

# IS THERE ANY ROOM TO IMPROVE THE USE OF ACCOUNTING INFORMATION?

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*In 2008 we have conducted a small exploratory case study regarding some factors that could lead to a better use of accounting information in the companies in Cluj area. The study was based on a small questionnaire. The test group was comprised by a group of students in the final year of study, students who already worked in financial or management positions in companies from Cluj-Napoca and the surrounding areas. The study has addressed a few technical, organizational and educational factors that – in our view – can improve the use of accounting information in managing a company.*

*Keywords: exploratory case study, accounting information, company management*

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## **1. Research methodology**

During 2008 we have conducted a small exploratory case study regarding different factors that can improve the use of accounting information in Romanian companies. A few technical, educational and organizational factors were chosen, based on the authors' personal experience.

The study has been conducted using a questionnaire on a small number of companies based in Cluj, represented by students in the final year of study who occupy management or accounting positions in these companies. The study was supposed to give an insight on the factors that could or could not impact the usefulness of the accounting information system for the purpose of managing a company.

The structure of the analyzed companies grouped by size is presented in table 1. Micro and small enterprises are under-represented as nation-wide they account for about 80% of the number of companies.

Table 1. The structure of the analyzed companies by size

	Absolute frequencies	Relative frequencies (%)	Cumulated frequencies (%)
Microenterprises	7	17.9	17.9
Small enterprises	9	23.1	41.0
Medium enterprises	11	28.2	69.2
Large Enterprises	12	30.8	100.0
<b>Total</b>	<b>39</b>	<b>100.0</b>	

## **2. Technical factors**

The **technical factors** that could impact the usefulness of accounting information throughout an enterprise that were taken into consideration were: the use of a better accounting software, the use of more powerful computers and the usefulness of better accounting software manuals and procedures.

Responses to the question whether the use of better accounting software could lead to a better use of accounting information within the company are presented in table 2.

Table 2. The perceived usefulness of a better accounting software

<i>Company size</i>	<i>Agree (%)</i>	<i>Disagree (%)</i>	<i>Total (%)</i>
Microenterprises	57.1%	42.9%	100.0%
Small enterprises	55.6%	44.4%	100.0%
Medium enterprises	72.7%	27.3%	100.0%
Large Enterprises	66.7%	33.3%	100.0%
Total	64.1%	35.9%	100.0%

We observe that - in general – the respondents agree that better accounting software would positively impact the usefulness of accounting information throughout their companies. As the size of the company increases, the percentage of positive responses has increased from 57.1% to 72.7%. An explanation for this could be that with an increase in the volume of accounting information and in the degree of complexity of operations due to the size of the company, the accounting software must meet increasing requirements.

Table 3 represents the responses of the perceived benefits of the use of more powerful computers.

Table 3. The perceived usefulness of more powerful computers

<i>Company size</i>	<i>Agree (%)</i>	<i>Disagree (%)</i>	<i>Total (%)</i>
Microenterprises	71.4%	28.6%	100.0%
Small enterprises	22.2%	77.8%	100.0%
Medium enterprises	54.5%	45.5%	100.0%
Large Enterprises	41.7%	58.3%	100.0%
Total	46.2%	53.8%	100.0%

We observe a high percentage of people who consider this factor would impact the use of accounting information mostly in micro-enterprises (71.4%). On the whole we conclude that this factor is not perceived as useful (53.8% of the respondents disagree on the utility of this factor). The higher perceived usefulness in micro-enterprises can be explained by their small budgets for IT procurements and probably the use of old computers.

