

Non-financial Reporting and Performance in Pre-university Education

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Abstract

Education has been and remains a fascinating and sensitive subject, involving: learners, teachers, the family and the community. Education defines, individualizes and prioritizes individuals. Sustainability in any field of activity is defining, and the efficient management of the educational process is the basic condition to generate performance.

This paper diagnoses non-financial reporting segments in pre-university education (orientation towards tertiary education, baccalaureate promotion, communication and public transparency), considered by new significant complements of the financial-accounting dimension in defining and assessing performance, in a context imposed by the complex transformations of today’s society. The approach is desired to be an argument for the need to resort to governance in pre-university education and not only.

Key words: non-financial reporting, pre-university education, performance

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1. Introduction

Education is “the set of actions and influences meant to allow the human being to develop physical and intellectual abilities, moral and aesthetic attitudes and feelings, in order to have a responsible and optimal social integration as a citizen” (Dobranış). As a social action, education mediates and diversifies the relations between man and society, thus favoring the development of man through society and the society through people.

The improvement of the public services in education is a part of the organizational development which represents a planned effort, coordinated by the management of superior level, of the whole organization and which has the purpose to grow the efficiency by: (i) improving the concordance between the organizational structure, the procedural one, strategy, personnel and culture of the institution; (ii) developing new and creative solutions; (iii) the development of the institution capacity to new.

A solution in this sense could be non-financial reporting, or in other words, the realization of sustainable reporting by ensuring the complementarity of financial reporting of the pre-university educational institutions. This involves on the one hand the connection of schools in tandem with the evolution of educational systems, and on the other hand the dissemination of non-financial indicators, along with the financial ones towards various categories of users, especially potential students, parents, the community through modern information technologies.

2. Theoretical background

Studies executed more than half a century ago (1970s) reveal the role of education in the development of society, through the effects it generates on people’s attitudes. Thus, the historical periods of economic and social development have been accompanied by an increase in the “need for accumulation” of the population, which can only be met through education, and “modernization of society” cannot be possible without an appropriate individual attitude that is, an overwhelming proportion, the result of education” (Cicea *et al*, 2005).

Major and rapid changes produced globally in economic, social terms, the impact of unprecedented development of information technologies entail the need for flexibility, adaptability of skills and knowledge, efficient use of knowledge, performance orientation.

In this context, “Education makes a difference, and the interest of general policies appears more and more focused on the power of education, in general, of higher education, in particular, in increasing the level of well-being and implicitly of a nation’s competitiveness (Badea, 2012).

Recent transformations in the organization of educational systems, aim at three directions (Hatos, 2019) as shown in the figure below:

Figure no. 1. Directions for organization of educational systems

Transformations in organizing educational systems	management	- implies a change in the governance of education which aims at principles borrowed from the market economy; - promotes the effectiveness of education and the subsequent evaluation of school management based on efficiency criteria;
	marketing	- emphasizes the role of parental choice and competition between schools (and by displaying educational offers) - educational vouchers are used to finance schools, which are distributed to parents,
	vocations	- involves covering the supposed technical functions of education by orienting towards the transmission of skills and knowledge that are needed immediately on the labor market;

Source: Author’s contribution

To these transformations are added the promotion of equal opportunities and ensuring a quality education for all, by representing all levels for all categories of population and by the access of students to knowledge of the same type and having the same development conditions of the educational process.

The analysis and evaluation process concerning the quality of education, the perception of the population must be taken into consideration, “knowing that a positive perception of education leads to actions favorable to education, to the inclusion of school in the strategies and projects of individuals in the medium and long term, meanwhile a negative perception increases the distance between the individual and the system, accentuates the tendency to overestimate the costs and risks of education and to diminish the benefits it brings” (Neagu, 2011).

Quality is a subtle problem, complex from the point of view of equilibrium that needs certain costs, which must be analyzed from the point of view of the non-qualitative effects, which can be more expensive.

There more variable which must be considered precious elements of quality: the general atmosphere in which the activity is taking place, the language and the managers attitude, the clarity of the definition and the responsibilities delimitations for each action, the capacity to determine the diagnosis and to take measures, the eloquence of the change needs and the resistance grade of doubt etc. (Achim *et al*, 2005, 133).

Keeping of the quality level in order to create a favorable impression of the high quality, of a value that can be appreciated and of a service provider sincerity. The public services must be offered conditions of equity.

Education is a quality in itself and a particularly important means of achieving sustainable development. Education, training, culture are factors that favor job creation, economic growth and social equity. In that matter, at European level we want to create an European area of education by the year 2025.

Complementary to these guidelines, we appreciate the importance of disseminating the actions taken and the results of the educational process at the level of each education provider.

3. Research methodology

Theoretical accounting constructions use the pedestal called faithful image, simultaneously and paradoxically, a static meaning, as a support of the accounting regulation and at the same time mobile, due to the possibility of regulatory evolution.

