Corporate Governance, Accounting Standards in Albanian Companies

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Abstract: Today the corporate governace is very important the same as the governance of the state.

Corporate governance in Albania is at its beginnings because Albania has a new market economy. Corporate governance today is very important, as with the government of states. Corporate governance issues have gradually become important in Albania during the last decade. The corporate governance principles are very important in maintaining, increasing and optimizing the invested funds, especially for the firms with the initial public offering. The separation of ownership from control is the core of the agency problems facing by the firms (Berle & Means 1932; Jensen & Meckling 1976).Corporate governance has a relationship with standards of accounting.

This paper provides an overview of empirical and theoretical discussions on specific corporate governance issues in the economic environment in Albania and corporate responsible governance index.In the same time we have discuss some theoritical view about the accounting standards in companies.

Keywords: Corporate governance, shareholder,stakeholder ownership, accounting standards, financial reporting etc.
JEL Classification: D23, G34, P12

INTRODUCTION

Corporate governance requirements and practices are typically influenced by an array of legal domains, such as company law, securities regulation, accounting and auditing standards, insolvency law, contract law, labour law and tax law. Corporate governance practices of individual companies are also often influenced by human rights and environmental laws.

Corporate governance is the organizational arrangement by which a company represents and serves the interests of its investors. It can encompass anything from company boards to executive compensation schemes to bankruptcy laws. The need for such arrangements arises from the structure of companies in market economies. It is conventional to discuss the need as arising from the separation of ownership and control characteristic of the modern publicly held corporation in market economies. There is no single accepted definition of corporate governance. There are substantial differences in definition according to which country is considered. Policy makers, practitioners and theorists have adopted the general stance that corporate governance reform is worth pursuing, supporting such initiatives as splitting the role of chiarman/chief executive, introducing non executive directors to board, improving investor relations etc.

Corporate of business is a relatively recent phenomenon, which has emerged and evolved in response to particular business needs. In legal terms, a corporation is defined as a body of persons granted a chapter legally recognizing them as a separate entity with its own rights, privileges and liabili-

ties (as distinct from those of its members). Corporate governance in the business context refers to the systems of rules, practices, and processes by which companies are governed. Poor corporate governance is often associated with diffuse ownership, poor regulatory control, and a legal system that is not able to protect shareholder rights (Mbaabu, 2010).

Four characteristics of the corporate form are particularly attractive for investors: separate legal personality, limited liability of individual investors, transferability of investors shares, and centralized management.

The Corporate Governance (CG) is one of the most controversial issues today because it affects how it is managed, administered and controlled by a private or public corporation. In Albania a lot of companies have implemented the corporate standards but in Albania there is a lot to be done in the field of corporate governance because the state company has not been listed in the stock exchange yet.

Corporate governance is one of the vital components of successful businesses, which has been widely used by the public. All the companies has adopt their strategy to adapt good corporate governance, concretely best practices. Institutional shareholding and its impact on making financial and managerial decisions (Rahanama Roudposhti and Aslani, 2008).

METHODOLOGY

Albania's remrkable economic transformation has been affected by the global financial crisis. The country's main challenges include maitaining macro-fiscal and financial sector sustainability, improving the investment climate and unleashing private sector growth, removing barriers to imployment for job creation, and improving governance and public service delivery. Improving the business the business

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climate and addresing gaps in infrastructure and labor force skills are necessary to reap the erly benefits of European Union (EU) accession and make Albania attractive for foreign direct investments.

