

Accounting in small and medium enterprises in Albania.

Albana Kastrati

Shkodër, Albania, albana.kastrati@unishk.edu.al

Abstract: Accounting methods in Albania has changed a lot during the years, like all other things. First beginnings of accounting in Albania are in the 19th century. Nowadays accounting in Albania is organized with national and international accounting standards in different types of entities. We use 16 national accounting standards to register transactions in small and medium enterprises in Albania. In this paper, I evaluate accounting quality in 150 small and medium enterprises in Albania during nine years of activity (2006-2014) using Barth Model. I used earning management to evaluate accounting quality. If there is earning management in financial statements it means that the quality of accounting is poor and vice versa. I conclude that the quality is improved during the years.

Keywords: Accounting, SME, National Accounting Standards

1 Introduction

SMEs are spread all over the world and play a key role in its economy. They represent about 90% of businesses and more than 50% of employment world wide. Formal SMEs contribute up to 40% of national income (GDP) in emerging economies. These numbers are significantly higher when informal SMEs are included.¹

Small and medium-sized enterprises (SMEs) are defined in the EU recommendation 2003/361. The main factors determining whether an enterprise is a SME are:

1. Staff headcount
2. Either turnover or balance sheet total.

These two criteria are illustrated in the following table:

Table 1: The criteria in Europe for SMEs

Company category	Staff headcount	Turnover	Balance sheet total
Micro	< 10	≤ 2m €	≤ 2m €
Small	< 50	≤ 10m €	≤ 10m €
Medium sized	< 250	≤ 50m €	≤ 43m €

Otherwise in Albania some things are different.

¹ <https://www.worldbank.org/en/topic/sme/finance>

According to the statistics, in Albania operate about 99.8% small and medium enterprises. They are made of micro, small and medium entities too. The identification of SMEs in Albania is regulated by law (Law No. 10042, dated 22. 12. 2008). According to this law, the identification of small and medium enterprises is made by taking into consideration the number of employees and annual turnover or balance sheets of their assets. Below we have the table of these indicators for each category:

Table 2: The criteria in Albania for SMEs

Company category	Staff headcount	Turnover or Balance sheet total
Micro	< 10	0 – 80000 €
Small	< 50	80001 – 400000 €
Medium sized	< 250	400001 – 2000000 €

They operate in different activities, but the most are trade sector about 41.5% and service sector about 20%. The largest number of employees is in these enterprises too, about 81% of all employees.

2 Accounting development in Albania

In Albania accounting has its beginnings during the Ottoman Empire Rule. This empire has its guidance for all the countries, that were under her administration.

In 1912 Albania announced its Independence and begun to create its own laws. At that time we had the beginnings of first steps of accounting based on turkish methods, with double registration method. In 1924 Albania opened the first accounting and trade school with the help of Noli's governance. It was opened in Vlora and was called Trade School of Vlora. This school has European and West management. In 1929 Zogu's Kingdom create the accounting law. After that the accounting has a huge development.

According to Binaj and Kalemi (2012), accounting development in 100 years of Indipendence in Albania divided into three periods:

1. First period 1912 – 1944. Creation of a modern state in Albania needed creation of an accounting and finance structure to collect taxes and manage them. This was a difficult period for Albania because its funds were limited. Regardless Albanian experts successfully managed them. As we mentioned above during these years we have the opening of the first accounting and trade school and then the creation of accounting law. This law was so advanced and created a high level financial reporting. We see this in that time archives.

2. Second period 1944 – 1992. In this period we have the centralization of the economy and creation of another accounting law and plan for this economy. In 1947 Finance Ministry created first Accounting Plan for the centralized accounting. This was based in Russian experience. Then in 1965 first plan was replaced from Unique Accounting Plan and in 1979 the state made many changes to centralize more and more economy and accounting information. Until the years

50' accounting in Albania organized into two levels: general accounting and inside accounting. After this was a unique accounting, an integrated accounting according to Russian and world experience. Basic documentation aproved from Finance Ministry and the accounting registered all the documents. In these years, basic and high education spread all over Albania.