Table 4. The perceived usefulness of better accounting software manual and procedures

<i>Company size</i>	<i>Agree (%)</i>	<i>Disagree (%)</i>	<i>Total (%)</i>
Microenterprises	14.3%	85.7%	100.0%
Small enterprises	22.2%	77.8%	100.0%
Medium enterprises	36.4%	63.6%	100.0%
Large Enterprises	25.0%	75.0%	100.0%
Total	25.6%	74.4%	100.0%

Table 4 presents the perceived usefulness of better accounting software manual and procedures. While - in general – we can conclude that these manuals and procedures are sound (74.4% of respondents do not believe that better manuals or procedures could impact the degree of utilization of accounting information throughout the enterprise), we observe however, an increase in the percentage of positive responses from 14.3% in micro-enterprises case to 36.4% in the case of medium sized enterprises. A possible explanation of this variation can be the increase the

complexity of professional accountants work, in sync with the increase of company size. The decrease observed in the large enterprises case could be explained by better training of their employees.

### 3. Educational factors

The study has also taken into account a few educational factors that could influence the usefulness of accounting information for the management of these organizations. These factors were: accounting personnel training in accounting, accounting staff training in computer-use, accounting staff training in accounting software, management staff training in accounting, management workforce training in computer-use and management personnel training in accounting software.

Table 5 presents the perceived usefulness of trainings in accounting for accounting department staff.

Table 5. The perceived usefulness of accounting staff training in accounting

<i>Company size</i>	<i>Agree (%)</i>	<i>Disagree (%)</i>	<i>Total (%)</i>
Microenterprises	57.1%	42.9%	100.0%
Small enterprises	44.4%	55.6%	100.0%
Medium enterprises	63.6%	36.4%	100.0%
Large Enterprises	58.3%	41.7%	100.0%
Total	56.4%	43.6%	100.0%

By analyzing the data in table 5 we conclude that 56.4% of the respondents consider that accounting department staff training courses in accounting might lead to an improved use of information provided by the accounting information system in the management of enterprises. We also note that this factor's perceived usefulness remains relatively constant (around 57-60%) with the increase in the size of the enterprise.

Table 6 presents the responses to the question whether the attendance of training courses in computer use by accounting department personnel would be beneficial for a better use of accounting information.

Table 6. The perceived usefulness of accounting personnel training in computer-use

<i>Company size</i>	<i>Agree (%)</i>	<i>Disagree (%)</i>	<i>Total (%)</i>
Microenterprises	28.6%	71.4%	100.0%
Small enterprises	33.3%	66.7%	100.0%
Medium enterprises	45.5%	54.5%	100.0%
Large Enterprises	41.7%	58.3%	100.0%
Total	38.5%	61.5%	100.0%

Analyzing the data in the above table shows that the majority of professional accountants consider that their preparation in the use of computers is satisfactory. The highest percentage of negative responses (71.4%) was recorded in microenterprises and the lowest in the case of medium-sized enterprises (54.5%).

On the question regarding the perceived usefulness of training in the use of accounting software, the answers vary depending on company size (see table 7). Small organizations recorded the

lowest percentage of affirmative answers (22.2%). The total percentage of those who answered affirmatively is lower than those who responded negatively (43.6% vs. 54.6%), which shows that in general, the employees of accounting departments are well trained in the use of accounting software.

Table 7. The perceived usefulness of accounting staff training in the use of accounting software

<i>Company size</i>	<i>Agree (%)</i>	<i>Disagree (%)</i>	<i>Total (%)</i>
Microenterprises	57.1%	42.9%	100.0%
Small enterprises	22.2%	77.8%	100.0%
Medium enterprises	54.5%	45.5%	100.0%
Large Enterprises	41.7%	58.3%	100.0%
Total	43.6%	56.4%	100.0%

Table 8 shows the perceived usefulness of management training in accounting.

Table 8. The perceived usefulness of management training in accounting

<i>Company size</i>	<i>Agree (%)</i>	<i>Disagree (%)</i>	<i>Total (%)</i>
Microenterprises	42.9%	57.1%	100.0%
Small enterprises	55.6%	44.4%	100.0%
Medium enterprises	63.6%	36.4%	100.0%
Large Enterprises	58.3%	41.7%	100.0%
Total	56.4%	43.6%	100.0%

We see an increase in the percentage of positive responses from 42.9% in microenterprises to 63.6% in the case of medium size organizations and a slight decrease in the case of large enterprises. In general, accounting professionals consider this factor as being beneficial for improving the use of information provided by the accounting information system.