Albania has a new market economy, especially the corporate governance. Corporate Governance Code for Unlisted Joint-Stock Companies in Albania focuses on specificities of corporate governance for unlisted companies. The corporate governance of listed companies, which in principle have large number of external minority shareholders and may be run by professional managers, without significant ownership stake, tends to focus on ensuring that external shareholders can exercise effective oversight and control over management and the board. This paper is based on data obtained from some companies in Albania, joint stock companies. By title and by law, Albanian corporations are owned by holders of stock corporate. This ownership entails control privileges which economists call the residual rights of control: the right to make any decisions concerning the use of corporate assets that are not eplicit by law or assigned to others by contract. The data was analyzed using simple descriptive statistics. We have used the SPSS program for analysis of all the information. Separation of ownership and control in a large stock corporation would be of no particular consequence if the interests of owners and managers coincided. In our study we have used the questionnaires to analyze the corporate governance in Albanian Company. The questionnaires create the opportunity to collect data only once from the selected group, as it is difficult to re-enter those who completed the questionnaire and to collect additional information (Saunders et al. 2009). This means that the planning of the data to be collected, the way it will be used for analyzing it and the design of the questionnaire are critical moments for research. At the same time, we have calculated CRG index for 76 companies and we have classified the 10 best companies from 76. It is important to say that 76 percent of businesses that participated in this study have an activity that lasts more than 10 years in the market. For example, in just 80.3 percent of the largest publicly traded Albania which have a single large shareholder to begin with, this shareholder's stock exceeds 25 percent of corporate equity. In only 1 percent of cases its holdings exceed 75 percent. Structure is only a means to end rather than an end in itself. The point of a good structure is that it helps the dynamics of the business, that is to say, the way in which the people in it relate to each other in the execution of their responsibilities. It follows that structure must be appropriate for the size and complexity of the firm. There are various ways of measuring relative size, such as by the capital employed or by turnover, or by the number of employees.

Insurance and reinsurance companies and groups are requred to comply with the corporate governance requirements estabilidhed by the AFSA (Albanian Financial Supervisory Authority).

Table 1. The Way Which Companies are Established.

	Frequency	Percentage
Established as a joint stock company from the beginning	61	80.3
As a result of the privatization of state-owned enterprises	7	9.2
According to the Law on Transformation of State-Owned Enterprises into Business Organizations	8	10.5
Total	76	100.0

Source:My study and National Busines Center of Albania data.

The table above shows that 80.3% are stock corporation followed by 8 companies or 10.5% registered as a result of the transformation of state-owned enterprises into business organizations and 7 companies or 9.2% are created as a result of the privatization of state-owned enterprises. This is the structure of our study specifically for stock companies.

From 76 companies surveyed, 25% (19 companies) of them are service activities, the rest are the joint stock companies with activity in the field of services, production (41%), commerce (32%), construction (1%), others (1%).

Table 2. Distribution of Businesses by Level Activity (grouping).

Activity Type	Frequency	Percentage
Service	19	25%
Service, production	31	41%
Commerce	24	32%
Construction	1	1%
Others	1	1%
Total	76	100%

Source: My study and National Busines Center of Albania data.

The distribution of the questionnaires was as follows: 37 questionnaires in Tirana 48.69%, 23 questionnaires in Durres 30.26%, 6 others are in Korça, Elbasan, Shkodra, Vlora.

From the analyses of corporate governance standards concretely from the Corporate Governance Code for unlisted companies only 40% (approximately) of companies has implemented the corporate governance in their companies, concretely 30 from 76 companies. These companies are in Tirana and Durres.

Tirana and Durres are cities with higher business activity in Albania than other cities. In other cities corporate governance is in its beginnings and there is a lot to do in the future. Concretely in Elbasan there are 30% of companies that have implemented corporate governance practices, in Shkodra 10%, in Lezha, 10% in Fier, 5% in Gjirokaster, 5% inLushnje.

In Albania, according to the study, all shareholders receive information about the General Assembly Meeting, from 76 companies 99% responded Yes and only 1% No.

According to the table below, 16 companies or 21.7% receive the information by mail, 35 companies or 46.1% by email, 23 companies or 30.3% by phone, 2 companies or 2,6% by newspaper, Table **3**.

Table 3. Method of Notice of General Assembly Meetings.

The notice	Frequency	Percentage
Mail	16	21.7
Email	35	46.1
Various cases by phone	23	30.3
Newspaper	2	2.6
Total	76	100.0

Source : My study and National Busines Center of Albania data.

