants of Scotland and the WB in the second stage, and continuously from the EU (Delesalle & Delesalle, 2000; King et al., 2001). The relationship with external actors and the reactions to their advice were subsumed by the country's political objectives, which were the actual key drivers for reforming accounting rules. This change was portrayed as the necessary transformation in accounting to ensure the switch to a capitalistic system (Feleagă, 1992), in line with the country's "desire to move more rapidly to a market economy and […] the urgency to secure foreign investment" (King et al., 2001, p. 150).

The arrival of market-oriented accounting models, particularly IAS/IFRS, represented a drastic difference from previous accounting rules and practices, destabilizing the relationship between the field and the indigenous professional habitus. This type of external influence may be conceived of as a subtle form of colonialism (Tyrrall et al., 2007), given that external advice follows post-colonial "recipes" (Sandu et al., 2022) and is highly inconsistent with local, indigenous culture. Accountants and other professionals formed under communism (i.e., the indigenous people) faced a destabilizing regime change and difficulties adapting to the market economy: "Homo sovieticus did not transform automatically into a citizen of a democratic country" (Wnuk-Lipinski, 2008, cited in Tobor-Osadnik et al., 2013, p. 23).

For example, the new accounting rules (including the first detailed rules issued after the fall of communism in 1993-HG 704/1993) required the disclosure of financial information (i.e., financial statements, including the notes). Companies and accountants were struggling for a long period to understand both the need for and how to implement the move from secret, state-addressed reports to publicly available, user-oriented financial statements. In the field, financial statements for many years continued to be viewed as a business secret. Public access to the financial statements of listed companies was difficult, even one decade after the fall of communism (World Bank, 2003), or when they existed, "disclosures meant one page" (I20, Big 4 Auditor).

The incorporation of IAS/IFRS into local regulations resulted in a very "demanding" transition (World Bank, 2003, p. 0) since they encompassed "a different style and philosophy of accounting requirements." IAS/IFRS require significant recourse to professional judgment, decisions, and estimates, while the local habitus is that accountants are "used to have decisions made for them and not by them" (Tobor-Osadnik et al., 2013, p. 25). Pointing to the mismatch between local values in a transitioning context and IAS/IFRS, Tyrrall et al. (2007, p. 86) noted that IAS/IFRS are complex, exceeding "the ability of indigenous accounting staff to operationalize them."

Switching to IAS/IFRS was not only about differences in accounting rules but also implied a different local infrastructure, a particular way of organizing an activity, a mindset and belief in the market, and a commitment toward transparency and users' primacy for their operationalization (Nguyen & Rahman, 2019; Spence et al., 2015). These values were far distant from local professional values and habitus.

> These [IFRS] are something new [compared to the previous system]. It will take a while [before a significant change will occur] [pause], as there is no culture [referring to the market-based principles]. (I16, World Bank)
>
> We have to understand that Romania comes from a period of time when all that was of interest was to report [to the state] the overfulfillment of the plan, not the financial information. (I5, Big 4 Auditor)

The setting for our research is thus characterized by a clash between a habitus centered on stringent planning control and a new way of thinking focused on a financial reporting mindset. As mentioned by Malsch and Gendron (2013), "habituses may often find themselves operating in conditions differing markedly from the conditions in which they were originally produced" (p. 875). Reactions may vary, and both "history and change are made possible" (Malsch and Gendron, 2013, p. 875); some actors may find it difficult to adapt, while others alter their habitus (Kerr & Robinson, 2009). In a setting experiencing a desynchronization between the financial reporting field and its habitus, we expect the dynamic of change to be chiefly impacted by dominant actors who have the power to impose the pace of transformations, and by newcomers (Bourdieu, 1984; Boyer, 2003; Malsch & Gendron, 2013).

[5] External guidance and advice are not disinterested. As such, Delesalle and Delesalle (2000) emphasized economic interests in the CEE region associated with international actors, while Sandu et al. (2022) advanced geopolitical explanations for the financial reporting reforms.

6. Dynamics underlying the tension between reproduction and change

Our analysis of the financial reporting field's dynamics points to the key roles played by some actors, not least the state[6] as a major actor for reproduction and newcomers as promoters of change. Among local actors, the state is the dominant one in the financial reporting field, with direct and indirect (through other actors) roles in field reproduction. Newcomers are carriers of a new habitus aligned with a transnational agenda and actively seek to capitalize on opportunities to change a local field.

6.1. *The state's innovation for reproduction*

The state's actions are important in setting up the rules of the game, not only in terms of regulatory frameworks (law formation) but also of law implementation in practice. Even though IAS/IFRS became highly influential in the local Romanian context, even for non-listed entities, the state continued to impact the text of the applicable accounting regulations, mainly via its regulatory style. Moreover, the state employs channels (e.g., the accounting–taxation relationship) that can send a signal and dictate what is "appropriate" for reading and interpreting of the laws for their practical transposition.

6.1.1. *The role of the state's regulatory style in field reproduction*

Even if in the eyes of the international audience Romania seemed open and progressive in accepting IAS/IFRS, even for non-listed entities, and the analysis of local accounting regulatory frameworks applicable to them indicated an overall increase in the level of convergence with IAS/IFRS over time (Albu & Albu, 2017), the evaluation of the MFP's regulatory work shows that this was handled internally in a very prudent way. As the dominating actor in the financial reporting field, the MFP was vigilant vis-à-vis the emergence of transnational norms and employed strategies to control the rules of the game to tone down and mitigate the agenda for change locally. These strategies were derived from previous indigenous synchronization between the financial reporting field and its habitus.

Regulatory reforms were substantial in some respects, but at the same time, they also allowed for continuity, thus resulting in local blends. As such, the first stage of the accounting reform, inspired by the French accounting model, brought numerous novelties to the accounting framework but also bore some continuities or small-scale resemblances to the previous system. Some of these resemblances were at the general level, such as the use of a chart of accounts and the issuance of very detailed rules, a powerful role of the state in issuing regulations and providing guidance, while others were at the level of items or rules (e.g., particular valuations models, or types and terms for accounting items maintained from the previous system) (Calu, 2005; Calu et al., 2011).

The MFP maintained a detailed, rule-oriented regulatory approach, even after the advent of IAS/IFRS. This originated in the regulatory attitude during communism and aligned well with the indigenous habitus. "We are accustomed to having laws be as descriptive as possible" (I3, Preparer). Accountants "do not think about the spirit of the law. If using a certain account or filling in a certain document is required, then they simply do that without any question" (I7, Preparer). Issuing detailed rules, charts of accounts, and detailed guidance was a common procedural practice in post-communist countries (e.g., Boross et al., 1995; Nguyen & Rahman, 2019), particularly in the early years of the reforms. This approach was quickly recognized as being "a strong element of the past in the present law" (Boross et al., 1995, p. 733), contributing to the reproduction of old practices and indigenous habitus.

