

THE ROLE OF ACCOUNTING INFORMATION IN THE DECISIONAL SUPPORT OF THE MANAGERIAL TEAM

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The enterprises produce and use the accounting information grounding on the activity achieved. The gross form is transferred in the financial situations and then transformed into economic and financial indicators getting significant relevance for the users. In this context, it is important for the managers to use the accounting information as well as the indicators resulting from the systematic processing of the accounting information in order to support the adoption of efficient decisions for the better development of present and future works.

The future economic perspectives of an organization are based on the whole vision the managers have, on the continuous relation to the general, regional, local dimension of the business they run. By the global approach versus the own organizational realities, the managerial team can settle new guidelines, new steps or new directions of approach of the implemented management policies.

Keywords: *accounting information; financial indicators; economic efficiency; management team; managerial decision.*

Regarded in an organizational and particularly functional perspective, organizations have in their composition a financial-accounting department indispensable for the good processing of economic transactions. The functionality principle of the mentioned structure is provided by the attentive processing and analysis of primary justifiable documents, followed by the systemisation activity found in the semester or yearly financial situation and also in the specific economic and financial indicators emphasized in the explicative notes to the financial situations or in other support document of the analysis.

By this mechanism we can consider that the accounting information is produced by the organization and, on its turn, it determines the application of measures in the end producing new accounting information. The latter will be

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interpreted and analyzed in the following financial exercises, in which the economic and financial indicators will show if the approved managerial decisions were efficient or not. Practically, the accounting information by its presentation means helps the managers to approve decisions keeping in mind the concern for the identified errors.

The managerial team - a significant part of operative leadership

No matter the form of organization, the management style preferred by the company, the organization or the governmental level, the leadership mechanism embraces different stated forms by specific and special laws and also by own general disposition to be constituted for each public or private institution. To the previously mentioned issues, a significant share is added by the act of will settled by the constitutive act agreed on by shareholders, associates, or the single associate.

In Romania, the enterprises, companies with state, private, or mixed capital (as many institutions with majority state capital bears the generic name of *company* being often transformed by government decisions) no matter their organization form (SA, SRL etc.) also undergo research or commercial activities with respect to the instructions provisioned by Law no. 31/1990 on commercial societies or as regards some special law (IPURL, SPRI etc.), the Law no 86/2006 republished.

Thus, the lawmaker identified the managerial team as being:

- for shares societies in single system, the administrator is represented by one or many persons who form the board of trustees. Usually, these are assigned by the shareholders or even by the members of the board of trustees. In such situations, the competence of effective leadership can be delegated to a general director who can be or not a member in the administration board. Practically, the director is directly subordinated to the administration council;
- for shares societies in dualist system, the administration activity comes to a directorate under the attentive monitoring of the surveillance council (assigned by the general assembly of shareholders);
- for commanded societies on shares, the administration comes to one or many commanded associates assigned by the general assembly of the shareholders;
- for the societies with limited responsibility, the operative leadership can be delegated to an administrator in conformity with the associates' decision in the general assembly framework.

The managerial decision

The economic life and the commercial activity implicitly claim the application of some decisions. The resolutions analyze the events and transactions but consequently involve the views and also effective decisions of managers on the closing of contracts, employment of personnel, the dismantling of some departments, functional reorganizations, acquisitions, investments, etc. Such initiatives suppose knowledge and aptitudes by using at the highest level the capacity of managers to improve and even to send an impulse to the operational parameters culminating with the assessment of the results really obtained.

As regards the adoption of some efficient decisions grounded on the existence of some coordinated efforts, the statutory administrators (directly assigned by the constitutive act) or assigned (by direct vote of the general assembly of shareholders) start from the analysis of two aspects:

a) the operational goal of shareholders (associates, investors) consists in the maximization of profit being known that the *company directors have always been preoccupied by the administration and diminishing of costs¹* but also *by the need to maintain or decrease the percentage of gross profit used on expenses²*;

b) the analysis of some financial indicators starting from the accounting information comprised in the financial situations which follow:

- the analysis of previous events;
- it constitutes the basis of decision for future investments;
- it represents a means of financial assessment (diagnosis) of enterprises.

With respect to the profound mode, these considerations can signify the knowledge of *factors which lead to the profit, the monetary welfare or the stability of company or organization³*, the accounting information often constitutes the starting point in the adoption of strategic institutional decisions.

Still, for the consolidation and improvement of the decisional act, the economic decision-maker must use wide spectre information in the internal and external environment (for instance, the financial situations of business partners in order to identify aspects regarding the liquidity, net thesaurus, or a potential state of insolvency).

Thus, information and particularly the accounting information actually represent a means of communication, a detailed issue of patrimony position which the organization stands on at a given moment following a sustained

¹ Gabriel Apostu, *Oportunități pe timp de criză*, in „Curierul fiscal” no. 4/2009, p. 35.

² Terry Gaskin, *Indicatori financiari perfecți*, National Press, 1998, p. 57.