The corporate governance in Albania according to our study is in its beginnings. There are very few companies that have adopted the principles of corporate governance. According to table 4 of our study, 30 companies or 39.5% of them have expressed in the first steps, 26.3% at low level, 25% at average level and I have no knowledge 7 companies or 9.2% of them.

In our study, the question about the level of corporate governance is very important. Corporate governance is essential in a market economy, especially in Albania, because we are in the first step of market economy.

Table 4. Level of Corporate Governance in Albania.

The level	Frequency	Percentage
Low	20	26.3
Average	19	25.0
At the first steps	30	39.5
I have no knowledge	7	9.2
Total	76	100.0

Source : My study and National Busines Center of Albania data.

The methodology for calculating the corporate accountability index is given below:

- The values of each indicator within each dimension are listed in descending order, the best result (maximum) and the lowest result (minimum value) are determined:

- Each value of the indicators gets points 0-100 (0 for minimum value and 100 for maximum value);

- Normalization is a calculation which realizes the return to numerical values in the segment [0; 1].

- Normalization is achieved by applying the following formula:

$$P_i = 100 * (X_i - val_{min}) / (val_{max} – val_{min}), (1)$$

- Dimensions are added by multiplying the number of points obtained during normalization by the coefficients of weights to be measured using the following formula:

$$P_i / d = P_i * C_d, (2)$$

where: P_i / d = points for the indicator after weighting, P_i = points for the indicator i, C_d = Weight coefficient;

Finally

- The GCR (Corporate Governance Responsibility) index is finally calculated by adding the points of each sub-index, using the following formula (the total index will have values in the interval 0 and 1):

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About the Corporate Responsible Governance Index (Company Dimensions) for 76 companies that answered the questionnaire operating in Albania, we will evaluate the dimensions (D) of responsible corporate governance, specifically 7 dimensions to see where the companies are located, dimensions that serve to determine the value of the governance index of responsible corporate governance index = RCGI for each company. The components of each dimension are sub-indices. After identifying the dimensions (D) we will follow for calculation purposes the steps mentioned in the first chapter and which have been implemented in the case of calculating the GCR of developing countries. To calculate the GCR for each company we followed the sequence of actions mentioned above in the GCR analysis of developing countries, and the following formula we explained first:

$$I_c = (P_{i/d1} + P_{i/d2} + P_{i/d3} + P_{i/d4} + P_{i/d5}+ P_{i/d6}+ P_{i/d7}) / 7/100$$

where P_i / d_i are the values calculated for each index after the normalization of the sub-indices by the formula:

$$P_i = 100 * (X_i - val_{min}) / (val_{max} – val_{min}).$$

Knowing the answers to the questions we realized the placement in Excel of weighting coefficients, where for example the answer Yes is given the value 1, No is given 0, and when there was N / A, it was characterized for study effect in the area No Dimensions (D) are added by multiplying the number of points obtained during normalization by the weight coefficients to be measured using the following formula:

$$P_{i/d} = P_i * C_d,$$

Normalization is a calculation that realizes the return to numerical values in the segment [0; 1].

$$I_c = (P_{i/d1} + P_{i/d2} + P_{i/d3} + P_{i/d4} + P_{i/d5}) / 7/100,$$

Let us analyze the calculations of the first and second company according to the ranking. The calculations are the same for others too.

At the beginning we follow the first step and the second step as we explained above by applying the relevant formulas, and finally the calculation of the index as follows:

$$I_c = (66.7 + 50 + 50 + 50 + 75+ 0 + 100) / 7/100 = 55.592$$

$$I_c = (66.7 + 100 + 100 + 100 + 32.5 + 100 + 65) / 7/100 = 80.595$$

Each of the companies has been identified with its own ID. The results of the calculations of each index according to the companies, the names of which for ethical reasons we are not presenting, we are tabulating according to Table **5**.

Table 5 Ranking of Companies Based on GCR Index Value.

