

STUDY REGARDING THE IMPORTANCE OF ACCOUNTANCY INSIDE ORGANISATIONS

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The diversity of the accounting informational needs has determined the establishment of two representations of the same reality: an „internal” representation – the managerial accounting – and an “external” one – the financial accounting. From this perspective, the paper captures a number of aspects regarding the accountancy’s usefulness, from the point of view of the information it provides, to the organisations. Moreover, with an investigation type research on a 110 organisations sample in Sibiu, the managers’ attitude regarding the organisation of financial and managerial accounting has been targeted.

Keywords: accounting, financial, management

JEL classification: M41, M10

1. Introduction

“Accountancy represents a nation’s most important economic source of information” (Oskar Morgenstern)⁴⁰⁰. It can be stated that, nowadays, the accounting activity is for an enterprise what air and water is for life⁴⁰¹, a representation model of the enterprise’s life. Formally speaking, we can talk about a symbiosis in the management of the accounting activity between two elements of the company’s accounting system: the financial or general accounting (in French “comptabilité générale”, in English “financial accounting”) – considered the “external side” of the enterprise – and the managerial accounting (in French “comptabilité analytique” and in English “managerial accounting”) – considered the organisation’s “external side”⁴⁰², each with its specific functions^{403, 404}.

2. Aspects regarding the usefulness of the accounting activity

We can only state that we found the financial accounting issue presented from the point of view of its managerial usefulness but very briefly. In fact, we consider that the study of the reputable specialists Nicolae Feleagă and Ion Ionașcu⁴⁰⁵ is a reference point regarding the financial accounting approach from the managerial perspective. The functions⁴⁰⁶ of the financial accounting can be synthesized as it follows: *the booking function; the function of displaying a faithful image; the synthesizing function; the communication function; the function of probative instrument for justice, the function of internal managerial instrument; the function of supporting the financial and general management.*

400 Horomnea, Emil; Tabără, Neculai – Locul contabilității în sistemul general al clasificării științelor, „Finanțe publice, contabilitate”, nr. 5/2002, p. 13.

401 Munteanu, Victor – Teoria și bazele contabilității, Ed. Lumina Lex, București, 2000, p. 10.

402 Minu, Mihaela – Pledoarie pentru acordul dintre fond și formă în contabilitatea românească, part I, „Contabilitatea, expertiza și auditul afacerilor”, nr. 2/2003, p. 9.

403 Gheorghe, Dumitru – Bazele contabilității, Ed. Menora, Constanța, 2003, p. 15.

404 Oprea, Călin; Cârstea, Gheorghe – Contabilitatea de gestiune și calculația costurilor, Ed. Genicod, București, 2002, pp.7-12.

405 Feleagă, Nicolae; Ionașcu, Ion – Tratat de contabilitate financiară, vol. I, Ed. Economică, București, 1998.

406 Ciuhureanu, Alina-Teodora – Activitatea contabilă a firmei: suportul cunoașterii teoretice și practice, vol. “Cercetare, învățământ, calitate din perspectiva integrării în Uniunea Europeană” – Analele Universității Româno-Germane din Sibiu, nr. 2/2003, Ed. BURG, Sibiu, pp. 274-281.

We shall no longer insist upon the aspects regarding the organisation of the financial accounting because we believe that it presently benefits from a strong legislative frame. We would however like to underline that the Romanian legislative frame should find stability, because the permanent changes in our country, although they are due to the accounting adjustment and normalisation process, are constantly overturning the professionals involved in the accounting activity and more especially the ones in the financial accounting. Why can't we ever settle things up? Why do we have to fear to open the Official Gazettes? Why can't the legislative texts be coherent? We are hoping that in the near future the financial accounting will find the peace it needs and the above questions will disappear in the mist of the past.

Often regarded as “*the late child of the Romanian accountancy*”⁴⁰⁷, the managerial accounting provides confidential information to managers, for the businesses' future evaluation, control and management. As compared to the financial accounting, which can no longer fight the “international war of businesses” on a continuously changing Romanian market, the managerial accounting has created new information channels to solve and/or to compensate the limits of the above one⁴⁰⁸.

In Romania, the notion of management accountancy was kept (an influence of the French accounting system) but we consider however that the notion of managerial accounting mostly reflects its importance for the company's management, for taking the adequate decisions in order to overcome certain obstacles related to the present competitive environment.