Through this paper we try to emphasize the values of non-financial reporting transposed at the level of pre-university education institutions in the process of assessing performance and adapting to the changes of the society. In order to achieve this goal, we resorted to the revision of the specialized literature, of the national and European legislation that addresses the subject of non-financial reporting, analysis and synthesis of information, the projection of the non-financial reporting model for pre-university education institutions.

4. Findings

Non-financial reporting, which are the components of the integrated reporting and which complement the financial reporting are a current concern for researchers, in orienting entities towards overall performance, but also to reflect their attitude towards the community and the environment.

In the global performance equation, non-financial reporting has a special role, because it promotes respect for human rights, it focuses on creating value, on the optimal use of all capital (human, material, financial, natural) and supports the reliability of financial reporting. It implies sustainable, social and environmental responsibility.

Among the criteria that could be applied for pre-university education institutions in regard to non-financial reporting we can identify:

- publishing on the websites of the school units the information regarding the corporate social responsibility (integrated sustainability report, non-financial statement)
- ensuring the transparency of information (the reporting framework used, involvement in the development of environmental, social and personnel protection policies).

We appreciate that pre-university education institutions can use as benchmarks some of the general frameworks and organizational reporting structures existing or under development, respectively: the Global Reporting Initiative (GRI) (performance and impact on the environment, the society and the economy); the UN Global Agreement (the human rights, the labor force, the environment and anti-corruption), the Council for Climate Reporting Standards (CCRS) (environmental information), the Council of the International Accounting Standards for the Public Sector (CIASPS) (the performance of services and long-term sustainability of the finances in the public sector) etc.

- key indicators of non-financial performance (passing the baccalaureate exam, the participation rate in tertiary education, the employment rate of graduates not included in tertiary education, the dropout rate, successful examples, the quality of the teaching staff, etc.)

- social inclusion: supporting the vulnerable groups of students, volunteering, digitization

The accounting profession can have a significant contribution and play an important role in the development and implementation of improved organizational reporting, according to IFAC, including by schools (<https://ceccar.ro/ro>).

By adapting the estimate regarding the non-financial reporting (stipulated by OMPF no. 1938/2016 which partially transposes the estimate of the Directive 2014/95/EU of the European Parliament) for public interest entities with over 500 employees, we appreciate that at the school level, the sustainability can include, among others, the aspects presented in the following figure:

Figure no. 2 Non-financial reporting in pre-university education

Informational content of the non-financial reporting for pre-university education institutions	- specifying the object of activity, the mission and the objectives pursued and the main directions of action in order to achieve them
	- description of the policies that were adopted regarding the environment (the impact of the activities, the attitude towards the environment), social and personnel aspects (equal opportunities, social dialogue, respect for employees' rights, support for the vulnerable social groups, for the local community), human rights, fight against corruption and bribery
	- relevant results obtained as a result of applying environmental policies, social and personnel policies, management policies
	- the main risks which come from the activities in progress
	- key-indicators regarding non-financial performance

Source: Author's contribution

We further present some statistical dimensions at national level for pre-university education, including the effects generated on education at a tertiary level. We believe that each pre-university education unit should publish non-financial information (and not only) on its own websites.

Regarding the promovability of the baccalaureate exam between the years 2011 and 2016 the situation is the following:

Table no. 1. Graduates of the baccalaureate exam in the period 2012-2019

Year	2011/ 2012	2012/ 2013	2013/ 2014	2014/ 2015	2015/ 2016	2016/ 2017	2017 /2018
Number of people who graduated	101.655	112.223	102.718	118.313	95.940	100.774	95.692

Source: <https://insse.ro/cms/ro/tags/anuarul-statistic-al-romaniei>

The indicator on passing the baccalaureate must be analyzed in correlation with the number of graduates, so that in the table below we present the evolution of the number of high school graduates:

Table no. 2. Evolution of the number of high school graduates between 2012/2013 și 2017/2018

School years	2012/ 2013	2013/ 2014	2014/ 2015	2015/ 2016	2016/ 2017	2017/ 2018
Number of graduates	200.004	172.613	189.855	152.741	153.590	148.653

Source: <https://insse.ro/cms/ro/tags/anuarul-statistic-al-romaniei>

In the following table we present the dropout rate in pre-university education, the most unfavorable situation being registered in post-secondary education and foremen. Obviously, it is necessary to identify the causes and take measures so that the situation improves.

Table no. 3. Dropout rate in pre-university education in the period between the school years 2012/2013 and 2017/2018

School years \ Education Level	2012/ 2013	2013/ 2014	2014/ 2015	2015/ 2016	2016/ 2017	2017/ 2018
Primary and lower secondary education	1,4	1,5	2,0	1,8	1,6	1,7
Upper secondary and vocational education	2,9	2,9	3,5	3,6	2,6	2,6
Post - secondary non-tertiary and foremen education	8,9	7,9	10,7	9,7	10,0	9,2

Source: <https://insse.ro/cms/ro/tags/anuarul-statistic-al-romaniei>

The number of Romanian students who are in college, the undergraduate studies, decreased to 377,370 people at the beginning of 2019 (the lowest in the last 20 years), given that in the previous year there were 383,364 people, and in 2010 the number of undergraduate students was 761,541 people (<https://www.edupedu.ro>).