ID	D1	D2	D3	D4	D5	D6	D7	GCR %
1	66.7	50	50	50	75.0	0	100.0	56.0
2	66.7	100	100	100	32.5	100	65.0	80.6
3	66.7	100	100	100	7.5	100	50.0	74.9
4	33.3	100	100	100	7.5	0	50.0	55.8
5	66.7	100	100	100	32.5	100	50.0	78.5
6	66.7	100	100	100	25.0	100	65.0	79.5
7	66.7	50	50	50	75.0	0	100.0	56.0
8	66.7	100	100	100	32.5	100	65.0	80.6
9	33.3	100	100	100	32.5	0	33.3	57.0
10	100.0	100	100	100	57.5	100	65.0	88.9

Source : My study realised by spss.

Corporate governance is very important today in market economy. The broad term describes the processes, customs, policies, laws and institutions that directs the organizations and corporations in the way they act, administer and control their operations

We have in this part 7 indices which have the respective sub-indices, therefore we have made the division for number 7.

Dimensions (D) case by case which make up the indices and these themselves consist of sub-indices.

Dimension 1, D1 - "Shareholders' rights and their equal treatment",

Dimension 2, D2- Investor protection,

Dimension 3, D3- Internship and dismissal practice,

Dimension 4, D4 - Employer-employee relationship,

Dimension 5, D5- Ethics of firm behavior,

Dimension 6, D6 - Strategy Attitude,

Dimension 7,D7- Implementation of internal and external control systems.

Applying the methodology described above, we have determined the value of the corporate governance index (RCGI) for each country where Albania is included. But until we reach this value we have followed the following path. To assess the dimensions of responsible corporate governance (D), and to see where Albania is located, we used the report mentioned above, The Global Competitiveness Report published by the World Economic Forum. In this report, each of the selected countries has a detailed Global Competitiveness Index (GCI). The report contains the relevant value and ranking.

Despite the efforts made in Albania regarding CG (Corporate Governance) with drastic changes in legal infrastructure, to the best of our knowledge, empirical studies regarding CG published are sporadic and it is recognized that there is a lack of knowledge and recognition of the benefits of implementing the CG these practices.

The main reasons for this delay are:

1. Among the Southeast European countries, Albania has the shortest history as a market-oriented economy, with underdeveloped institutional infrastructure and political and economic uncertainty.

2. Lack of strong investment groups.

3. Lack of guidelines or codes of good practice (Manual approval in December 2011).

4. Poor corporate culture and lack of specialists in CC and managerial labor market.

Improved corporate governance will definitely contribute to the creation of a better, stronger and more sustainable Albanian banking system. However, although corporate governance principles guided by best practices are globally strong and important, their implementation in markets such as Albania presents significant challenges.

The Analysis of Chi Square

The analysis of chi squere is a analysis of SPSS to see the variables how are the variables of our study. Sig < 0.05 , if > 0.05 the variables are indipendent Chi Squareis the Pirson coeficient.Likehood ratio is a coeficient for positive result.

Table 4. Testi Chi-square.

	Value (Vlera)	df	Asymp. Sig. (2-sided)
Pearson Chi-Square (Hi-katror i Pearson)	4.823[a]	6	.567
Likelihood Ratio (Koeficienti i Përgjasise)	5.066	6	.535
Linear-by-Linear Association	.976	1	.323
N of Valid Cases	76		

a.8cells (66.7%) have expected count less than 5. The minimum expected countis.16.

Source : My study ralised by spss.

Likelihood Ratio= 5.066. hi–katror = 0.535 (p = 0.535 > 0.05).

Table 5. Testi Chi Square.

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	.387[a]	1	.534
Continuity Correction[b]	.000	1	1.000
Likelihood Ratio	.652	1	.419
Fisher's Exact Test			
Linear-by-Linear Association	.382	1	.537
N of Valid Cases	76		

Source : My study ralised by spss.

a. 2 cells (50.0%) have expected count less than 5. The minimum expected count is .28.

b. Computed only for a 2x2 table.