An example of a regulatory approach that results in reproduction is the structure of regulations, which tends to be maintained over time and across regulations, thus diminishing the importance of some changes in the text of the accounting framework. For example, the first regulations, that included (translated) IAS (in 1999 and 2001), were a blend of old rules (including a chart of accounts and prescribed layouts for financial statements) conveniently placed at the beginning of the regulations, and they handily resembled previous rules (in terms of structure). Additionally, IAS were introduced as translations at the end of the regulations. This approach particularly silenced the conceptual differences between local and international frames; since maintaining the same structure of regulations and some previous regulatory materials tends to reinforce old practices, newly added regulatory material becomes less visible or important.

Another example of such regulatory actions is an emphasis on precision, rule-following, and state-issued guidance. As such, the first post-communist accounting regulations issued in 1993 (HG 704/1993) were complemented by the so-called "green book" (ro. *cartea verde*) (given the colors of the cover) titled *The Accounting System of Economic Agents* (ro. *Sistemul contabil al agenţilor economici*). The "green book" detailed the potential correspondence accounts to be used for each account in the chart of accounts. Accountants could not have used other corresponding accounts or employed other accounting entries outside the ones indicated to be appropriate in the "green book." "People were used to having specific instructions: the famous 'green book' with several hundreds of pages including the 'correct' [emphasis on the word, air quotes indicated] accounting entries" (I20, Big 4 Auditor).

The "green book" became outdated in 1999 when a move toward IAS/IFRS was made. However, the MFP expressed "concerns that IFRS are too much of a change [in terms of lack of instructions]" (I20, Big 4 Auditor) and perpetuated a detailed-oriented regulatory attitude, which resulted in transforming IAS/IFRS into national rule-oriented regulations. Regulations that incorporated IAS/IFRS (i.e., OMFP 403/1999; OMFP 94/2001), like former accounting regulations, comprised some detail-oriented requirements, such as a chart of accounts and mandatory layouts for financial statements, alongside the preoccupation for detail, including an emphasis on the correct use of accounts and proper justification through documentation. This regulatory spirit continued even in the third and last stage of the accounting reform, when it was required that IFRS as adopted by the EU be applied by listed companies in their individual

[6] Local actors are, similar to the accounting profession, characterized by indigenous, communist-oriented habitus. The tendency is to reproduce practices, particularly since people were educated and socialized in the previous system.

financial statements as well (OMFP 1286/2012) (IFRS were applied by public interest entities in their consolidated financial statements since 2007), but MFP supplemented them with a chart of accounts.

> IFRSs as a basis for accounting were applied together with the Accounting Law and other applicable legal provisions (chart of accounts and content of each account, examples regarding the reflection in accounting of different new or high difficulty operations, the layout of the transposition of account balances, a situation including the results of the restatement on IFRS of the information from the accounting organized according to the national regulations). The elements of support in the application of IFRS were appreciated as welcome by all those involved in this process and were intended to contribute to ensuring a high degree of transparency and comparability of the annual financial statements. (Manolescu et al., 2021, p. 717)[7]

Indigenous accountants, in line with their habitus, displayed dependency for external (state-issued) "guidance" (Tobor-Osadnik et al., 2013), and this attitude was nurtured and perpetuated by the MFP through its regulatory style. Regulators continued to insist on form-related issues and the need for rigor (as opposed to estimates) in accounting, which is visible in the texts of the regulatory frameworks or the public comments around them.

> The new regulation [issued in 2005] is characterized by rigor in expressing the requirements for financial statements (layout, content, evaluation rules) […] the new regulations will require increased exigence and accuracy in determining the information to be included in the financial statements. (Petre, 2006)

To achieve this high degree of rigor, regulations (even those mandating IAS/IFRS) emphasized documentary evidence (ro. *documente justificative*) (including their organization and archiving) and basic bookkeeping rules: "The trial balance is the basis for preparing the financial statements" (art. 9); for "bookkeeping purpose, the chart of accounts provided must be used" (art. 10) and on "the obligation, in accordance with the law, to ensure the preparation of the documents for the economic operations, the organization, and the correct and up-to-date bookkeeping" (Appendix 1, art. 2, OMFP 2844/2016). This extent of regulatory detail maintains the importance of documents and proper documentation that originated in communist times:

> There is a reality in the [CEE] region, including of course Romania—historically, you cannot journalize anything in accounting unless you have a primary document. Many accountants still only journalize upon having an invoice; the transfer of goods does not matter, or the circumstances of the transaction. All that matters is to have a piece of paper. (I34, Big 4 Auditor)

This attitude, maintained and fostered by regulations, stands at odds with IAS/IFRS requirements, particularly in cases where professional judgment or estimates are needed.

> An example is leases. The argument [for the classification of the contract] is the type mentioned in the contract. If you have a piece of paper that mentions a 'financial lease', it is perfect for the authorities and the preparers. You [as an accountant] are covered. (I8, Big 4 Auditor)

A recent study by Păunescu (2015) confirmed the perpetuity of this approach. The author investigated the issue of revenue recognition in Romania and emphasized the difficulty "to justify the hypotheses employed in the estimates" (p. 23), particularly when economic substance (and not legal form) is considered. This results in a prudent approach to recognizing revenue, which is more related to documents and a legal form than the economic substance of a transaction.

The state's regulatory approach thus contributed in the longer term to the preservation of the bookkeeper rule-follower habitus for indigenous accountants. In line with local habitus, "the accountant believes that if s/he obeys the rules, s/he is the best accountant ever" (I9, Professional Body), and the MFP reinforced this via its regulatory style insisting on rigor, documentation, details, and rule-following.

6.1.2. The accounting-taxation relationship and its impact on the local habitus

It appears that the attitude of the MFP toward the regulatory process and its accompanying actions around accounting regulations had contributed directly and indirectly to the maintenance of the accounting profession's local habitus. However, one question remains: How was the reproduction endeavor achieved at the micro, organizational level, given the increase in the number of market-type stakeholders? Our analysis indicates that the state's recognition and actions as a tax regulator and enforcer guaranteed it a longer-term, powerful position in the field.

Taxation was not perceived as a separate issue during communism, being unified with and undistinguishable from accounting (Calu et al., 2011). Even if the separation of taxation and accounting was introduced after the fall of communism, they were maintained as closely as possible. Given that both accounting and taxation are concerned with profits and that most entities have limited resources to keep separate accounting and taxation functions (Richard, 1995; Sikka, 2017), the Romanian model implied a close connection between them, like other (Western and Eastern) European countries (Bailey, 1995), with the tax approach prevailing in practice.