3. Third period 1992 till nowadays. After the years 90' Albania began to operate in trade economy and accounting methods changed. They adapted with sociale and economic conditions. In this third period we can mention two periods according to Bollano:

a. First phase 1993 – 2004. This phase begun with “Accounting Law” aproved in 1993. This law determined the accounting and evaluation methods of accounts and their preparation. During these years we have the aproval of General Accounting Plan, Trade Enterprises Law and many other accounting manuals for banks, public sector etc. During these period we have the beginnings of indipendent professions like: Aproved Accountant and Audit.

b. Second phase 2004 – nowadays. In 2004 Albania aproved “For Accounting and financial statement” law no 9228, which executed from 2006. In this law accounting was organized in accordance with national and international standards. National standards published in 2006 and implemented from 2008. While from january 2015 till now, we use Improved National Accounting Standards, that are in accordance with SMEs International Accounting Standards. Actually we have 2 levels of financial reporting in Albania:

I. First level are entities that use International Accounting Standards or International Financial Reporting Standards (IAS or IFRS) to prepare financial reporting. Here we mention: (a) listed and public interes entities like: banks, assurance companies, listed and not listed security funds and (b) other large entities that fulfill following two criteria for the last two years: Annual Income are above 10000000 € and annual average number of employees is above 100 employees.

II. Second level are SMEs that use National Accounting Standards. (NAS). There are 14 NAS that are used from all small and medium enteprises, NAS 15 that is used only for micro enterprises and NAS 16 that is used for NGO financial reporting.

3 Literature review

In Albania there are few studies about accounting in small and medium enterprises. May be this is the effect of being a transition country and accounting information tranparency is in low levels. The most part of the studies evaluate accounting quality with qualitative methods.

One of the first studies of accounting quality in Albania is World Bank study (2006). It conclude that the accounting quality in Albania is in a low level. Only financial institutions have high level of financial reporting.

Bollano (2010) studied the implementation of national accounting standards and accounting information quality. He concluded that NAS implementation were in beginning phase, because of the low level knowledge of the accounting professionals.

Perri and Naqellari (2010) studied the accounting quality after the implementation of the NAS. They prepared a questionnaire with accounting professionals of SMEs and concluded that accounting quality was in low level, because most part of them didn't apply NAS, meanwhile this was regulated by law.

Shuli (2011) studied the effect of earning management in accounting information quality. She used interviews with the following professionals: albanian accountants, albanian or foreign accountants companies that operate in Albania, albanian audits and albanian or foreign audit companies. From the interviews she concluded that albanian managers used earnings management in the end of the year. They did it to increase financial reporting quality and profitability indicators and to avoid tax obligations.

Lati (2012) concluded that financial reporting quality in Albania affect the competition between economic entities. This because entities that deceive tax authorities has a positive effect on their competition. In this study she added that accounting professionals should see their profession as a live tool for all the economy and not only a profession for their economic benefits.

Çela (2012) in his study mentioned the role of the audit in the financial reporting of economic entities. He invited professionals to create a supervisory body for the audit role.

Dhuci (2012) in his study, mentioned that financial reporting of bank is the most qualitative reporting in Albania. In his study he mention the difficulties of the implementation of IAS about: evaluation of financial instruments and financial statement preparation.

Kodra (2012) in his study mentioned the difficulties of the IAS implementation in the assurance companies.

Hoxha (2014) studied quality of financial reporting in SMEs. She prepared a questionnaire with loan officers in bank institutions and evaluation and control inspectors in tax authorities. She concluded that the most part of enterprises contracted accounting offices for their reporting and the young professionals near them serve only as bookkeepers. She also concluded that the most part of them prepared their financial statements according to tax laws and not to NAS. Loan officers didn't believe in the financial reporting of the companies so they asked additional data from the companies.

Foreign scientist have studied a lot accounting quality.

In this study I used quantitative methods to evaluate accounting quality in SMEs in Albania.

I applied Barth model to evaluate accounting quality in Albania, because it is more suitable for SMEs data.

Mary Barth is one of the researchers that studied more than others did the quality of accounting information and IAS (IFRS).

In one of her studies with others (2006), she determined that implementation of IAS (IFRS) is accompanied with high accounting information quality and low cost of capital. They studied 1885 observations in 319 companies from 21 different countries that implemented IAS from 1994. They studied years 1990 – 2003 (published from World scope); four of them were before IAS adoption and other post adoption. During their study they defined that post adoption period had higher quality of accounting information and lower timely loss recognition and more compliance between market prices and book values for shares and lower cost of capital than implementation of GAAP.