Table 6. Testi Chi Square.

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	14.738[a]	4	.005
Likelihood Ratio	17.738	4	.001
Linear-by-Linear Association	4.393	1	.036
N of Valid Cases	76		

Source : My study ralised by spss.

a. 4 cells (44.4%) have expected count less than 5. The minimum expected count is .71.

Table 7. Testi Chi Square.

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	.056[a]	1	.812
Continuity Correction[b]	.000	1	1.000
Likelihood Ratio	.109	1	.741
Fisher's Exact Test			
Linear-by-Linear Association	.056	1	.814
N of Valid Cases	76		

Source : My study ralised by spss.

a. 3 cells (75.0%) have expected count less than 5. The minimum expected count is .05.

b. Computed only for a 2x2 table

Table 8. Testi Chi Square.

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	.103[a]	2	.950
Likelihood Ratio	.195	2	.907
Linear-by-Linear Association	.091	1	.762
N of Valid Cases	76		

Source : My study ralised by spss.

a. 5 cells (83.3%) have expected count less than 5. The minimum expected count is .04.

Tabela 9. Testi Chi-square.

	Value (Vlera)	df	Asymp. Sig. (2-sided)
Pearson Chi-Square (Hi-katror i Pearson)	4.823[a]	6	.567
Likelihood Ratio (Koeficienti i Përgjasise)	5.066	6	.535

Linear-by-Linear Association	.976	1	.323
N of Valid Cases	76		

a.8cells (66.7%) have expected count less than 5. The minimum expected countis.16.

Source : My study ralised by spss.

Table 10. Testi Chi Square.

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	.387[a]	1	.534
Continuity Correction[b]	.000	1	1.000
Likelihood Ratio	.652	1	.419
Fisher's Exact Test			
Linear-by-Linear Association	.382	1	.537
N of Valid Cases	76		

Source : My study ralised by spss.

a. 2 cells (50.0%) have expected count less than 5. The minimum expected count is .28.

b. Computed only for a 2x2 table

Table 11. Testi Chi Square.

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	14.738[a]	4	.005
Likelihood Ratio	17.738	4	.001
Linear-by-Linear Association	4.393	1	.036
N of Valid Cases	76		

Source : My study ralised by spss.

Tabela 12. Testi Chi Square.

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	.056[a]	1	.812
Continuity Correction[b]	.000	1	1.000
Likelihood Ratio	.109	1	.741
Fisher's Exact Test			
Linear-by-Linear Association	.056	1	.814
N of Valid Cases	76		

Source : My study ralised by spss.

a. 3 cells (75.0%) have expected count less than 5. The minimum expected count is .05.

b. Computed only for a 2x2 table

Table 13. Testi Chi Square.

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	.103ᵃ	2	.950
Likelihood Ratio	.195	2	.907
Linear-by-Linear Association	.091	1	.762
N of Valid Cases	76		

Source : My study ralised by spss.

a. 5 cells (83.3%) have expected count less than 5. The minimum expected count is .04

Table14. Testi Chi Square.

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	16.262ᵃ	16	.435
Likelihood Ratio	15.063	16	.520
Linear-by-Linear Association	.710	1	.399
N of Valid Cases	76		

Source : My study ralised by spss.

a. 21 cells (84.0%) have expected count less than 5. The minimum expected count is .03.

p = 0.520 > 0.05

Table15 Testi Chi Square

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	23.553ᵃ	9	.005
Likelihood Ratio	24.990	9	.003
Linear-by-Linear Association	9.814	1	.002
N of Valid Cases	76		

Source : My study ralised by spss.

Acounting Standards and Financial Accounting

Accounting standards and corporate governance are very important in everyday corporation. There are a key elements in business administration. Albania has adopt their standards for their companies. Accounting standards are in Albania in instrument key in today business activities. In this business activities companies has adapt their standards in today activities.