In the first stage of the reform, this close connection was achieved by developing accounting rules that were close to the tax rules. This resulted in accounting rules specifying that revenue recognition, or depreciation and amortization, should be based on tax rules (Deaconu & Cuzdriorean, 2016; Ionaşcu et al., 2007). This led to an accounting system "degraded by the Ministry of [Public] Finances issuing a substantial quantity of ad hoc amendment orders and guidance relating to tax accounts rather than the preparation of general-

[7] The authors are the present and previous director of the Direction for accounting legislation from the MFP. This article is their reflection over the IAS/IFRS journey in Romania.

purpose accounts" (King et al., 2001, p. 159). The second stage of accounting reform was intended to bring, through the adoption of IAS, a disconnection from taxation. To achieve this, "a culture shift to reduce the influence of tax accounting" (World Bank, 2003, p. 0) was necessary (from the perspective of transnational actors). However, this cultural shift only tenuously emerged (Deaconu & Cuzdriorean, 2016) since "companies do not always appear to understand that the objectives of accounting standards differ from tax requirements" (World Bank, 2003, p. 8). This resulted in "a predominant influence of taxation during the preparation of financial statements" (World Bank, 2008, p. 22). Therefore, even under IAS/IFRS or under national regulations close to IAS/IFRS (Albu & Albu, 2017), companies continued to depreciate or revalue assets in accordance with tax rules, or recognize provisions only when they were deductible from a tax perspective (Ionaşcu et al., 2014).

> Regarding [the recognition of] provisions, this has to do with the same problem of not having a document: since there is no document, hence [provisions are] not tax-deductible, why should we [voicing the arguments provided by accountants when auditors conduct audits] record them? (I34, Big 4 Auditor)

The important mechanisms employed by the state to maintain a stringent role of taxation and preeminence over accounting consisted of maintaining ambiguity regarding the relationship between accounting and taxation in the text of accounting regulations and then mobilizing tax inspections to impose a taxation approach. This preeminence of taxation de facto structured the financial reporting field and various actors' positions and roles. During communism, state inspectors were the main mechanism for checking records (CECCAR, 2006), but after the fall of the communist regime, companies were subject to two forms of control (of accounting and taxation). For accounting purposes, this became the attribute of the accounting profession, particularly that of auditing (which evolved slowly in Romania).

For taxation purposes, control remained an attribute of state agencies. This was performed by units subordinated to the MFP with this authority, the latest one (created in 2003) being the National Agency of Fiscal Administration (ro. Agenţia Naţională de Administrare Fiscală – ANAF). These units check the correctness of tax payments, and, during inspections, they check accounting records because they are the basis for tax computations. The authority of tax inspectors is perpetuated through fines they can administer, which they do in cases of departure from acceptable practices. This differs from other forms of checking financial statements (Albu et al., 2021), such as, in the case of listed companies, audits and verification by an enforcement authority, which do not result in monetary fines.

> The lack of compliance with, or the departure from, an accounting principle is not expensive (from the perspective of potential fines), but […] any divergence with the tax authority might be very costly. (Păunescu, 2015, p. 17)

With limited resources, corporate managers expect accountants to "do their job" (I7, Preparer) and prevent any disagreements with the tax authority.

> The accountant is afraid of making any exception [from tax rules]. Who protects them [accountants] from the controls they might be subject to? (I4, Preparer)

> Managers and accountants do not have any time for accounting issues. They pay attention to the more technical things… and generally to the relationship with the state… not necessarily the taxes, but it is about how they treat the state in general; it [the state] is a privileged partner. (I15, non-Big 4 Auditor)

Therefore, preparers maintain tax treatments in accounting, irrespective of the provisions of accounting regulations, to avoid disagreements with tax authorities. Although the accounting rules issued during the second stage of the reform did not refer to tax treatments, the indigenous habitus reproduced by tax inspectors contributed to a close connection between accounting and taxation (Albu et al., 2014; Ionaşcu et al., 2014; Păunescu, 2015). Preparers "would not keep two separate systems, one for financial reporting and one for taxation, and if you [as auditor] suggest they should, it is seen as a blasphemy, as taboo" (I34, Big 4 Auditor).

> Controllers check for taxes. We know that there are complex things for which we should find a better [accounting] treatment. But as long as we don't have any problems with the ANAF on this matter [accounting treatments followed], we postpone it [trying to change the treatments to be different from the tax ones] [pause], and we keep on postponing it. (I7, Preparer)

Tax inspectors, therefore, occupy a central position in vetoing accounting treatments, and indirectly downplay the role of other actors, particularly auditors. As such, the state plays an indirect role in the auditor–auditee relationship via the perceived superiority of taxation over the work and advice of auditors that is instilled by the ANAF:

> I tried to convince them [preparers] that they [accounting and taxation] are very different things, and that it is all right to have accounting policies that are different from the tax ones. This was inconceivable for them – for example, because write-downs are not tax-deductible, they do not record them [in financial statements]. (I35, non-Big 4 Auditor)

The supremacy of the ANAF's view over that of an auditor, particularly in terms of accounting treatments and interpretations, is sometimes decided, even in a direct, confrontational manner, demonstrating the ANAF's power position in the field:

> The ANAF is nevertheless the holder of the absolute truth, as it OKs the [audit] clients regarding their profit. The ANAF [representatives] told us once that they think the client should record these costs in a certain way and that it's my problem [as an auditor] if I want to qualify the audit opinion. And that if we do this, they [the ANAF] will report us.[8] "About what?" I asked. "We'll see" [the interviewee pauses mesmerized]. It's difficult to argue with this mindset. If you [the auditor] say that these cannot be repair costs [while the ANAF says that they are], the client is ready to call the supplier who is ready to write on a piece of paper that these are repairs, so they must be repairs [to avoid any issues with the ANAF]. The auditor is the outsider of a discussion between the client and the ANAF. (I35, non-Big 4 Auditor)

On the one hand, the work of tax inspectors matches well with indigenous accountants' expectations to be controlled and approved by state authorities. On the other hand, this mechanism of control is creatively employed by the MFP to filter how accounting regulations are applied. Regulators acknowledge that not all IAS/IFRS prescriptions should be operationalized as such: "Fair value is nice in theory but very difficult in practice… fair value is not controllable by anyone" (I2, Regulator), and "IAS 12 [Income taxes] is very difficult in practice" (I2, Regulator). Consequently, accounting practices operationalizing these new additions to the regulations were not considered appropriate by tax inspectors. This is because, for a regulator, IAS/IFRS, if applied as such in practice, "open the room for manipulations and fraud" (I29, Regulator). Therefore, "with IAS/IFRS, you [the MFP] must pay attention to [preparers'] capacity. If you [as a country] start applying them [enforcing companies to apply IAS/IFRS] and you don't have capacity, you lose more than by maintaining the national regulations" (I29, Regulator).

