DEVELOPMENT OF DECISION MAKING BY MANAGERS WITH FINANCIAL AND ACCOUNTING INFORMATION

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Abstract. The quality conditioning of an accountant’s job corresponds thus with the competitive level in the company. The operationalization of the used specialty language, on the one hand and on the other hand the efficient management of the financial situation acquire a significant role regarding a strategic partnership at the micro and macroeconomic level in business as long as the managerial structures of understanding the economic reality are put in correlation with the accountant’s socio-professional training in the firm/concern. Even if the professional accountant is paid by a determined client, which is the final beneficiary of the development service or audit financial statements, the information drawn from these financial statements are used by those who form the public. In this way, the accounting profession is distinguished from the other profession by accepting its responsibility to the public. There are numerous studies on an international level, dealing with various methods of improving the decision making process. The most competitive multinational companies have already considered the opportunities favored by financial adjustments, directed at streamlining the accounting functions and they have also trained professionals in the field of accounting that would successfully perform as business partners, thus assisting the decision making process within the organization. The financial adjustments have become essential for many companies that have thus gained a significant competitive advantage. The plan for improving the efficiency of the financial function is very clear, but the training of the business partners who would provide assistance in making decisions still remains a challenge. The economic perspective on the account reality highlights a pragmatic materialization, at the company’s level, of some specific skills designed to support the important role that the financial situations have. So, the individual significations of the accounting practice generate inside society different attitudes of the economic actors. Moreover, a pragmatic accounting model allows the development of some strategies that can be made in accordance with the analysis-diagnosis services. This situation is that the accounting profession has an important role in the society.

Keywords: strategic partner, analysis-diagnosis service, consultancy

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1. Introduction
Professional accountants have an important role, their attitude and behavior in connection with provided services generating social and economic effects both at micro and macroeconomic level. Investors, creditors, employers and other socio-economic actors from different sectors of the financial community, including the government relies on the professional accountants to prepare accurate financial accounting and accurate reports, for an efficient financial management and competent advice on a variety of business and tax issues. In this sense, the public, at large, should have confidence in their ability to put
in place rigorous systems of management and information, able to provide an effective financial management and offer informed advice over a large amount of issues, over business management or fiscal. In order to understand the social role, it should be taken into account that parasitized balances at the profits to be taxed (as a result of improper accounting services) can lead administration to a number of tax implications to the conclusion of establishment of new taxes to the taxpayers. (Istrate, 2000)

When making decisions aimed at meeting the objectives of the company, the management team must know the exact situation the company is in. As managers are interested in knowing the actual state of the company, they wish to find an answer to the following questions:

- Is the company viable? The balance Sheet allows one to assess profitability if the asset accounts are structured according to the ascending liquidity criterion and if the liability accounts are structured according to the ascending contingency criterion. This traditional approach of the capital and of the company solvency tends to be replaced by another, based on the functional structuring of the balance sheet and on the use of the financing panel.

- What is the performance of the company? In order to assess the performance of the company, one must compare the input used to the resulting output. This is highlighted by the output indicators, especially by the intermediate inventory balance, detailed in chapter three.

- What is the development stage of the company? One should know how much the activity of the company has increased during the financial reporting period.

- What are the risks the company is facing? One should identify the bankruptcy risk, following a payment default, for instance, or the purchase ceasing risk, the contraction risk or the risk of losing the outlet markets, etc.

In order to attain the objectives of the scientific research, we have oriented our research on two directions, using both methods of fundamental research and applied research. The research strategy follows the approach staging, comprising methodological elements specific to particular stages of the research in question:

- data search and collection (scientific observation): methods, techniques and instruments of observing and investigating the reality;
- data processing: preliminary analysis (methods, techniques and instruments of data processing, of logical analysis and interpretation); hypotheses formulation (construction devices of the proposed enunciations and solutions, of a provisional nature, with a purpose to be checked);
- construction, hypotheses checking and model testing: qualitative and quantitative techniques, formal and logical principles of model construction and solving;
- generalisation and theoretical construction (the conclusive part of the research)

Accounting is a support, an aid for management. Accounting is not a purpose in itself, but a method of collecting and processing the economic and financial data, thus being of use for the general and the financial management of the entity. The accounting information is built gradually, as the entity develops its activity, while the management, in all its forms, needs a portfolio of data collected throughout the activity and even before the actual occurrence of the operations with the aim of making decisions that would oversee the production, commercial and financial activities, adjusting them according to present circumstances, new or currently developing formal phenomena.
2. The accounting profession and its role in society

This approach does nothing but to highlight a judicious understanding regarding the relationship between the public interest and the accounting profession. In other words, the mentioned correlation does nothing but to highlight a review of managerial nature, through which the accountant is seen as strategic business partner. It is visible in this context, the important role that the accountant can play at the enterprise level in the moment when it is brought into discussion the relationship between the public interest and the accounting profession in conjunction with the analysis-diagnosis service. In conclusion, we support the idea that, the public interest sends to the idea of welfare of the community and of institutions served by a professional accountant. In this context it is about the understanding of the conceptual context that finds itself in the National Code of Ethics for Professional Accountants, where there are established rules of conduct for professional accountants. In this context we find the following basic requirements: credibility, professionalism, service quality, trust. Moreover, the standards of the accountancy profession are heavily determined by how economic actors relate to public interest (Law nr.477/2004).