Albania implemented it's first set of 14 National Accounting Standards (NAS), which were prepared in compliance with the International Financial Reporting Standards (IFRS), in 2009. The 15th standard, specifically the Accounting Standard for financial reporting by micro-entities, was added to this set in 2011 and a 16th standard, relating to the reporting for non-profit enterprises, was added in 2015. In 2014, the National Accounting Council of Albania (NACA) performed a major revision of this existing framework of NAS. The

focus of this paper is to analyze the current status, as well as the development of accounting and financial reporting in Albania for the Small and Medium Enterprises (SMEs). An international standard of financial reporting for SMEs was issued by the International Accounting Standards Board but was not fully endorsed by the European Community, nor by the NACA, who instead chose to revise their current NAS. In this study, we provide a general overview of the accounting regime and platforms currently applied in Albania, by focusing on the changes over the recent years. We also depict the main differences between the IFRS for SMEs and the NAS in Albania in treatment of several elements of the financial statements.

The accounting profession has already become very important for the economic development and financial stability of any country. "The accounting profession promotes and supports the growth and development of business in general and especially small and medium business, giving them assistance in strategic and financial management and aims to protect the interests of shareholders and the public that invests capital in them ".

(Letter from Ian Ball, IFAC Executive Director for the European Commission, December 2010).
In our time accounting information is more tangible and useful than ever before for all its internal and external users (shareholders, employees, managers, customers and suppliers, lenders, governments, media and the general public). It is numerical and is provided through annual and interim financial reports.

The relationships that are established between entities and stakeholders condition their performance, progress and continuity. They rely on the quality of accounting information provided by businesses and used by third parties. In our time accounting has gone from a passive producer of information to an active service for efficient business management and governance. In countries where the quality of arrangements for the accounting profession and the supervision of this profession is low, the level of demand and trust in this profession is low. Whereas, in those countries where there are strong regulations for the accounting profession, this profession performs "not only the statutory audit of the financial statements, but also the tax audit for a certain category of business entities.

During the process of developing the accounting profession, professional bodies of accountants have been created, "which aim to serve the interests of the public" by ensuring the evolution of the profession and contributing to the development of a strong and sustainable economy.

The education, qualifications and experience of accounting professionals and auditors have a significant impact on the functioning of the global financial infrastructure. Stakeholders, including regulators, standard setters, professional accounting organizations and business units, provide accounting services based on professional judgment.

The conceptual framework for accounting education has been developed taking into account the requirements for qualification, general and vocational education, practical training and experience, as well as continuing professional development for accountants and auditors. International Ed-

ucation Standards help regulate the accounting profession and increase the quality of qualification of accountants and auditors.

SNEs (International Education Standards) provide competencies for accounting professionals and contribute to strengthening public confidence. Education standards are designed and developed by the International Federation of Accountants (IFA) to achieve quality and sustainability in global accounting education. They define the essential elements of a professional accountant as well as the continuing needs for education.

Currently, different countries have different requirements for the professional qualification of accountants and auditors, but more and more is being directed towards International Standards of Education and other applicable regulations. In the early stages of accounting education, senior accounting professionals include in the training of certified public accountants practical aspects of day-to-day accounting work, without focusing sufficiently on the concepts of accounting education.

Accounting education has undergone constant changes in terms of its improvement. However, despite the occasional changes in the university curricula and in the professional training offered by the accounting associations in the world, criticism has also been directed.

The demand for high quality education in the field of accounting in higher education institutions has increased significantly in recent years along with the globalization of the world economy and the design, acceptance and implementation by many countries of IFRS and IPSAS International Standards of Public Sector Accounting.

Changes in the business environment and the effects of globalization have also been felt in Albania. They have dictated the need to improve the quality of preparation of students with appropriate competencies to meet the demands of the labor market and to equip them with the right professional skills to further develop their professional careers.