Another mechanism through which the state reproduces habitus in the field is its educational initiatives since the MFP employs methods to influence the interpretive schemes of accountants. In line with the expectations that "authorities will take care of all matters, show the way," which pertains to *homo sovieticus* (Tobor-Osadnik et al., 2013, p. 23), over the years, the MFP issued guidelines, organized trainings, and expressed (in publications or conferences) opinions about accounting treatments. The implementation materials issued by the MFP for accounting regulations, and the trainings, are considered by accountants the best and ultimate source for clarifying implementation questions they might have and far superior to any course organized by professional associations or consultants: "We better understand the regulation when we attend their [MFP's] trainings" (I3, Preparer).

The MFP's educational initiatives fulfill a strong role in preserving accounting close to taxation. As such, all educational initiatives around accounting regulations, designed supposedly to help the profession, are intended to respond to accountants' interest in taxation; therefore, they provide examples of blends of accounting and taxation. Educational activities include, for example, guides on the application of accounting regulations, which, even for IAS/IFRS, are framed as "Guides for the reconciliation between accounting and taxation" (I2, Regulator). Other examples come from the training sessions delivered. As such, a 2013 offer[9] for (paid) training on taxation issues was provided by the MFP, under the general title of "The National Week of Taxation." This was one day focused on "aspects regarding the application of accounting regulations conforming with the European Directives" and "aspects regarding the application of IFRS."[10] The topic of another training delivered by a former MFP director to practicing accountants in 2018 was "Accounting policies and professional judgment in the context of applying accounting and, particularly, tax regulations," with "efficient solutions found to the practical issues raised by accountants" (CECCAR, 2018).

These trainings covered both accounting and taxation issues with the overt intent of clarifying the relationship between these issues for accountants. However, educational initiatives arguably structured the professional habitus, preserving the inculcated obeisance to documentation, legal form of transactions, and precision. As such, even during IAS/IFRS trainings, "instead of clarifying some aspects [regarding the IAS/IFRS adoption], their [MFP's] main concern was the chart of accounts [and when and how to use certain accounts]" (I13, Big 4 Auditor), thus shaping the application in practice as rigorous within acceptable boundaries.

> Question: What do you think about accountants' education in Romania? Answer: [The interviewee sighs] I think I said a lot [the interviewee laughs with meaning] that they do not master subtleties, the new items, they are not curious… Professional bodies deliver IFRS courses; we really try to educate them, but they are not curious […] they are more interested in loopholes and tricks for OMFPs and taxation […] as if they were on the payroll of the state (ro. *de parcă ăştia sunt slujbaşii statului*). (I15, non-Big 4 Auditor)

Therefore, irrespective of the text of regulations, the state's actions in relation to accountants (preparers) are intended to ensure compliance with its ideology about accounting, which facilitates the field's reproduction. The subordinated attitude of accountants (and companies), and their tacit, apparently voluntary compliance, legitimizes the existing arrangements and favors the dominant position of the state and the reproduction of the field (Golsorkhi et al., 2009). In this context, it appears that making systemic change is a difficult endeavor.

[8] The interviewee was perplexed about where or why s/he will be reported by the ANAF. This is an allusion to the communist types of reporting to state authorities.

[9] https://ccfiscali.ro/content/Evenimente/program-formular-inscriere-seminarii-UGIR-2013.pdf.

[10] Organizational solutions subtly inculcate the primacy of taxation over accounting. As such, accounting was part of the "week of taxation." This is also visible in the organization of the MFP, where the Direction for accounting legislation and regulations is under the General Direction for tax legislation, and customs and accounting regulations (https://mfinante.gov.ro/ro/organigrama).

6.2. Newcomers – altering habitus and shifting boundaries

As per financial reporting's nature of continuity, reform occurs (at least at the onset) within the same structures and with the same people. This results in much room for reproduction for a local habitus, shared by most local constituents, to persist since "accounting personnel […] have tended to prefer a minimization of accounting disturbance" (Bailey, 1995, p. 604). Previous studies also illustrate how Western models are perceived as patronizing and devalue the experience and expertise of locals (Child & Czeglédy, 1996), which makes change uneasy, difficult, and resisted by some indigenous professionals (Soulsby & Clark, 1996). In Bourdieusian framing, habitus is central to understanding and explaining continual reproduction because it predisposes participants to concur rather than challenge and change the field. We explained above how the state works to reproduce the field and has ample power over other local actors, such as professional bodies, auditors, and users, to legitimize the reproduction of indigenous state-centered logic.

On the other hand, in this transitioning field, some actors, particularly those who are new to the field, have a strong adherence to Western values and may support change. Moreover, a group of indigenous professionals are keen and open to associating themselves with Western ideas; they benefit from new capitalistic opportunities and being accepted by the new elite (Soulsby & Clark, 1996; Kerr & Robinson, 2009). Therefore, it is the negotiated, worked, and reworked relationship between actors in the field that surrounds the process of reproduction or change in what is acceptable operationalization in the practice of reformed regulations.

Opportunities to "meet" and be exposed to Western values arise through education, socialization, and work experience. Habitus is mainly shaped by education (Bourdieu, 1990). Educational efforts have varied in terms of geographical location, duration, and people included. For example, Delesalle and Delesalle (2000) emphasized that the first trainings after the fall of communism were concentrated in a few large cities and suffered from deficiencies. In the late 1990s, transnational donors organized some courses as well:

> WB contributed a lot to educating locals. The projects were long-term projects. For example, the one with ICAS [Institute of Chartered Accountants of Scotland] took about 10 years, and the training was intensive. They trained a lot of people, including [by taking Romanians] in the UK. (I30, Academic)

Ionaşcu et al. (2007) noted that the first IAS/IFRS courses organized by the MFP and transnational bodies addressed a limited number of people, mainly academics and representatives of the MFP and local professional bodies. It seems that the deployment of IAS/IFRS was filtered by locals (i.e., academics and the MFP as intermediaries of knowledge), and this allowed them to navigate across international requirements, equipping them with enough knowledge to be able to locally select, adapt, and transform international impositions. In parallel, large audit firms organized trainings formed around their network's knowledge and IAS/IFRS expertise, shaped to a large extent by Western ideology. Such educational efforts suggest, therefore, that the process of inculcating IAS/IFRS principles in the local profession was, somehow, continuous but uneven over time. Moreover, given local filters, the knowledge imparted was locally sorted and adapted.