Table 9. The perceived usefulness of computer-use training for managers

<i>Company size</i>	<i>Agree (%)</i>	<i>Disagree (%)</i>	<i>Total (%)</i>
Microenterprises	28.6%	71.4%	100.0%
Small enterprises	33.3%	66.7%	100.0%
Medium enterprises	18.2%	81.8%	100.0%
Large Enterprises	8.3%	91.7%	100.0%
Total	20.5%	79.5%	100.0%

By analyzing data from table 9, we see a decrease in the number of people who believe that the organization of training courses for management in the use of computers will improve the way financial accounting information is used. A possible explanation for this result could be a better training of managers of medium-sized and large enterprises in this area of expertise compared with the management of micro and small enterprises.

Table 10 presents the responses on their perceived usefulness of organizing training courses in the use of the accounting software for management to improve the use of accounting information system in their companies.

We observe a decrease in the percentage of persons who considers this factor to be beneficial from 33.3% in the case of small companies to 8.3% for large enterprises. This could be due to the same factors as in the previous question, namely better training of managers of medium-sized and large enterprises in this area compared with the management of micro and small enterprises.

Table 10. The perceived usefulness of management training in the use of accounting software

<i>Company size</i>	<i>Agree (%)</i>	<i>Disagree (%)</i>	<i>Total (%)</i>
Microenterprises	14.3%	85.7%	100.0%
Small enterprises	33.3%	66.7%	100.0%
Medium enterprises	27.3%	72.7%	100.0%
Large Enterprises	8.3%	91.7%	100.0%
Total	20.5%	79.5%	100.0%

#### 4. Organizational factors

The organizational factors that were taken into account by this study were: a better collaboration between the accounting department and management and a better collaboration between accounting department and other company departments.

The influence of a better collaboration between the department of accounting and the management of the enterprises is presented in table 11.

Table 11. The perceives usefulness of a better collaboration between the accounting department and management

<i>Company size</i>	<i>Agree (%)</i>	<i>Disagree (%)</i>	<i>Total (%)</i>
Microenterprises	57.1%	42.9%	100.0%
Small enterprises	44.4%	55.6%	100.0%
Medium enterprises	45.5%	54.5%	100.0%
Large Enterprises	41.7%	58.3%	100.0%
Total	46.2%	53.8%	100.0%

The highest percentage of positive responses is recorded in the case of microenterprises (57.1%). This is somewhat surprising because of the interpersonal relations that should exist in small organizations. In other categories of enterprises the percentage of positive responses is relatively constant and slightly below the percentage of negative responses.

Table 12. The perceived usefulness of a better collaboration between the accounting department and other departments of the enterprise

<i>Company size</i>	<i>Agree (%)</i>	<i>Disagree (%)</i>	<i>Total (%)</i>
Microenterprises	14.3%	85.7%	100.0%
Small enterprises	22.2%	77.8%	100.0%
Medium enterprises	54.5%	45.5%	100.0%
Large Enterprises	50.0%	50.0%	100.0%
Total	38.5%	61.5%	100.0%

By analyzing the responses to the question whether a better collaboration between the department of accounting and other departments of the enterprise would lead to an improvement in the use of accounting information by management staff we observe a steady increase from 14.3% in positive responses for microenterprises to 50% in the case of large companies. A possible explanation of this result is that as a company increases in size, the communication between departments is formalized and becomes increasingly cumbersome.

## 5. Conclusions

This study should be repeated using a larger and more statistically representative sample. It should also be interesting to observe whether the financial and economical crisis has increased the management interest in accounting information.

The factors that proved to be the most promising in improving the use of accounting information in the management of Romanian companies are mainly educational (management and accounting staff training in accounting) and technical (better accounting software). Small sized organizations (micro and small enterprises) could also benefit from using a better IT infrastructure. Large organizations (medium and large sized companies) should improve the collaboration between the accounting department and the other departments.

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