In September 2007, the same researchers applied the same model in 1896 observations of 327 companies from 21 countries that implemented IAS (IFRS). Period and variables were the same as above. They finally define that companies with IAS adoption have higher accounting information quality than the companies without IAS. This was a result of interaction of financial reporting characteristics as IAS, their interpretation, their obligation of implementation and law cases. As they involved in their study the effect of economic environment intervention, they were not sure that the accounting quality was from the intervention or from IAS adoption. Finally, they conclude that accounting information quality was higher in post adoption IAS period.

In another study of November 2007, the researchers conclude that the accounting information quality was higher in IAS companies than in GAAP companies. The model applied in other 2212 companies from 24 countries during the period 1995 – 2006. They compared some IAS companies in different countries in world with some IAS companies in different countries in USA and some GAAP companies in different countries in USA. They conclude that the IAS companies in world differ from IAS companies in USA from regulations and law cases. They conclude that accounting information quality was higher in IAS companies in USA than in IAS companies from other countries of the world. They conclude that IAS companies in USA did not have many changes in their quality in pre and post adoption period. Finally, they conclude that the accounting information quality in IAS companies of USA is higher than that of GAAP companies.

4 Evaluation of accounting quality in SMEs in Albania

As I mentioned above, I used Barth model to evaluate accounting quality in SMEs.

4.1 Sample and data collection

To evaluate the accounting quality in SMEs I applied Barth model in 150 SMEs in Albania, that use NAS. These enterprises operate for more than ten years in their field and my study period is nine years, 2006 – 2014, because I didn't have the data before 2006 and from 2015 till now the companies use Improved NAS. It is a random sample. I took the financial statement of these companies from our National Centre of Business. I select a study sample from different countries of Albania and that operate in different activities, to generalize the study results. Below is a graph that shows the activity of the studied companies:

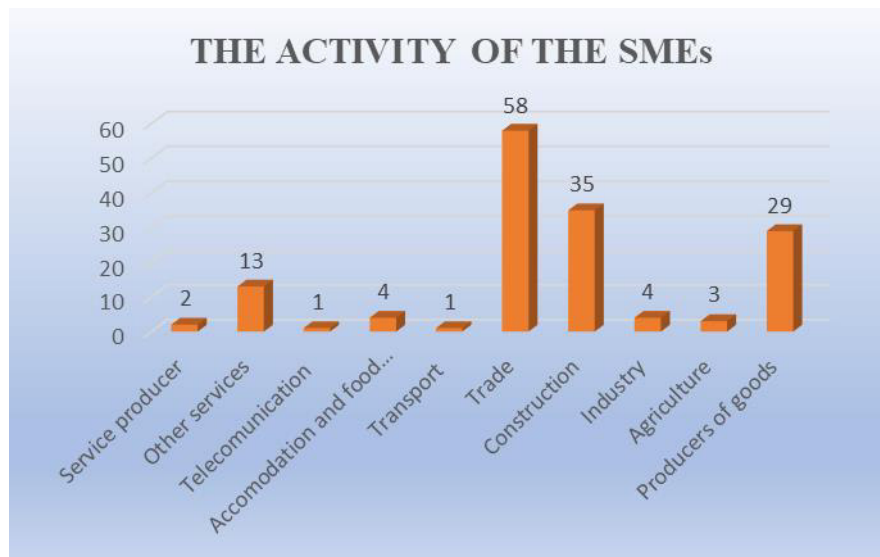


Figure 1.
The activity of the SMEs.

For these sample companies we have 783 observations during the years 2006 – 2014, because we have some missing data during years 2008 – 2009. We delete the outlier data and we hold data that are in the interval $[-200\%; 200\%]$, because they worsened the regression. After the deletion we have about 700 observations.

4.2 Analyses

As the review of the literature gives us different methods to evaluate the accounting information quality, we choose to apply in Albania, Barth model, as it is more suitable for the companies that operate here. We choose to evaluate the quality based on the earnings management. The purpose of this paper is to give answer to the research question below:

Is there earning management in the financial statements prepared from the accountants after the NAS implementation?

If there is earnings management in the financial statements, we conclude that the accounting information quality is low, if there is not we conclude that the accounting information quality is high.

The first measure of earnings management relies on the variability of the change in net income scaled by total assets, ΔNI (Lang and others, 2006). The second measure of earnings management relies on the ratio of the variability of the change in net income, ΔNI , to the variability of the change in operating cash flows ΔCF . The third measure relies on the connection between accruals and operating cash flows. (Barth and others, 2008).