A form of socialization is the work with so-called newcomers to the field, actors displaying a Western habitus (a market-based ideology) who support the operation of neoliberal institutions, such as audits, capital markets (i.e., analysts, enforcers, and users), and corporate governance mechanisms. This exposure contributes to some evolution of the local habitus toward Western principles:

> Before my current position, I used to work for a subsidiary of an American company, and I have experienced then the visits paid to us by internal auditing representatives of the parent entity. I learned a lot during these visits, including regarding business ethics, and relationships with audit and auditors, as they focused extensively on all our processes. From Big 4 auditors, I learned a lot in terms of asset valuation for inventories and receivables, for example. (I37, Preparer)

An obvious group of newcomers capable of instilling change, as is also hinted at in other IFRS studies (e.g., Aburous, 2019), are the local offices of international audit firms (generally referred to as Big N, recently Big 4). Big 4 firms reflect Anglo-Saxon culture and habitus; they occupy a central position in globalization and the transnational arrangements (Christensen & Seabrooke, 2022) aiming for accounting reforms in line with IFRS (Kohler et al., 2021; Spence et al., 2015), and they are connected to other fields (international ones, with a different habitus) (Golsorkhi et al., 2009).

> The audit market is split into two segments: Big 4 and other international networks, and Romanian audit firms. The former care less about rigor and legal correctness and more about the needs of their clients… They are oriented toward the Anglo-Saxon approach. Romanian audit firms have not changed their approach [relative to previous periods]. (I1, Professional Body)

Big audit firms opened offices in Romania soon after 1989 and brought Anglo-Saxon education and resources that were adapted to a market-based economy. They employed Western-trained people, mainly expatriates (i.e., 10–30 % of their staff), and local professionals who were intensively trained (Kirsch et al., 2000). The amount of the local professionals grew over time by assimilating some local firms. Therefore, these firms exhibit, through their staff, a mixture of initial interpretive schemes and market-based cognitive structures. Expatriates must understand local principles of management (King et al., 2001), and locals, even if they imitate Western practices, are still influenced by their previous inclinations (as explained by Mennicken, 2008, in the case of auditing in Russia). Therefore, the habituses of Western and local professionals, even if they become harmonized and align over time (thus becoming oriented toward Western principles), continue to incorporate some of the local values and dispositions. As such, change is not automatic, immediate, or easily achieved. As auditors or consultants, they face the local environment, and "clashes [of mentalities] occur" (I34, Big 4 Auditor):

> The first time I went to one of my [state-owned] shipbuilding clients, the ship was being built in one day [the interviewee laughs sarcastically]. Now they have work in progress, a percentage of completion, and it is not all about the invoices anymore [as it is

traditionally in taxation]. I think that auditors helped in this respect as well, although clients resisted very much at the beginning. They were upset [the interviewee laughs]. (I32, non-Big 4 Auditor)

These conflicts are managed and negotiated, and accounting responses are far from traditional local practices but also depart from IAS/IFRS. For example, in the early years of IAS/IFRS adoption, Big 4 auditors prepared the IAS/IFRS financial statements they subsequently audited by restating financial statements prepared in accordance with Romanian legislation (Albu et al., 2014). The outcome reflected a hybrid product, accommodating both local constraints and accounting routines (i.e., tax-based accounting) and some basic IAS/IFRS and audit (Western) expectations:

> The [Big 4] auditors prepared the [IAS/IFRS] financial statements. They first audited the financial statements prepared in accordance with Romanian regulations; they were very meticulous and would not accept any material misstatements. After that […], they restated the financial statements to IFRS by using an Excel spreadsheet in about one week. The adjustments included fair value, deferred taxation, and a few others. They also prepared the notes, usually by copy-pasting from prior years. (I26, User)

Another example of how conflicts are managed and negotiated is testing for impairment. For many years, and in line with the documentation type of habitus, companies have employed valuers to support impairment testing; however,

> valuers use rule-based methods […]. It is more a market value than a value in use. No one computes the value in use, discounted cash flows[11] […] But as long as an asset is impaired, for the auditor is OK. (I8, Big 4 Auditor)

The form, pace, and extent of change are highly dependent on the micro level. The organizational context is now the place where the interests of various stakeholders meet and must be negotiated and responded to. Besides encounters with Big 4 auditors and consultants, managers and accountants were exposed to various experiences and educational initiatives. Some companies had to respond to more demanding users, such as banks (in most cases, subsidiaries of foreign banks), foreign companies, investors, and, more recently, the local capital market (Albu et al., 2021). Change is influenced by how companies perceive the expectations of various stakeholders, particularly the state versus other users, and how aligned or contradictory they are. In many cases, Big 4 auditors meet resistance in preparers since tax reporting remains a priority. However, audit reports, audit opinions, and IFRS financial statements matter more for some companies. In this case, an audit opinion is perceived to have more severe consequences than tax fines, and the technical knowledge and advice of an auditor are valued at a higher level than that of a tax inspector. Additionally, Big 4 auditors have authority over auditees and therefore have room to shape inclinations and attitudes in accounting, because, in many cases, auditees were required[12] to have a Big 4 firm as its auditor.

> Perceiving financial reporting as a priority occurs only if it [financial reporting, separate from taxation] is mandated by the group or by the shareholders. What are the benefits of having a complete set of financial statements? […] Hence, the discussions we have [when companies do not have users], for which I don't blame the accountants. It's because of the environment and history. (I34, Big 4 Auditor)

Understandably, change is slow since, at least initially, a local habitus prevails, and "most companies—even the listed ones—do not set up [separate] departments nor do they allocate the resources for IFRS" (I26, User). In this respect, auditors work with preparers to help them change: "We show up and start educating people, particularly with these new standards […] we send them [preparers] manuals ahead" (I33, Big 4 Auditor), and "we tell them that the useful life of property, plant and equipment is different from the one that should be used for tax purposes" (I34, Big 4 Auditor).

The role of the Big 4 firms in instilling change is visible in how they assisted preparers in working with IAS/IFRS, providing guidance, or even initially preparing IAS/IFRS financial statements (World Bank, 2003).[13] "Without auditors doing these retreatments, it would be impossible to audit, let alone actually have, IFRS financial statements in Romania" (I32, Non-Big 4 Auditor). Big 4 auditors also contribute to IAS/IFRS implementation by providing templates and disclosure checklists, training, and consultancy, thus advocating for the operationalization of IAS/IFRS that is closer to their spirit. Moreover, "they gradually transfer knowledge to company staff" (World Bank, 2003, p. 6), which results in a slow transfer and inculcation of some Anglo-Saxon principles to local professionals.

These examples testify to the role of Western habitus and its carriers in instilling change but also to the fluctuations between Western and local habitus. Moreover, the role of Big 4 firms illustrates how change is also the result of a balancing act that newcomers must perform to be able to induce some change. To be accepted in a field, they must "stand out" and challenge some rules to

[11] Impairment tests under IFRS (IAS 36 Impairment of Assets) should involve the computation of the recoverable amount as the higher of fair value less costs of disposal (a market value) and value in use (determined based on the discounted cash flow). It was common for preparers to hire valuers who issued reports indicating the market value, which was then considered as being the recoverable amount, without comparing this value to the asset's value in use. This indicates the coexistence of IFRS principles (an impairment test is conducted) with the traits of the indigenous habitus (emphasis on documentation, and lack of engagement with estimates to determine the value in use).