In our country, efforts have been made to reflect the changes made internationally in the field of accounting and auditing. Establishment of accounting professional bodies, such as the Institute of Certified Public Accountants (1997), the Institute of Certified Accountants (2000), the Association of Accountants and Financiers of Albania (1998), the National Accounting Council (2005), the implementation of MRS- and IFRSs (2008, 2005), as well as the trainings conducted by them have influenced the training of accounting professionals based on their continuing professional education.

The regulation of the accounting profession includes a number of issues such as requirements for entry into the profession, for licensing and education, for monitoring the professional conduct of accountants, as well as for the drafting of standards to be applied. Like other professions, the sustainability and strength of the accounting profession depends on the quality of services provided by professionals and the capacity of the profession to respond effectively to the demands of the economy and society. The regulation of the profession aims to ensure a high quality and consistency in the quality of services.

The role of professional bodies lies in two directions: first, in regulating the profession in cooperation with governments, second, in enforcing the rules to benefit from quality services in the public interest and guiding accountants to market changes.

Government regulators make the adjustments, but it is the professional bodies that ensure the correct implementation of these adjustments. In the process of implementing the regulations, the bodies identify the needs and requirements for improvement, development and drafting of new regulations to provide quality professional services and in the interest of the public. Professional accounting bodies aim to carry out their responsibilities related to the regulation of the profession and accounting in such a way as to increase the effectiveness of the entire regulatory system. Professional bodies aim to ensure the quality of service of their members by engaging in maintaining and promoting high quality professional practices. They play a role in developing arrangements that affect the profession including the responsibility to communicate and work with government in the public interest. To this end they should use the knowledge of the profession and the market in which they operate to assist the government and other external regulatory bodies in designing and implementing a high quality professional arrangement.

The influence of professional bodies appears in several directions, such as, in the continuing professional education of auditing professionals and their member accountants, in drafting professional and accounting regulations, in increasing the independence and integrity of professionals, as well as in establishing a professional ethic. The final effect of this impact is the provision of quality financial reporting information prepared by specialists in this field. Strengthening the education of accountants and auditors is an issue, which requires due attention from regulatory bodies so that financial statements are high quality, reliable and valid for their users.

The education, qualification, training and experience of accounting professionals and auditors are crucial to the functioning of the global financial infrastructure. In a study conducted in 2013 by the (Institute of Global Accounting Development) IZHKG at the University of Tilburg in the Netherlands, the 8 pillars on which the regulation of the accounting profession is based and established based on the professional competencies that a professional accountant must possess are defined.

The first challenge is with time and yourself.

Time, capital, intellectual energy. Profession and ethics in the profession are important. The challenge with time is the challenge with professional integrity. We change in harmony with time and environment. Time demands that our profession needs self-service.

The second challenge is the challenge with information technology. New technology-robots will be artificial technology next to us.

Technology and artificial intelligence in the organizations where we give our contribution is important. Accounting and its services are services that require added value. Businesses today are complex, have operations with local and foreign currencies. Our service is a complex service. Today we face

the risk of over information, people waste time, money. Man has to change along with the profession.

The risk of the nature of intellectual work. Many accountants today are turning from specialists to operators. So the challenge is to switch from electronic invoice to electronic diary, etc. The balance sheet will be produced automatically every day. These developments cut or create new jobs. These are the challenges of modern times. It is not at all fair that many employers stigmatize recent graduates - with no experience and young people leave and ask what should we do?Technical and technological progress. IT services programs are evolving daily. Today's business has taken on virtual forms.

The third challenge is the fiscal challenge. Has the time come in Albania for such a code?

In many countries there are fiscal codes.

Accountants work in a difficult market. Our daily question is what the law says.

116 legal and legal acts we need to know.

The law on VAT and tax procedures underwent a total of 19 changes in 2018. In different colors from purple to pink, from green to brown.

The challenge of the accounting profession. What is the relationship between traditionalism and services in the accounting profession. Accountants also need to be more careful in their work, as there are currently approximately $ 25 million in damages from accountants, where a major problem is the compilation of financial statements by an accountant correctly and according to accounting standards.