According the above information, we raise three hypotheses that link with research question.

We foresee that a higher accounting information quality comes from a lower earning management. Therefore, the first hypothesis is as below:

H1: The implementation of NAS links with a high variability of change in net income.

The second hypothesis on earning management relies on the ratio of the variability of the change in net income with the variability of the change in operating cash flows. We foresee that a higher accounting information quality comes from a higher ratio. Moreover, the second hypothesis is as below:

H2: The implementation of NAS brings a higher ratio between the variability of change in net income to the variability of change in cash flows.

The third hypothesis on earning management relies in the correlation between accruals and operating cash flows. We foresee that a weak correlation between them leads to a high accounting information quality. Moreover, the third hypothesis is as below:

H3: The implementation of NAS relies on a low management of accruals from the company.

We implement these three hypotheses in 150 enterprises that uses NAS in Albania during the period 2006 - 2014.

After we create the hypotheses, we follow these steps to complete the database analysis:

1. We evaluate four models of regression: the variability of the change in net income, the variability of the change in operating cash flows, accruals and operating cash flows.
2. After this, we took the residuals of every model of regression.
3. Then we use FISHER and ANOVA analysis to analyse the residuals of the regressions. We use FISHER analysis to compare the accounting information quality before and after the standards. While we use ANOVA analysis to evaluate the variance of the residuals.
4. Then we approve or reject the hypotheses.

We use Gretl programme and Excel Megastat to analyse the data.

4.3 Findings

To analyse the link between dependent and independent variable we use the multiple linear regression analysis with ordinary least squares model.

Beginning from Barth model, we define the dependent and independent variable for every hypothesis. Then we use the correlation matrix to see if there is auto correlation between the variables. Then we prepare the equations of multiple regression. To evaluate the variance of independent variable we evaluate the variance of the residuals of every regression. We use FISHER and ANOVA analysis to evaluate the hypothesis.

Let us begin with the first hypothesis. We prepare the first equation of the multiple linear regression where the dependent variable is the variability of the change in net income scaled by total assets, ΔNI , meanwhile independent variables are size, growth, financial leverage, change of total liabilities, turn of assets and operating cash flow. Other independent variables such as issue, exchange, listing and close are not object of our regression, because we do not have a stock exchange in Albania where we can take these data. The indicator variable of audit is not in this regression because one of four big audit companies audit all the companies that are audited, from the companies we consider. The independent variable of size will be the natural logarithm of total assets, because we do not have a stock exchange to evaluate the market value of the equity. From the matrix of the correlation between independent variables, we see that we do not have problems of correlation between them, because the coefficients are out of the interval $[-0.7; 0.7]$.

The multiple regression is as follows:

$$\Delta NI_{it} = \alpha_0 + \alpha_1 SIZE_{it} + \alpha_2 GROWTH_{it} + \alpha_3 LEV_{it} + \alpha_4 \Delta DISSUE_{it} + \alpha_5 TURN_{it} + \alpha_6 CF_{it} + \epsilon_{it}$$

Where:

ΔNI = the change in annual earnings, where earnings is scaled by end of year total assets

$SIZE$ = natural logarithm of end of year of total assets

$GROWTH$ = percentage change in sales

LEV = end of year total liabilities divided by end of year equity book value

$\Delta DISSUE$ = percentage change in total liabilities

$TURN$ = sales divided by end of year total assets

CF = annual net cash flow from operating activities divided by end of year total assets

After the evaluation of linear regression the results tell us that the model is statistically significant ($p = 0.001$) but the independent variables like LEV , $\Delta DISSUE$ and CF are not statistically significant. After that, we do another time the evaluation of linear regression and we see that it was statistically significant with $[(F(3,696) = 2307, p = 0.000)]$ and adjusted R^2 is 90.9%. The significant variables in the final regression model are $SIZE$ ($p = 0.0002$) and $GROWTH$ ($p = 0.0361$) and $TURN$ ($p < 0.00001$). Below is the final linear regression model:

$$\Delta NI = -1.16 - 0.06SIZE_{it} + 0.005GROWTH + 0.11TURN_{it} + \epsilon_{it}$$

As we see from the linear the adjusted R is high. This means that the independent variables justify 90.9% of the dependent one. This means that other variables indicate the change in net income such as fiscal and trade law, economic environment etc.