[12] The requirement comes from a parent company in the case of local subsidiaries, from the state in a case of big companies starting a privatization process, or from a company's objectives (e.g., to attract foreign investment).

[13] The arguments included in this part of the paper are intended to provide evidence of how Big 4 firms contributed to a change in a habitus. However, it should be noted that their actions were guided by economic, expansionist motives, with their Western knowledge employed as a competitive advantage (Kirsch et al., 2000). It can also be mentioned that, at times, preparers expected their international auditors to get involved in the preparation of IAS/IFRS-audited financial statements, as they are viewed as the experts and as a means to justify higher fees than local auditors.

differentiate themselves from others (De Clercq & Voronov, 2009). This is achieved via their knowledge, skills, and dispositions in line with Western habitus. However, newcomers must also "fit in" (De Clercq & Voronov, 2009) to conform to some prescriptions of the environment in which they wish to become accepted. For example, Big 4 auditors also accommodate the important role of taxation.

> Clients have a mixture between accounting and taxation, and they have a lot of questions related to taxation. To maintain our relationship with them, we usually answer these questions too, but we need to explain to them that it is the taxation team that they should really be talking to. (I34, Big 4 Auditor)

Moreover, some Big 4 educational initiatives imitate, at least in titles and structures, those of the MFP. For example, all Big 4 firms have training dealing with the relationship between accounting and taxation, including topics on proper primary documentation (ro. *documente justificative*).[14] Therefore, even with the support of Big 4 firms, local IAS/IFRS practices are a blend of IAS/IFRS, Western philosophy, and local ideology.

The application of IAS/IFRS has become a long process, and change occurs in small steps, producing various types of hybrids between IAS/IFRS and local accounting. Change gradually propagates with increasing socialization and exposure to Western concepts, particularly via professional mobility. After a period of initial socialization and education, professionals in Big 4 or local subsidiaries, move to other positions and organizations and carry Western-based awareness with them.

> Banks, for example, have come a long way, and it's really been a long professionalization process. They worked with big auditors; they hired former Big 4 auditors in their finance, Chief Financial Officer (CFO), reporting, or controller positions. (I40, Big 4 Auditor)
>
> Things have changed a lot [in financial reporting] in the last few years. [...] There are improvements in expertise—people from multinationals or audit moved into the companies. (I39, non-Big 4 Auditor)

As more people and companies become inculcated with IAS/IFRS and Western concepts, opportunities for different local blends are created within the organizational landscape. Change occurs at the organizational level if there are reasons advocating for it. "Companies must have an incentive to properly apply IFRS" (I27, Big 4 Auditor), and this incentive creates the need for change and a learning process. Therefore, change occurs at the intersection of a local context and Anglo-Saxon promoters. Alignment of interests may facilitate interaction and create room for a habitus to change:

> [...] foreign capital, management education, user requirements are important, but I cannot point to only one. I saw entities without any foreign capital which have realized the benefits of timely and accurate financial reporting for their internal decision-making. Another factor is the existence of some users, such as banks, or participating in some tenders where people may ask for financial statements. It's also a matter of having the right chief accountant, or about the perception of accounting within the entity. (I34, Big 4 Auditor)

> [T]he quality of IFRS financial statements increases over time... companies learn, and good practices are imitated [...], but companies are at different stages in this process. Management support is needed [for resources]. Also, the public endorsement of IFRS by investors plays a role. Auditors and capital market enforcement also have a role. (I23, Academic)

Change is not uniform and should not be assumed to be universal. A change process may occur more quickly for companies trading with developed countries than for those having a local reach, or for those seeking foreign investment or being listed on the nascent capital market (Bailey, 1995). Change may develop more easily in younger people because "they had not been socialized by the traditional planning system and did not suffer from the cognitive constraints that had prevented the older generations from recognizing all the opportunities offered by the reforms" (Swaan & Lissowska, 1996, p. 1,045). However, the accounting profession continues to be more heterogeneous in former communist settings (Praulins et al., 2022) than in developed countries.

Moreover, the capital-market mechanisms that generally discipline IAS/IFRS practices (e.g., investors, and enforcement authorities) only gradually develop in these environments, therefore slowing down the expansion of financial reporting practices (Albu et al., 2021). As such, banks, at least before 2000, were the predominant funding mechanism, and the capital market has only slowly developed. The Romanian capital market is still small, with about 80 companies listed in the regulated segment and with a market capitalization of around 15–20 % of the country's GDP.[15] This is mainly due to a limited understanding of and trust in capital-market functioning, including management, corporate governance, and transparency principles (Ziarul Financiar, 2018[16]), since only 34 of the top 1,000 companies by size are listed (Ziarul Financiar, 2018). Moreover, the promoters of the Western habitus, particularly Big 4 auditors and professionals trained in the spirit of Western standards, continue to represent a small portion of the accounting profession. For example, Romania has a presence of Big 4 auditors in the market for public-interest entities below the average of the EU (Audit Analytics, 2020), despite their presence significantly growing over the last few years (Albu et al., 2021). Yet, there are only approximately 5,000 students and members of the Association of Chartered Certified Accountants (the global professional body most present in Romania) (exposed to Western principles), while the number of accounting professionals (members of the CECCAR) (the indigenous profession) is approximately 45,000 (Corpul Experţilor Contabili şi Contabililor Autorizaţi din România CECCAR, 2017).

In conclusion, reproduction (inertia) and change coexist, alternate, and result in local hybrid practices. An indigenous habitus was

[14] E.g., https://home.kpmg/ro/ro/home/events/2019/11/curs-interactiuni-contabilitate-fiscalitate.html.

[15] https://www.ceicdata.com/en/.

[16] https://www.zf.ro/burse-fonduri-mutuale/cate-companii-din-top-1–000-cele-mai-mari-din-romania-sunt-listate-la-bursa-17127332.

dominant particularly in the initial years of the financial reporting reform(s), characterized by “passivity and postponement” (Swaan & Lissowska, 1996, p. 1,049), when almost the entire country and system seemed frozen in the past. The change pioneers (e.g., the first privatized companies, locals hired in the local offices of international audit firms) were abruptly exposed to the underpinnings of the capitalist market economy, which may have shaped their interpretive schemes accordingly. Yet these pioneers previously adhered to local principles and preferences; consequently, their habitus was shaped both by Western and local ways. When organizational conditions allow for change, another step is made toward Western practices, but responses to IAS/IFRS are locally constructed, hybridized with previous local practices, and remain infused with ideas and practices from the past.