The functions fulfilled through the organisation of the managerial accounting can be synthesized as it follows: establishing the costs on products, activities and organisational units; *collaborating in calculating the selling prices; establishing the company's situation towards competition; it allows a dialogue* between the “technical” staff and the one involved in the general management; *it creates information* necessary for evaluating performances at the management, profit and performance or products centres' level; *it provides a relevant evaluation basis* for certain balance sheet elements; *it explains some results* based on selling costs or prices; *it contributes to the predictions' accomplishment* of incomes and expenses, simultaneously with their systematic surveillance and control and with the exceptions' study; it provides information to foreshadow the enterprise's future development; *it determines hidden costs*, unnoticeable with the traditional book-keeping systems. Among the **obstacles** that stand in the way of a real managerial accounting organisation inside the Romanian companies, we mention⁴⁰⁹: *the prolonged transition process to the market economy; the financial obstructions; the lack of competition, of real competition; the proliferation of the underground economy; the lack of organisational experience; the lack of aggressiveness; unskilled personnel* etc.

3. The methodology of the research

With this study we wanted to capture the managers' attitude regarding the importance of financial and managerial accounting. Our investigation has been made up of two consecutive researches: *a qualitative research of an exploratory nature and a quantitative research of a descriptive nature.*

By using the qualitative research of an exploratory nature one had as aim *determining the set of hypotheses which were the object of the quantitative descriptive research that was to follow and setting up the following priorities for the research.* The methods used in this preliminary research are the following: *the analysis of secondary data*, which requires the usage of the available data coming from different sources with focus on discovering shortcomings, ideas, solutions regarding

407 Feleagă, Nicolae – Contabilitatea managerială, Paul Diaconu, Ed. Economică, București, 2002.

408 Sucală, Lucia – în Contabilitatea de gestiune – între reglementare și necesitate, în condițiile procesului de convergență contabilă în România, vol. “Congresul profesiei contabile din România. Armonizare sau Convergență în Standardele Internaționale de Contabilitate?”, București, 3-4 septembrie 2004”, Ed. CECCAR, București, 2004, p. 820.

409 Cernușca, Lucian – Organizarea și conducerea contabilității de gestiune în spiritul noilor reglementări contabile, “Contabilitatea, expertiza și auditul afacerilor”, nr. 9/2004, p. 55.

the accounting activity; *interviews with specialists* with the aim of obtaining further pieces of information from those relevant in the fields of finance-accounting; *group reunions* or *focus groups* that allowed the debates regarding this subject.

The descriptive quantitative research, the results of which are presented in the present paper, had as purpose to describe and evaluate the coordinates regarding the importance of organising the financial and managerial accounting to the Romanian companies' managers.

Taking into consideration the location of development, the research has been made *in the field*, and in what concerns the frequency of development, the research has been made *on occasion*.

In order to set the sample we used the method of *random sampling*, which was based on a *fixed sample with restrictions* (taking into consideration the organisational restrictions, we decided upon a sample of 110 respondents). We can state that the sampling method consists of a combination between the *multi – stages sampling method* and that of the *non-proportional stratified random sampling*. The basis for sampling has been defined and constituted using the data obtained from the National Office of the Registry of Commerce, having included all the firms and autonomous authorities in Sibiu County. We observed that the main criteria which need to be taken into consideration in selecting the components of the sample are the ones related to the category of the firm. From the sampling basis we have eliminated all the firms that are no longer active, which have had an interruption in their activity and those which had registered losses in exploitations more than two years consecutively. The remaining firms have been stratified according to the category of the firm. The remaining firms for each stratum have been randomly selected until the size of the sample has been reached. In completing the size of the sample we chose the non-proportional option, starting from the hypothesis that certain strata, especially those of the small, medium and large firms present a higher importance for the financial-accounting activity.

4. Conclusions obtained from the research

A first objective of the research was to discover **the managers' attitude regarding the financial accounting organisation**. The obtained information is presented in table 1.

| | | Frequency | Percentage | Valid percentage |
|-------|---|-----------|------------|------------------|
| Valid | 110 | | | |
| | the purpose is to inform the authorities | 47 | 42,7 | 42,7 |
| | it contributes to sustaining the company's general management | 63 | 57,3 | 57,3 |
| | Total | 110 | 100,0 | 100,0 |

From the sampled information it results that 42,7% of the managers of the investigated companies consider that the financial accounting organisation represents an obligation of the company derived from the legal provisions, its soul purpose being to inform the state's structures and 57,3% believe that the financial accounting organisation is an obligation of the company derived from the legal provisions and it contributes, through its characteristic functions, to the support of the company's general management. As a conclusion, the hypothesis formulated before the research (*The financial accounting is an obligation of the company derived from the legal provisions, its soul purpose being to inform the state's structures*) is being annulled.

Although the difference between the two attitudes is not very big, the higher percentage of the ones who are aware of the importance of the financial accounting organisation, of its functions is gratifying. Thus, we may however state that, at least in Sibiu county, a great number of managers who share our opinion according to which *the financial accounting has the role of recording all the events and transactions which affect the company in its relations to the external and internal*

environment, in accordance with the established legal principles and requirements, briefly and periodically elaborating financial statements which would offer an accurate image over the company's financial situation and performance, and which would be useful to a wide range of users when they take decisions which affect their interests and the company.