³ *Ibidem*, p. 11.

economic initiative. We can say that *the managerial decisional system is focused on information extracted from accounting*⁴ and therefore is granted to a remarkable attention to the manner of processing, synthesising and use of accounting information.

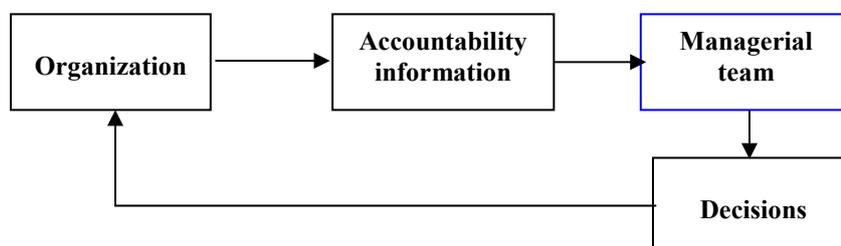


Fig. 1 *The mechanism used for adopting the managerial decision*

The relevance of accounting information

For a better understanding of the accounting information, it is important to underline that it is structured in the content of financial situations and restructured in the consecrated economic and financial indicators reflecting the level of monetary and non-monetary flows. They can be controlled and improved in order to reflect a revealing financial and patrimonial situation but also to maintain *a financial control of the business*⁵ starting from the assumption that it reflects a correct, clear and true image of the economic activity.

The performance registered in a well-defined period can be measured very accurately with the help of accounting information which can be classified as:

- information on management activity;
- information comprised in financial situations.

In the same register, we can mention that analysing the results obtained and emphasized in informative financial situations the intern users (managers) can choose peculiar decisions on a multitude of situations, such as:

- means to distribute or redistribute resources on the organizational level;
- acquisition of human and material resources;
- extension to the other fields of activity;
- opening new work stations;
- engagement of credit lines;
- reorganization activity;

⁴ Nicolae Todea, Angela Ioana Mărginean Aurar, *Rolul și locul contabilității manageriale în sistemul informațional*, „Contabilitatea, expertiza și auditul afacerilor” Magazine, no. 4/2011, p. 20.

⁵ *Ibidem*, p.14.

- organizational restructuring;
- reporting the identified frauds, etc.

In order to be used by the internal users (the management team, for the efficiency of the adopted decisions, the shareholders for the investments made, the employees for the stability of their salaries and their workplace, as well as other salary stimulation measures) and the external users (clients, providers, other investors, control bodies of the state etc.), the accounting information should have four basic characteristics:

- intelligibility – the capacity to be understood and interpreted in silence by the users;
- relevance – the possibility to determine the adoption of some significant decisions starting from past events, present realities and future goals;
- credibility – the probability to lack significant errors;
- comparability – the possibility for the accounting information to be compared from one period to another.

The main role in the presentation and adoption of financial situation is played by the general assembly of stakeholders which has the right *to propose a budget of revenues and expenses as well as to settle an activity plan for the next financial exercise*⁶ starting from the presented results.

The managerial team mandated to fulfil the prerogatives it was invested with bears the whole responsibility on *profit registered by the enterprises which is perceived as being a relevant indicator of reputation. The pertinence of the indicator of measuring as compared to the notion of social performance of the enterprise is often ambiguous.*⁷

Thus, by the simple interrogation and interpretation or transposition of accounting information in the consecrated economic and financial indicators one can estimate *the relativity of organization performances*⁸ and, implicitly, the efficiency of the approached decisions.

Conclusions

In a century of globalization, information can become extremely precious, as it can be used with various purposes and being able to train a series of the most diverse decisions: organizational (restructuring, extensions, fusions, cession of social parts etc.), investment (the acquisition of

⁶ *Legea 31/1990*, art. 111, alin. (2), lit. e).

⁷ Daniela-Iuliana Popa, *De la responsabilitatea socială la performanța financiară a întreprinderii*, „Contabilitatea, expertiza și auditul afacerilor” Magazine, no. 1/2012, p. 16.

⁸ Maria Berheci, *Rezultatul contabil, rezultatul economic și valoarea creată - indicatori de apreciere a performanțelor întreprinderii*, „Contabilitatea, expertiza și auditul afacerilor” Magazine, no. 8/2010, p. 16.

a credit line or a financial or operational leasing contract etc.), managerial (replacement of directorate, the most often), personnel (employments, detaching, promotions, salaries, bonuses growth, dismissals).

With respect to the accounting information, this is particularly useful not only in order to analyze the profit registered by a public organizational structure but also to assess the adopted decisions, correcting the errors where there is need for adjustment. If we take into consideration strictly the significance of accounting information for the managerial team, we must explain that on grounds of the data provided one can appreciate the future strategy and policies of evolution of the respective juridical entities.

We can conclude therefore that the managerial decisions are grounded, mainly, on the basis of some instruments, firstly scientific and then followed by economic and financial analyses accomplishing a role of controlling and assessing them.

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