7. Discussion and conclusion

Reliance on the concept of habitus allowed us to investigate how indigenous professionals’ work experience impacts their knowledge, interpretive skills, and, ultimately, accounting practices to shed light on the role of IAS/IFRS in the field of financial reporting in Romania (we addressed both the application of IAS/IFRS by listed entities and the application of national regulations, modeled after IAS/IFRS, applicable to non-listed entities). Bourdieu’s concept of habitus is chiefly mobilized in accounting studies to explain reproduction and the role of powerful actors in sustaining the status quo (Malsch & Gendron, 2013). In our paper, we mobilized this concept to investigate both inertia and change.

A field and habitus are neither static nor permanent (Boyer, 2003) and are subject to various forces and continuous struggles. We investigated the unique, complex post-communist context (which is unstable and uneven), providing us with an intriguing field to be investigated, particularly given the varied, desynchronized ideological beliefs of “an environment which urges market values, but which continues to have many of the features of the previous system” (Soulsby & Clark, 1996, p. 238).

One’s habitus is formed partly at and by the macro level, resulting in a “deeply ingrained identity,” which is historically conditioned but also partly influenced by micro-level interactions that may ultimately translate into a “less fixed, occupational identity” (Everett, 2002, p. 65). Therefore, the concept of habitus is useful in the analysis of both macro and micro aspects (Bourdieu, 1988; Crossley, 2003; Malsch et al., 2011; Wacquant, 1990) relevant to IAS/IFRS practices.

At the macro level, financial reporting in the CEE region is expected to become aligned with Western models, particularly IAS/IFRS, a tendency reflected even by national regulations. Prior research in the region tends to indicate an acceptance of Western influence and a strong effect of the lessons from transnational actors and experts (King et al., 2001; Samsonova, 2009) regarding proper rule formation and implementation. This tends to result in significant mimicry and political acceptance visible in local rules.[17] Our results show a case of acceptance of the influence of IAS/IFRS on regulations, but we further investigated the role of the state in law formation and law implementation.

The Romanian MFP’s actions at the macro level suggest its strong agency in the backstage, paralleling the appearance of acceptance at the formal level of the Western model. The state’s agency, visible in its regulatory style (e.g., maintenance of the same structure of regulations), for example, clearly contributed to field reproduction and inhibited change. Moreover, while tentatively accepting parts of IAS/IFRS, the essence of the local accounting framework is maintained by issuing regulations that are ambiguous enough to require additional implementation guidance (from the state).

Therefore, we complement previous research (Alon et al., 2019; Ezzamel et al., 2007; Mihret et al., 2020) that illustrates how the work of regulators in the financial reporting field extends beyond law formation. Alon et al. (2019) referred to ambiguities maintained in the text of a law to overcome difficulties in capacity application. If in their case this ambiguity is employed by other actors in the regulatory field to step in (therefore suggesting that the role of the state is decreasing), in the case of Romania the state maintains a central role in the financial reporting field through different channels and actions, such as tax inspections and education initiatives, which influence (indigenous) accounting professionals’ cognitive structures. By adopting Bourdieusian lenses of interpretation, we showed how taxation and education initiatives in particular, related to the power of the state, allow for the possibility to perpetuate a local habitus. The state continues to draw on and reproduce local accounting inclinations inherited from communist times (i.e., habitus) and characterized by meticulous documentation, form over substance, a rule-oriented approach, bookkeeping preeminence, and submissiveness to the state (in terms of guidance). While backchannel ideological influence is not unusual in countries with strong religious or political ideologies (Ezzamel et al., 2007; Mihret et al., 2020; Zhu et al., 2021), we provided evidence of such an example in a context that appears to be well connected to Western economic models and values (via EU membership), that recognize capital-market actors.

At the micro level, indigenous professionals must deal with their historically created habitus as accountants expecting and respecting detailed guidance from the state but also with various destabilizing influences that reflect diverse relationships and power imbalances between nascent actors of a market economy. Their traditional dispositions are sometimes challenged and adapted to a new environment as a form of permanent revision (De Clercq & Voronov, 2009). This revision “rarely appears radical though, because it works based on the premises established in a previous state of the field” (De Clercq & Voronov, 2009, p. 806).

History and the state’s actions at the micro level also provide room for inertia and reproduction, but local professionals are exposed to varying context-based work experiences. Entities and people change by mimicking, incorporating, or adapting Western models and tools slowly via education and socialization and at a more significant tempo when there are important incentives for doing so (Soulsby & Clark, 1996). Change may be facilitated when a domination structure changes. In financial reporting, this implies the arrival of

[17] CEE countries have national accounting frameworks applicable to non-listed entities that are significantly impacted by IAS/IFRS (see Albu & Albu, 2014, pp. 191–192 for an overview).

actors who demand different practices than traditional ones. These are the exponents of the capitalistic system infused with a market-based ideology. For some companies, “a new domination structure will emerge with other rules, stakes” (Golsorkhi et al., 2009, p. 784).

Local professionals, therefore, respond with hybridized practices improvised based on their past, which resembles the situation described by Kerr and Robinson (2009, p. 846): “Rather than learning or unlearning […] there was a creative relearning of old lessons in the context of homologous practices, but learned by using a new language.” This results in “a creative mobilization of past experience to address unfolding circumstances” (Cardinale, 2018, p. 133).

Change is supported and enhanced by newcomers, who are actors more capable of departing from a field’s indigenous habitus (De Clercq & Voronov, 2009; Golsorkhi et al., 2009; Stringfellow & Maclean, 2014). However, even newcomers improvise since they should be capable of “fitting in” by understanding local rules and complying with some of them, and “standing out” by innovating in line with their Western habitus. Their activities as a result of the “fitting in” and “standing out” approaches (De Clercq & Voronov, 2009) arguably create room for a slow change of a local habitus. Change thus becomes blended and improvised in ways compatible with local rules (De Clercq & Voronov, 2009) since even companies applying IAS/IFRS and making efforts in this direction are influenced to some extent by taxation, by an emphasis on documentation, and by a pervasive form-over-substance mentality.

Previous studies (e.g., Bailey, 1995) emphasized that accounting development is market driven and questioned how accounting models developed in countries with strong markets function in transitioning countries. As a key contribution of the paper, we show that habitus is critical in understanding the complicated dynamics of inertia and change in accounting practices. The past tends to be reproduced; accounting practices bear different names and labels but carry judgments, attitudes, and reactions of the past (i.e., a way of doing accounting). On the other hand, reproduction and inertia are not preserved but malleable and accommodating to change. Newcomers promote a different habitus and Western values, but they also fit in with and accept some indigenous interpretive schemes. Local professionals slowly change their interpretive schemes, particularly through socialization and education, and more significantly, when actors align their interests in adherence to capitalistic, market-based principles at the organizational level.