This is due to the fact that almost all users make economic decisions for:

- deciding when to buy, keep or sell securities;
- evaluating the ability of the company to distribute and pay its employees’ benefits;
- finding out the profit level and how much of it is distributed as dividends;
- developing various statistics;
- regulating the activity of companies.

Social context in which the accounting profession is required at the enterprise level can be understood to the extent that the instrumental value of the management approach is reflected in its structure. In this way, the economic innovation relates to the requirements of social community. However, as a fundamental activity in an enterprise, the accounting profession must be sustained given its pragmatic nature.

The high technology made that a part of an accountant’s work to be taken over by software. This situation has created an effective working time of accountants, in the sense that by its reducing, they are no longer simple, accountant "but by this technological advance, they have become a very important human resource in the structure of an organization. Thus, the accountant tends to become an important component in the company, one of the most important structures of an organization that has a hard word to say when business decisions are made. However, many customers do not realize how important is a good accountant in their company, how much he/she can help to raise the company and how much he/she can contribute to managerial performance.

Professional accountants have an important role in society. Community, public relies on professional accountants for financial accounting and for proper reporting, for an efficient financial management and competent advice on a variety of business and tax issues. Therefore, any business should consult such a competent person before open a business, throughout its operation and until it will radiate from the trade register. Why this attitude? Precisely because it is 'assumed' that a professional accountant has the necessary knowledge to adopt the best tax solutions and he/she can protect, defend the entrepreneurial from the risk of paying unnecessary fines or to support an excessive tax. In other words, an accountant can give entrepreneurs a complete and accurate picture of the business carried on by the company / enterprise.

First, an accountant should be a strategic partner in business. He/she should take over any asset movement of a company and must show the effects of these movements to the management. Secondly, the accountant has the duty to transpose correctly and
completely those asset movements into information which will be delivered on time to the tax authorities. Thirdly, when a manager wishes to choose an accountant, he/she must select a professional, who demonstrates that he/she cares about the smooth running of the business, a professional with whom he/she feels that can communicate openly, without restraint, proving to be a reliable person. This fact may illustrate the fact that a good accountant find the right economic language, so that he/she can be understood by the manager, and the information provided by the accountant to help a better management of the business.

For a commercial company that already has an financial-economic history, first it is made a verification/survey of how accounting rules were respected, there are identified the repairable errors, it discusses with persons from company board about the vision, the organizational structure and the records of the financial - accounting department. In this way there is identified the complexity of the business and if it is required the providing of other related services such as: internal reporting or IFRS reporting, other requirements of the parent companies (ex, withdrawal, peer review and certification, etc.).

Thus, we can conclude that:

- Decision making is not the actual end of the process, but is manifested continually in order to reach the objectives;
- The accounting professional assists in the drafting of strategic planning and of the governing strategies of the company that define the competitive position and the objectives of the entity;
- Personal issues and attitude can influence decision making, but business partners can address the problem by supporting decisions based on evidence;
- Business partners can help „formulate” a decision; they can provide management information; they can bring forward ideas and alternative studies that favour successful management (fig. 1). Clearly, accounting professionals have always had a significant role in each stage of the decision making process. This is good news for financial managers who possess technical skills, who understand how the business works, who use good communication techniques and who can influence the future of the company.

![Diagram](image.png)

**Figure no.1** Types of business
Source: CIMA, September, 2010

Even though the term „business partner” is widely used to describe the role played by both commercial and accounting management, the expectations related to this role may
vary. Although the associated service centers – whether internal, external or offshore – become capable of providing financial reports and analyses (such as type 1 in the above diagram), most business partners supply operational support (type 2).

As long as they can be „provoked in a constructive manner” when necessary, this relationship may be favorable for manufacturing companies and especially for those with a long life cycle, for instance Ford and Rolls-Royce. Other business partners work with the management more closely and provide professional support, as well as guidance from headquarters (type 3). The ideal business partner, especially in a consumerist society, is one that can collaborate empathically with operational managers (type 4). He or she uses a common language, rather than economic jargon, and instates accounting discipline in decision making, as well as brings forward other people’s suggestions – in other words, a prudent partner.