The variability of ΔNI is the cross sectional variance of residuals of the IAS data companies. Therefore, we proceed with evaluating of the variance of the residuals of the regression that is the same with the variance of the change of net income. To do this, we use Fisher test, because we have data for two periods: before NAS and post NAS. This because we know that SMEs use NAS from 2008 and later in Albania. Below we have the table for F-test:

Table 3: FISHER Test Analyses

	Before NAS	Post NAS
Average	-0.011	-0.106
Variance	0.005	5.989
Observations	88	612
Degrees of freedom	87	611
F	0.0008	
Critical Value F	0.7532	

We saw that critical value of F test is higher than the value of F test. This means that in the post NAS period we didn't have earnings management, so the accounting quality of information is higher. But this is not very clear, because the number of observations in the post NAS period is higher than in the period before NAS.

So, we think that the best result are given from ANOVA analysis.

Therefore, we use ANOVA analysis and we have two hypotheses:

$H_{0,1}$: During the years the average of the residuals don't change

$H_{a,1}$: During the years the average of the residuals change

Below is ANOVA table (table 4). From the table we see that $F < F_{crit}$, so $0.32 < 2.02$ and $p > \alpha$, so $0.94 > 0.01$. This means that we refused H_a and approved H_0 .

Table 4. ANOVA Analysis H1.

Source of the variance	Sum of squares	df	MS	F	P – value	F-crit
Between groups	0.055957261	7	0.007993894	0.322718	0.94382979	2.02283283
Within groups	17.09166691	690	0.024770532			
Total	17.14762417	697				

Finally, it means that during the years in the financial statements we have earnings management. Therefore, the accounting quality during the implementation of NAS worsened.

Our second hypothesis based on the ratio of the variability of the change in net income, ΔNI , to the variability of the change of operating cash flow ΔCF . The first variance is ready from the first equation. Now we have to evaluate the same equation for ΔCF . We prepare the equation of the multiple linear regression where the dependent variable is the variability of the change of operating cash flow, ΔCF , meanwhile independent variables are size, growth, financial leverage, change of total liabilities, turn of assets and operating cash flow. From the matrix of the correlation between independent variables, we see that we do not have problems of correlation between them, because the coefficients are out of the interval $[-0.7; 0.7]$.

The multiple regression is as follows:

$$\Delta CF_{it} = \alpha_0 + \alpha_1 SIZE_{it} + \alpha_2 GROWTH_{it} + \alpha_3 LEV_{it} + \alpha_4 \Delta DISSUE_{it} + \alpha_5 TURN_{it} + \alpha_6 CF_{it} + \epsilon_{it}$$

After the evaluation of linear regression the results tell us that the model is statistically significant ($p = 0.001$), but the variables GROWTH, LEV, Δ DISSUE, and CF are not statistically significant. After that, we do another time the evaluation of linear regression and we see that it was statistically significant with $[(F(2,801) = 2575, p = 0.000)]$ and adjusted R^2 is 86.5%. The significant variables in the final regression model are SIZE ($p = 0.0008$) and GROWTH ($p = 0.0001$). Below is the final linear regression model:

$$\Delta CF = 1.75 - 0.09SIZE_{it} - 0.17GROWTH_{it} + \varepsilon_{it}$$

The variability of ΔCF is the cross sectional variance of residuals of the data of the companies (2008-2014) because we don't prepare the Cash Flow Statement before NAS. Therefore, we evaluate the variance of the residuals of the regression that is the same with the variance of the change in operating cash flow. Then we measure the ratio of the variance of ΔNI with ΔCF . In this case, we know that the ratio will be available for panel data, where we have data for both. We use ANOVA analysis to measure the variance of the ratio. Therefore, we have two other hypothesis:

$H_{0,2}$: During the years the average of the residuals don't change

$H_{a,2}$: During the years the average of the residuals change

Below is ANOVA table (table 5):

Table 5. ANOVA Analysis H2.

Source of the variance	Sum of squares	df	MS	F	P value	F-crit
Between groups	76.25543643	6	12.70924	2.979252	0.00714	2.11464
Within groups	2405.976614	564	4.265916			
Total	2482.23205	570				

From the table we see that $F > F_{crit}$, so $2.98 > 2.11$ and $p < \alpha$, so $0.007 < 0.01$. This means that we approved H_a and refused H_0 . Finally, it means that during the years in the financial statements we don't have earnings management. Therefore, the accounting quality during the implementation of NAS improved. It means that our accounting professionals don't use short-term assets and liabilities to manage their earnings. We explain this result with the small number of data.