To detail, we have tried to capture the managers' attitude regarding the financial accounting organisation, according to the company's category. The obtained information is shown in table 2.

| Influence on performances | Category | | | | Total % |
|---|------------------|---------------|----------------------|--------------|---------------|
| | micro enterprise | small company | medium-sized company | big company | |
| the purpose is to inform authorities / % | 10 58,8% | 22 42,3% | 11 37,9% | 4 33,3% | 47 42,7% |
| Contributes to the general management / % | 7 41,2% | 30 57,7% | 18 62,1% | 8 66,7% | 63 57,3% |
| Total / % | 17 100,0% | 52 100,0% | 29 100,0% | 12 100,0% | 110 100,0% |

From the presented association, we can conclude that there is a direct relation between the company's size and the managers' attitude regarding the financial accounting organisation. Thus, as the company's size increases, the managers' percentage who find the financial accounting organisation as something of an obligatory character which contributes with its specific functions to the support of the general management is higher (micro enterprises – 41,2%, small companies – 57,7%, medium-sized companies – 62,1%, big companies – 66,7%).

The second purpose of the research was to discover the managers' attitude regarding the managerial accounting organisation, the obtained information being shown in table 3.

| | | Frequency | Percentage | Valid percentage |
|-------|--|-----------|------------|------------------|
| Valid | 110 | | | |
| | obligation stipulated by law | 43 | 39,1 | 39,1 |
| | contributes to supporting the company's general management | 67 | 60,9 | 60,9 |
| | Total | 110 | 100,0 | 100,0 |

It can be noticed that 60,9% of the companies' managers included in the sample estimate that the managerial accounting organisation contributes with its characteristic functions to the maintenance of the company's general management and 39,1% of the companies' managers included in the sample believe that the managerial accounting organisation represents only an obligation of the company, derived from the legal provisions.

The high percentage of the ones who are aware of the importance of the managerial accounting organisation, of its functions, leads us to the conclusion that the hypothesis formulated before the research (*The managerial accounting contributes to the maintenance of the general management*) is being confirmed.

With a thorough analysis we have captured the managers' attitude regarding the managerial accounting organisation according to the company's size. The obtained information is presented in table 4.

| The accountancy's organisation | Category | | | | Total % |
|---|----------|---------------|----------------------|-------------|---------|
| | micro | Small company | Medium-sized company | Big company | |
| Obligation stipulated by law % | 10 | 24 | 7 | 2 | 43 |
| | 58,8% | 46,2% | 24,1% | 16,7% | 39,1% |
| Contributes to the general management / % | 7 | 28 | 22 | 10 | 67 |
| | 41,2% | 53,8% | 75,9% | 83,3% | 60,9% |
| Total / % | 17 | 52 | 29 | 12 | 110 |
| | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% |

The analysis of this association leads us to the conclusion that, as the company's size increases, and the managers' percentage who find the financial accounting organisation as a contribution to support the general management grows (micro enterprises – 41,2%, small companies - 53,8%, medium-sized companies – 75,9, big companies – 83,3%).

Still for detailing, *we have tried to discover the attitude towards the managerial accounting organisation according to the company's field of activity* (table 5).

| The accountancy's organisation | Field of activity | | | Total % |
|---|-------------------|----------|----------|---------|
| | commerce | industry | services | |
| Obligation stipulated by law % | 28 | 8 | 7 | 43 |
| | 62,2% | 21,6% | 25,0% | 39,1% |
| Contributes to the general management / % | 17 | 29 | 21 | 67 |
| | 37,8% | 78,4% | 75,0% | 60,9% |
| Total % | 45 | 37 | 28 | 110 |
| | 100,0% | 100,0% | 100,0% | 100,0% |

It can be noticed that most of the companies in commerce (62,2%) find the managerial accounting organisation as a legal obligation, while the majority of the companies operating in industry and services (78,4% - industry, 75,0% - services) are aware of the managerial accounting importance as a support of the general management.

However, couldn't the company exist without an accounting activity? Here is a question that comes from the ones who often consider the accounting professionals uncomfortable, or even unpleasant. Let's try to imagine, at least theoretically, a single hour when the accounting activity and implicitly the idea of order and prediction totally abandoned, economically speaking. The chaos, failure and bankruptcy would be the punishment that the "natural" laws of economy would apply in the very moment of such a dangerous adventure. An uninspired decision in the enterprise's strategy, a single transaction made hastily during this period might send the enterprise from the profitable area into the one of losses or of an imminent risk. The accounting activity does not entirely eliminate risk, but it can obviously diminish or anticipate it.

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