Accounting firms should not accept the conclusion of service contracts with companies suspected of tax evasion, with litigation regarding unpaid debts to third parties or whose ownership is hidden, companies that have not done a proper inventory of assets in previous years, as well as those entered into liquidation proceedings. Moreover, the literature points out that in such an approach, emphasis should focus on analyzing the relationship between debt and earnings quality (Ghosh et al, 2010).

Accounting-customer relationship must be one of mutual trust, be an amicable, open relationship. The accountant is the person who should "open eyes" of the entrepreneur and teach him/her to do things right. The latter must ensure primarily that the accounting firm or accountant have the right to practice, right acquired by a specialized degree or through a membership card CECCAR target date. Moreover, in order to exist an efficient relationship between the two parts (the accountant and client) must be established early in the contractual relationship a set of rules for communication on the information to be observed throughout the course of the contractual relationship. Moreover, the lack of communication represents the main issue between the accountant and his client, irresponsibility of certain customers in the importance given to accounting. There are still many customers who present the documents to the accountant with delay, customers who still do not realize what dangers are exposed when they prefer to take no accountant and to do what they think, customers who arrive at an accountant with documents too late, only then realizing that an accountant would cost him/her less.

Customer must realize that in today's society an accountant is no longer a person who simply collects figures, but that it has an overview and in particular of the company and manages to decrypt in a balance the investments that the company has made. The accountant is not just a recorder of invoices. The accountant must, in this way, to pass background his/her old concerns to register documents or to accomplish a company's financial statements and occupy an important place among specialists at the firm level, to have an important role in its proper administration and management through the consultancy he/she offers. More important, he/she must expand the sphere of responsibilities and to diversify the offered consultancy so as to generate high quality services for businesses.

An accountant knows how to gather information required for any development, drawing up a strategy of the firm. In this way, he/she becomes an active human resource within the company/enterprise. There is almost no decision that not use the information provided by him. The accountant has become a person who has the power to influence decisions throughout the company. Thus, in modern society's economy, the accountant’s role has changed both at the enterprise level and at macroeconomic level.

You cannot settle any transaction without knowing which is the market, which are the costs. We must distinguish between the accountant who only operates some papers received from the client and submit reports to the tax and the accountant who has a
working relationship and partnership with his/her client, provides the client with reports and information that are useful even in management decisions. Vain client receives a list of suppliers or receivables outstanding receivable on 28 February for a position on 31 July. These just do not use anybody, remains only worksheet. It is true that an accountant is able to inform the manager of his company's financial situation in real time and must be consulted before taking any decisions, representing a key link in running a business. As a consultant for various entities, the role of the professional accountant is to provide practical solutions, through which businesses can improve their own work. Thus, efficiency and productivity can increase, and the negative aspects in financial, accounting, tax, human resources, and they can be prevented or even removed. Perhaps, therefore, when IMM's create opportunities of employment, an important role has the way in which the management is interested to explore the obtaining of additional value. Throughout this process, professional accountants have an important role, which are true consultants on running their own business. On this issue, the concerns of the professional institutes of profile to assist IMM's in the (inter) national level are oriented towards how the decision-making policies are applied to social level. It is known in this way the role that the the Small and Medium Practices Committee has in the CECCAR. This follows the knowledge and national implementation of all standards issued by the PMM Committee of the International Federation of Accountants - IFAC.

The most important activities that a professional accountant can hold for an economic entity are: the accounting mission, analysis-diagnosis services, and consultancy for obtaining firms' financing, consultancy for European projects, tax consultancy, and consultancy for restructuring business.

Regarding the accounting mission, professional accountant analyzes the costs and informs the management company about any found problems, identifies the distortions generated by inflation and the impact on enterprise management, quantifies the incidence of depreciation of the company costs, details in the analytical the accounts of expenses, taking into account that an accounting held only at synthetic level may cause inconvenience and hardships that can go up to the entry into insolvency. Also, there are indispensable to the accounting those approaches characteristic to the analysis-diagnosis services in order to improve the preventive control or other financial - account transactions. In this context, we consider it worthwhile to mention, on the one hand, the consultancy for obtaining financing, that is a real niche that the accounting professionals can approach, and on the other hand, the European projects seen as effective funding sources, in which accountants are contacted to participate actively in the actual implementation steps.

Another extremely important role that professional accountant has is in the restructuring of business activity. This situation can generate a review of internal structural, fact that can generate the reorganization of the actual business. Moreover, this review process involves a rethinking of market relations in order to improve trade relations, in order to strengthen its portfolio of clients and to optimize cost optimization. In this way, the accountant is an important person in the company, around which revolve business decisions. It is obvious in this situation the role of governor office of the accountant, the influence it can have on economic agents (shareholders, banks, investors).