Finally, we see our third hypothesis. Here we have to evaluate if in the companies we have low management of accruals after NAS implementation. This means to

see the correlation between accruals with operating cash flows. To measure this correlation we use Spearman coefficient.

Now we prepare the equation of the multiple linear regression where the dependent variable in the first case is accruals, meanwhile the dependent variable in the second case is operating cash flow. The independent variables are the same for two cases; size, growth, financial leverage, change of total liabilities and turn of assets. From the matrix of the correlation between independent variables, we see that we do not have problems of correlation between them, because the coefficients are out of the interval [-0.7; 0.7].

The multiple regressions are as follows:

$$ACC_{it} = \alpha_0 + \alpha_1 SIZE_{it} + \alpha_2 GROWTH_{it} + \alpha_3 LEV_{it} + \alpha_4 \Delta DISSUE_{it} + \alpha_5 TURN_{it} + \epsilon_{it}$$

$$CF_{it} = \alpha_0 + \alpha_1 SIZE_{it} + \alpha_2 GROWTH_{it} + \alpha_3 LEV_{it} + \alpha_4 \Delta DISSUE_{it} + \alpha_5 TURN_{it} + \epsilon_{it}$$

After the evaluation of the first linear regression the results tell us that the model is significant ($p = 0.03$) but independent variables like GROWTH, LEV and $\Delta DISSUE$ are not statistically significant. After that, we do another time the evaluation of linear regression and we see that it was statistically significant with $[(F(2,696) = 5.93, p = 0.003)]$ and adjusted R^2 is 3%. The significant and marginally significant variables in the final regression model are SIZE ($p = 0.0099$) and TURN ($p = 0.0739$). Below is the final linear regression model:

$$ACC = 1.16 + 0.02 SIZE_{it} - 0.002 TURN_{it} + \epsilon_{it}$$

The low adjusted R^2 means that the independent variables justify 3% of the dependent one. This means that other variables indicate the change in net income such as fiscal and trade law, economic environment etc. Otherwise this does not worsen analyse quality, because we are interested in the variance of the residuals of the regression and not in regression especially. We see this in the original model, because Barth does not mention the adjusted R^2 nowhere.

Then we evaluate the second linear regression. After the evaluation of the second linear regression the results tell us that the model is marginally significant ($p = 0.003$), but the independent variables like GROWTH, LEV, $\Delta DISSUE$ and TURN are not statistically significant. After that, we do another time the evaluation of linear regression and we see that it was marginally significant with $((F(2,608) = 11.06, p = 0.000))$ and adjusted R^2 is 3%. The significant variable in the final regression model is SIZE ($p < 0.0001$). Below is the final linear regression model:

$$CF = -7.8 \times 10^7 + 4.7 \times 10^6 SIZE_{it} + \epsilon_{it}$$

As we see from the linear regression, SIZE has negative relation with CF and the adjusted R^2 is low. The low adjusted R^2 means that the independent variables justify 3% of the dependent one, but this does not worsen our analyses.

Then we evaluate the residuals of every equation and we use Spearman coefficient to evaluate the correlation between the residuals of these two equations.

From data processing, we see that this coefficient is -0.031, which means that between accruals and operating cash flows exists a weak negative correlation. (Figure 2) Therefore, it means that in the financial statements does not exist earning management so the accounting information quality is high.