Our economy is informal.2 billion euros informal. Our commodity is service. Accuracy is the heart of the accounting profession. People need to be taught the rules, accounting services need to be regulated by law. Respecting the codes of ethics or IFAC is important. The code of ethics should serve as a moral and professional constitution. We need to turn our face away from good regulation profession but also by taking a stand against breaking the law, money laundering, etc.

The time has come to review the form of exams. We have probably not entered the circle of an old standard of exams and the literature should be reviewed as well.

About 60-70% of the academic staff of the universities belong to the association.

Maybe today it is necessary to scale the VAT. For basic needs, or the first rate VAT to be 6%. As Germany has for example.

The profession of accountant is the only profession that has standards (accounting standards) to and job responsibility is the highest price for this profession.

The International Federation of Accountants IFAC is the international organization of the accounting profession. It was approved by the International Congress of Accountants held in Munich in 1977.

It has members from 170 countries around the world. It aims to strengthen the role of accountant and protect the public interest. The standards are of high quality. We aspire to

membership in IFAC therefore every candidate or aspirant to become a candidate will benefit from membership. Increases credibility of the association and we as members of the association increase credibility. Membership helps to train members, increases their quality, being a member of IFAC means participating in various conferences. The membership process begins with the expression of interest. meeting the criteria, the reference must be obtained from an IFAC member. We will be part of IFAC conferences.

The IFAC Board also established the International Accounting Standards Board. This board, in November 2001, developed the International Standards of Accounting Education, which constitute a new stage in the development of the accounting profession in the world. They were prepared to ensure quality and sustainability in accounting education and aiming at achieving convergence of International Accounting, Auditing and Public Sector Standards. The SNEs define the knowledge, values, ethics and professional attitudes that should characterize the accounting profession and provide a lifelong learning model for the profession.

Quality control committee. An awareness campaign is needed and it will probably be time for certified accountants to prepare electronic files. Each member of the association should contribute to any challenge of the time.

CONCLUSION

Corporate governance as a result of this study has a major impact in everyday business companies. Ownership structure, once characterized by Berle and Means (1932) as "dispersed", has in recent times become more concentrated. Corporate governance reform is vital for developing countries seeking to attract foreign investment and consequently strengthen their economies. Contracts, corruption, etc., present a challenge to the functioning of a market economy as well as to a democratic society. The exercise of shareholder rights is consistent with the recognition of these rights.

There is a good level of knowledge about the rights of other actors. However, there is room for improvement and there is a need for better awareness of other stakeholders and the role they can play in improving governance and the impact they can have on enhancing company transparency.

Albanian owners are probably not very disposed to share ownership and consequently control of the company with other persons where one of the factors is the lack of an active securities market where buyers 'requirements and sellers' offers are harmonized for capital. We think that for at least the next 10 years, the Albanian market would find it very difficult to win (give confidence) an Albanian stock exchange due to the fact that the country is very small and has no previous public investment experience. Albanian in listed companies. A real scholarship would give corporate governance a broad meaning.

In the epilogue of work we emphasize once again the agency theory as a very important theory in the framework of corporate governance which is reflected from Nobel Laureate Jean Tirol (2014), President of the School of Economics of Toulouse in France, which is focused on the duration of contracts between the public and private sector, highlighting the fact of difficulties that exist in their concrete modification, as

well as the real risks of collision and uncertainty through regulatory authorities and corporate companies that need to be regulated in their activity in these specific markets.

According to him, governments should make every effort to have maximum information on the activity and behavior of these actors in the market. As an entrepreneur in the field of academics and innovation research, Tirol emphasizes that: "managing the corporation effectively means that all structures are working well and therefore the financial result of the company in the market will be high cost to reduce the quality of services according to the specifics".

In the same time accounting standards and corporate governance standards has a major impact in business corporate activities. There are standards of accounting and standards of goverments that are very important in all the coprorate national and international in Albania.

If the company has adopt the standards the sucess is guaranteed.

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