In conclusion, what is the role of the accountant? The answer is simple, through the activity he/she conducts; they lead (in) directly the destinies of a society. There are voices which say that an accountant is a simple operator of documents. Of course, this claim is totally incorrect. The enormous amount of documents which transit the accounting office, accounting analysis which always requires resolution, achieving budgets, the proposal of some tax solutions, many calculations of taxes, all these represent basic components of the accounting profession. Seen from the perspective of the economic reality levels, the
accounting profession reflects possibilities of structural organization at the firm level, through which the pragmatic reasons find their foundation in a social perspective. To be a good accountant requires in addition to the graduation of an economic faculty, professionalism, passion, commitment, a lot of "science" (whose ingredients are the law concepts, taxation and, of course, accounting). Accounting is a profession that requires professional training and this is possible through the specialized courses (for instance, counseling courses, taxation, financial analysis is found in CECCAR). In other words, an accountant is a person trained and capable of bringing added value to the business, to the company in general (Blair, et al., 2007). Or, the accounting performance is in the efficient management of the economic activity of the firm, but also in affirmation of the specific skills of the accounting profession. Therefore, the accounting department is an important dimension of a firm. In addition, any business, managers to be performing at the firm level, must have accounting knowledge. In this way the financial - account situation of the company can be correlated with its daily activities, and any difference between the accounting balance and the company's reality can be avoided.

3. Conclusions
Conditioning the quality of the accounting profession corresponds to the competitiveness of the firm. Applying the used specialized language, on the one hand, and on the other hand, the effectively managing of the financial situation become significant regarding a strategic partnership in business at the micro and macro-economic level, to the extent that the management structures of understanding the economic reality are correlated with the socio-professional training of the accountant in the company/enterprise. Stimulating competitiveness and quality at the firm level places the accounting in an axiological dimension, where the need of development economic-social structures is obvious. The progresses represent in fact the implementation of the accounting skills which aim is both to promote the performance, and to get a profit at the company level, all these having as aim the idea of global accounting harmonization (Tabără, et al., 2009). Therefore, the competitive approach must take place, on the one hand, morally, and secondly, by reference to the social environment. We believe that the main objective would be management awareness of the following:

- Separating the fiscal accounting information in the economic-financial analysis;
- The dashboard in the financial management of the entity;
- The working capital in analyzing the financial equilibrium of the entity;
- The list of trial balances in the sector analysis of the entity;
- The treasury flows in analyzing the entity's ability to generate liquidities;
- The periodic analysis of the earning capacity, liquidity and solvency rates;
- Establishing different accounting policies that meet the interests of the entity and placing the fiscal aspect on a secondary position.

The real skill of an accountant can be seen in the way in which he/she performs the financial analysis at the firm level, how he/she directs and harmonizes the figures observing the movement means and resources of an enterprise. The professionalism of an accountant is of quality when he/she manages to maintain his/her professional knowledge and skills at the required level. It may be generator of added value when adapting to recent legislative regulations and when performance is a strong point in the praxis of the accounting approach.

The decision comprises five main aspects referring to the ability of the organisation to compete on the market:
- To be sustainable. The decision must ensure a change that would last throughout time. The long term survival of the organisation requires a durable strategy.
• To be distinct. It should be different from the competitors', in terms of novelty. A sustainable strategy is more feasible if it differs from that of its present or potential competitors.

• To provide a competitive advantage. It must not only be distinct, but also present an actual advantage that would allow the organisation to prosper. The corporate strategy is usually employed in a competitive environment.

• To make the best of the relationships between the organisation and its environment. The strategy will take advantage of the numerous relationships existing between the organisation and its environment: suppliers, customers, competitors and, more often than not, the government, through its institutions.

• To be farsighted. It should have the ability to propel the organisation further, beyond its present environment. This entails the employment of innovative strategies.

In a market economy, the accounting information is a force that bestows decisional power upon those who own it, even if this information is not completely accurate. As Michel Capron pointed out in his paper „La comptabilité en perspective”, quoting André Cibert, “there are as many truths as information recipients and, as long as it excludes quality, the reducing effect of each measure is inevitable”. Authors such as Bernard Colasse or Daniel Boussard have acknowledged the fact that “the truth provided by accounting is only a filter that allows the understanding of a reality”.

Economic creativity necessarily requires the existence and active display of creativity on the part of the accounting professional in issues related to finance and credit in the context of managerial activities. Financing means deciding. Financing under efficiency and productivity means allocating the financial resources of the entity competently, according to the given restrictions. Actually, this means creating the background and favorable consequences for the proper development of the entire range of activities of the entity.

The lack of accounting support in defining the management rules shows that 75% of the accounting professionals provide the results of the general course and about 70% say they are addressed by operational departments to provide management information.

The design and development of a general information system for decision making in the financial and accounting activity is a gradual process whose success depends on proper research into financial analysis models and methods so as to determine an appropriate set of indices for assisting decision making. It also depends on designing a flexible architecture of the system that would adapt to the organizational context of each user.

References