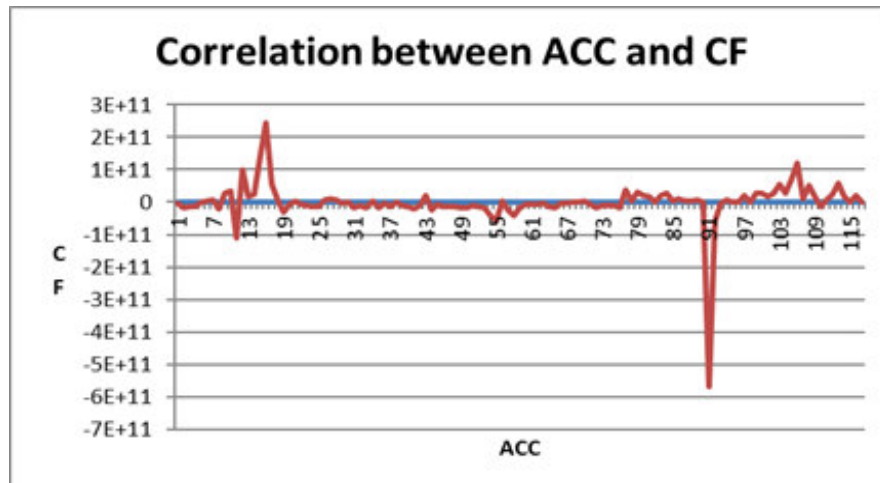


Figure 2

Correlation between ACC and CF

Finally, we conclude that we don't have earning management in our financial statement after NAS implementation period. This because the second and the third hypotheses were approved. Below in the table 6 is a summary of the conclusions from the hypotheses:

Table 6. Hypotheses summary.

Hypotheses	Approved Basic hypotheses/ Alternative hypotheses	Conclusions
First Hypothesis	Approved Basic Hypothesis: The implementation of NAS doesn't links with a high variability of change in net income.	This means that in the financial statements prepared by SMEs have earnings management, so the accounting quality is low.

Second Hypothesis	Approved Alternative Hypothesis: The implementation of NAS brings a higher ratio between the variability of change in net income to the variability of change in cash flows.	This means that in the financial statements prepared by SMEs, managers don't use accruals to manage earnings so the accounting quality is high.
Third Hypothesis	Approved Alternative Hypotheses: The implementation of NAS relies on a low management of accruals from the company.	This means that in the financial statements prepared by SMEs, managers do not use accruals to manage earnings so the accounting quality is high.

Conclusions and recommendations

1. SME-s in Albania are about 99.8% of all enterprises and their employees are about 81% of all employees.
2. They use national accounting standards to prepare financial statements for their users.
3. I studied the accounting information quality of 150 SME-s that use national accounting standards in Albania. I see that the accounting information quality, measured by earnings management, improved during the years, especially during post NAS period. But I see that our professional use net income to manage earnings, so I think it is more suitable to have a coordination between all the institutions to stop earnings management using this variable.
4. In connection with the accounting quality model, as we see above, we in Albania, use only the balance sheet evaluation, because don't have an active Stock Exchange. We hope to have it, as soon it is possible, like other countries of Western Balkan. This would help us to have a real evaluation of the situation.

References

- [1] Barth, M., Landsman, W., Lang, M. 2006. International Accounting Standards and Accounting Quality. <http://citeseerx.ist.psu.edu/> (March 2006)
- [2] Barth, M., Landsman, W., Lang, M. 2007. Internatinonal Accounting Standards and Accounting Quality. www.papers.ssrn.com/abstract=1029382 (September 2007)
- [3] Barth, M., Landsman, W., Lang, M., Williams, C. 2007. Accounting Quality: International Accounting Standards and US GAAP. www.foxtemple.edu/conferences (November 2007)

- [4] Bollano, J. 2010. Implementation of financial reporting standards in Albania. Proceedings of International Scientific Conference of NAC of Albania, 5-15.
- [5] Dhimarko, Th. 2007. Duality in nowadays accounting. First Edition. Tiranë. albPAPER
- [6] Hoxha, E. 2014. Raportimi i njësisë ekonomike të vogla dhe të mesme. Standarde kombëtare apo ndërkombëtare. <http://www.uamd.edu.al/new/wpcontent/uploads/2013/12/Raportimi-financiar-i-NVM-ve.pdf>
- [7] Shkurti, R., Naqellari, J. 2010. Quality of financial and accounting information in Albania as perceived by the practicing accountants. *journal.mufad.org*: 110 – 123
- [8] Shuli, I. 2011. Earnings management and the quality of financial reporting. *Perspectives of Innovations, Economics and Business*, Vol. 8, issue 2 (2011): 45 – 48
- [9] World Bank (WB). 2006. Report on the Observance of Standards and Codes on Accounting and Auditing (A&A ROSC) in Albania
- [10] https://ec.europa.eu/growth/smes/business-friendly-environment/sme-definition_en
- [11] Xhafka, E., Avrami, E. (2015) The SME in a globalized economy, Challenges of the Albania SME in the optic of Small Business Act. *European Journal of Economics and Business Studies*.
- [12] <http://www.instat.gov.al/en/themes/industry-trade-and-services/structural-business-statistics/publication/2018/statistics-on-small-and-medium-enterprises-2016/>
- [13] Law no 10042 “For SME” 2008
- [14] <https://kkk.gov.al>