Our results illustrate a web of improvisation, imitation, hybridization, and reinterpretation of both locally traditional and Western principles. Local responses (in regulations and in practice) to IAS/IFRS are therefore reworked and negotiated in a blend of local and Western practices with the ruins of the past (Stark, 1996). Yet the ruins are remarkably powerful. Overall, our study highlights that local players (e.g., the Romanian state) represent crucial actors in the implementation of international standards or norms. Their actions are derived from indigenous habitus, and intend to contribute to field reproduction, maintaining local actors in a powerful position. Additional research about how local actors shape boundaries in localizing accounting frameworks is necessary to understand the extent to which and the process of how accounting practices become global *and* remain local. Such work would contribute to the wider literature and debates on glocalization, encompassing the emergence of global norms and their blending and mixing with local cultures (Khondker, 2004).

Declaration of Competing Interest

The authors declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

Data availability

The data that has been used is confidential.

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Appendix A. List of abbreviations employed in this paper

ANAF	Agenţia Naţională de Administrare Fiscală (National Agency of Fiscal Administration)
CAFR	Camera Auditorilor Financiari din România (Chamber of Financial Auditors of Romania)
CECCAR	Corpul Experţilor Contabili şi Contabililor Autorizaţi din România (Body of Expert and Licensed Accountants of Romania)
CEE	Central and Eastern Europe
CFO	Chief Financial Officer
EU	European Union
HG	Hotărârea Guvernului (Government Decision)
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
MFP	Ministerul Finanţelor Publice (Ministry of Public Finances)
OMFP	Ordinul Ministrului Finanţelor Publice (Order of the Minister of Public Finances)
WB	World Bank

Appendix B. List of interviewees and interviews and related details

	Category	Denomination in the study	Duration	Year
1	Representative of CAFR	I1, Professional Body	50 min.	2008
2	Regulator – top representative of the MFP; directly involved in accounting regulation over the last five years	I2, Regulator	60 min.	2008
3	Preparer – more than 15 years of IAS/IFRS experience; previously worked in a Big 4, currently CFO in a Romanian group, subsidiary of a European group	I3, Preparer	50 min.	2008
4	Preparer – Deputy General Director of a Romanian manufacturing holding, not listed and held entirely by a Romanian investor	I4, Preparer	70 min.	2008
5	Big 4 auditor – Director with the Romanian subsidiary of one of the Big 4	I5, Big 4 Auditor	60 min.	2008
6	Regulator – ex top representative of the MFP; was directly involved in accounting regulation during the first implementation of IAS (around the year 2000), still involved in the regulatory process	I6, Regulator	45 min.	2008
7	Preparer – CFO of a Romanian SME, with five years of experience in an accounting firm, during which he observed the application of both IFRS and Romanian regulations	I7, Preparer	45 min.	2008
8	Big 4 auditor – 10 years of IFRS experience	I8, Big 4 Auditor	60 min.	2008
9	Representative of CECCAR	I9, Professional Body	50 min.	2008
10	User (banker) – involved in credit decision and financial statements analysis	I10, User	50 min.	2009
11	Representative of CECCAR and academic	I11, Professional Body	35 min.	2012
12	Representative of CECCAR and academic	I12, Professional Body	70 min.,	2012
13	Big 4 auditor – manager with the consultancy and IFRS solutions department	I13, Big 4 Auditor	50 min.	2012
14	Representative of the oversight body for the accounting profession – experience in working with a local professional body, academic	I14, Oversight Body	40 min.	2016
15	Non-Big 4 auditor – 20-year experience in audit, including a few years with a Big 4 firm; founder of a regional accounting firm working with subsidiaries and listed firms	I15, non-Big 4 Auditor	60 min.	2016
16	Senior Financial Management Specialist with the World Bank	I16, World Bank	55 min.	2016
17	Academic – More than 15 years of experience in IFRS training on IFRS, in academia or organized by a professional body	I17, Academic	60 min.	2016
18	Senior Operations Manager with the World Bank	I18, World Bank	60 min.	2016
19	Non-Big 4 auditor – experience in audit in a small auditing firm which audited a listed company; academic	I19, non-Big 4 Auditor	60 min.	2016
20	Big 4 auditor – Top position in a big auditing firm; more than 15 years of experience in audit	I20, Big 4 Auditor	60 min.	2016
21	Deputy Director with Ministerul Finanţelor Publice (MFP) – more than 15 years of experience as country level regulator	I21, Regulator	30 min.	2016
22	President of CAFR – experience as a practitioner (founder of a small accounting firm), academic	I22, Professional Body	40 min.	2016
23	Academic – more than 15 years of experience in training on IFRS, in academia or organized by a professional body; involved in working groups at Romanian, EU and international level	I23, Academic	55 min.	2016
24	Preparer – top position in the financial department of a listed company	I24, Preparer	30 min.	2016
25	Preparer – top position in the financial department of a listed company	I25, Preparer	40 min.	2016
26	Analyst for an investment fund – 11 years of work-experience; prior experience in a Big 4	I26, User	65 min.	2016
27	Big 4 auditor – partner	I27, Big 4 Auditor	75 min.	2016
28	CFO of the Bucharest Stock Exchange	I28, User	50 min.	2016
29	Regulator – experience with all the reforms after the fall of communism	I29, Regulator	70 min.	2017
30	Academic – more than 10-year experience in working with professional bodies	I30, Academic	60 min.	2017
31	Regulator – 4-year experience in working at the MFP	I31, Regulator	40 min.	2017
32–33	Non-Big 4 auditor – partner (mid-tier, part of an international network) former Big 4 auditor, experience working as auditor abroad	I32, non-Big 4 Auditor	95 min; 40 min	2016; 2018
34	Big 4 auditor – partner	I33, Big 4 Auditor	85 min.	2018

(*continued on next page*)

(*continued*)

	Category	Denomination in the study	Duration	Year
35	Big 4 auditor – director, 10 years of experience in audit	I34, Big 4 Auditor	60 min.	2018
36	Non-Big 4 auditor -partner (Romanian mid-tier), former Big 4 auditor, top position with CAFR	I35, non-Big 4 Auditor	70 min.	2018
37	Preparer (not listed, audited subsidiary), former Big 4 auditor	I36, Preparer	70 min.	2018
38	Preparer – experience in several multinational corporations	I37, Preparer	40 min.	2018
39	Preparer – experience in several multinational corporations	I38, Preparer	30 min.	2018
40	Non-Big 4 auditor (Romanian audit firm), academic, top management position in CAFR; over 18-year experience in audit)	I39, non-Big 4 Auditor	60 min.	2018
41	Big 4 auditor – partner – experience in working abroad in audit	I40, Big 4 Auditor	75 min.	2018

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