In the next tabel we present the evolution of the number of students enrolled in the high school education and Number of students – bachelor’s study:

Table no. 4. Evolution of the number of students

School years Indicators	2012/ 2013	2013/ 2014	2014/ 2015	2015/ 2016	2016/ 2017	2017/ 2018	2018/ 2019
Number of students – bachelor’s study	464.592	433.234	411.229	410.697	405.638	408.179	402.696
Number of students in high school education	831.810	776.616	727.072	673.615	650.832	637.706	629.755

Source: <https://insse.ro/cms/ro/tags/anuarul-statistic-al-romaniei>

Regarding the quantitative dimension of tertiary education institutions, the decrease in the total number of participants in tertiary education has several causes: a relatively smaller number of people who pass the baccalaureate exam, migration, demographic decline and underfunding etc.

According to the Tertiary Education Development Strategy (<https://www.edu.ro/>), the Romanian economy still faces a low level of employment and participation. The national objective for employment, according to the Europe 2020 Strategy, is 70% for the population aged between 20 and 64, and in the European Union the objective is 75%.

The EU 2020 strategy focuses objectives connected with education and training, due to their influence on economic growth (increasing employment, productivity, participation, skills building, etc.).

Therefore, the labor market requirements need to be known, analyzed and strengthened, especially in regard with the transversal skills. Action must be taken to encourage and support greater participation in tertiary education, to improve the quality and relevance of tertiary education; developing commitments to the economy, in particular in relation to the labor market and innovation/entrepreneurship.

Given the important contribution that universities have in the specialization of the labor force, in economic development, it is absolutely necessary to synchronize the current offer of tertiary education with the needs of the labor market.

”Technology is rapidly changing the way we interact and work, connecting communities and workers in increasingly sophisticated ways and opening up new opportunities. Therefore, young people need to develop digital fluency and science, technology, engineering and math (STEM) skills from an early age, (...) in modern society” (<https://qualifi.net/news/entrepreneurship-world-economic-forum-website-2/>).

Undoubtedly, the human resource is one of the most important resource of any organization, especially since it is responsible for the formation of future generations that will contribute to the development of society.

From a numerical dimensional point of view, the situation regarding high school teachers is thus presented:

Table no. 5. The evolution of teaching staff in high school education between the school years 2012/2013 and 2018/2019

School years	2013/ 2014	2013/ 2014	2014/ 2015	2015/ 2016	2016/ 2017	2017/ 2018	2018/ 2019
Number teaching staff	57.080	56.843	55.913	55.409	54.942	54.257	53.835

Source: <https://insse.ro/cms/ro/tags/anuarul-statistic-al-romaniei>

We consider particularly important the involvement of human resources, teachers, but also students, to achieve through them the performance indicators.

Without discussing the selection method, we consider that a special attention should be paid to the quality of the human resources that are recruited, in order to promote stability in schools, considering the effects of the psychological impact on students.

Pre-university education has a predominantly public character, therefore, beyond the financial motivation limited by restrictive legal patterns, special attention must be given to intangible motivation, having well-known effects on the attitude and involvement of employees in order to achieve the performance indicators.

School management structures have to promote the implementation of a participatory system that enhances the knowledge and skills of staff, a climate of trust in employees, their autonomy, reducing formalism in teacher training, collaboration with academia to update the information content of the subjects taught, to identify and implement objective criteria for their evaluation, the periodical analysis of the satisfaction degree of the employees in relation to the professional activity carried out, but also in relation to management.

We consider communication to be the key to competitiveness in any field of activity, a complex process that leads to the achievement of an optimal circulation of information to achieve the proposed objectives. Communication, which nowadays has become multidirectional (involves teachers, students, family, employers, population, etc.) provides continuous, crucial feedback for learning and processing changes in the education system and the labor market, with favorable implications for building mutual trust, stimulating involvement and encouraging diversity.

5. Conclusions

Quality must be understood as a standardized measure of excellence that beneficiaries establish for certain educational services: the students, the parents, the employers are those who determine what a quality educational program should be, and school should provide that program as it was defined by the beneficiaries. So, quality is ensured by school, but it is defined by its beneficiaries.

It is desirable that pre-university education institutions be concerned with sustainable development and valorize the most of their resources. In this sense, we consider useful the concern of the management but also of the accounting profession for the transparent dissemination of some revealed information, complementary to the financial ones. Correlated with the specifics of the economic, social, cultural, historical passion in which they operate, they add value to financial-accounting information and can contribute to the provision of public education service at a high-quality level.

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