

## DECISION IN ACCOUNTING USING TOOLS IT&C

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**Abstract:** *Taking a management decision is usually a complex endeavour with many stages. Gathering and assimilating information supposes perception processes based on attitudes which are determined by the values and fundamental beliefs of the individual. These values and beliefs are in a large degree tributary to the national culture to which we belong. The role of cultural particularities in forming perceptions becomes a priority of the economic agents, the manager being the catalyst of information, involved in the integration, administering and updating pertinent information, from the thousands of data available by using IT&C. The quality of the decision depends on the qualities, knowledge and aptitudes of the manager, and this is why it is a good idea to attract a greater number of specialists in the decisional process.*

**Keywords:** *management decision, knowledge, cultural particularities, decisional process*

**JEL classification:** M15

### Introduction

The structure of the decisional process – that is the number, content and the links between the activities (the stages) of the process – didn't find yet a unanimous model, accepted by specialists. One can raise the question: what is the impact of cultural characteristics in taking decisions?

The cultural identity can be defined in five universal dimensions: distance from the power, individualism or collectivism, pre-eminence of masculine versus feminine values, avoiding incertitude and orientation towards long term or short term decisions.

The management of decisional processes supposes applying knowledge, abilities, instruments, techniques and systems for defining, visualising, measuring, controlling, reporting and improving processes, with the aim of satisfying the requirements of clients in a profitable way (Thom W. 2009).

The process is defined as having inputs, outputs and energy required for transforming inputs into outputs. A process needs time in which the action associated to it is performed. A process also requires space for inputs/outputs and for converting inputs into outputs (Dawis, E. P. et al. 2001).

The *set of decisional possibilities* can be a finite or infinite set, depending on the accounting documents on which decisions are taken. In general a series of criteria can be used such as: profit, degree of use of the production capability, price, quality, term for recuperating the investment, the length of the production cycle. The external conditions can be generated by changes in legislation, in the relations between the company and the environment etc.

The *set of consequences* represents the set of potential results that can be obtained according to each decisional criterion and each state of the objective conditions

by applying different decisions. Establishing the consequences constitutes a prediction activity, which cannot always be accomplished with great accuracy because the causes that could lead to their occurrence are not known with certitude.

*Decisional objectives* represent the level of criteria proposed by managers that can be reached in case of applying the chosen decision case.

Decision is taken according to the profit that was made. The great role of the decision can be understood as the capacity of reaching the objectives that were set, and which depend on the available accounting data.

Planning is a process where the manager analyses the environment, his own possibilities, chooses a strategy for establishing the objectives that should be met and the distribution of the financial, human and material means necessary for reaching them. It highlights the will of the manager to act on the future. It is accomplished over several years and is materialized in a set of plans that become essential instruments in the activity of the managers.

By *plan* we understand the document that is written based on some well established procedures.

The formal planning supposes the existence of specialized departments, using some working procedures and elaborating written documents in the form of aggregated plans or on activity domains, for reaching the desired profit.

The informal planning is not based on the existence of specialised planning departments it doesn't use well established methods and procedures and, often, has a discontinuity character. Depending on time, the planning can be:

- Long term or perspective planning has a time horizon of 3-5 years, and contains global statements established based on estimating the commercial policies or the sales predictions that could bring the necessary profit.
- Medium term planning, with a lifespan or 1-3 years, being met in the case of organizations that make products with a long production cycle.
- Planning on short or very short term, known also as current planning, has a time horizon or 1 year or 3 months, one month or even one week.

### **Literature review**

Depending on the relation with the degree of importance of the established indices and the time horizon to which they refer, there exist a strategic planning, a tactical and an operational one.

Strategic planning applies the objectives of the long term strategy adopted by the top management of the organization. The tactical planning refers to the set of operative actions and activities that have to be done at shorter intervals.

Often time's organizations are in such a hurry to get a project started, that conducting risk assessment is viewed as a waste of time, overlooked, or ignored altogether. Ignoring project risks can cause major problems during your project, which is discovered after the damage occurs (Weber P. 2012)

Taking into account that the greatest number of decisions have in mind actions that apply to the future of realising profits, the risk of making the desired profit is very high, but there is also a certain risk that the management has to assume in case it is not achieved.

### **Methodology**

Organization, as a management function, deals with the work as well as with the production and determines exercising the other functions, by ensuring the needed clarifications, in the following issues.

- Who should do what?
- Who and why is responsible?
- What are the communication channels?
- Which is the concrete way of grouping the homogeneous and the specialized activities

*Organization* is the process by which the action area is established, the resources are being allocated, the manager's responsibilities are delimited and the authority is being delegated, in order to reach the planned objectives under the best possible conditions.

*The organizational structure* is a system or a network of tasks, reporting and communication relations that ensure:

- the coherence of the activities performed by the members of the organization, individually and in group;
- dividing and coordinating work;
- Achieving planned objectives.

The accomplishment of the organization function is conditioned by the *establishing the organizational structure*, an attribute of the top management, by:

- Defining structural components (departments, directions, sections, service workshops, departments etc.);
- -establishing the type of structure;
- -elaborating documents for presenting these structures.

*Establishing and organizing the main departments* or the organization is an attribute of the medium management team

*The workplace of the manager* should have a certain surface and should be fit for performing his current activities and for organizing meetings with lower level managers, organized on ergonomic principles that have to fulfil a series of requirements such as

- commodity;
- comfort;
- an adequate disposition and combination of furniture from a functional and aesthetic point of view;
- the furniture has to be simple, to ensure the correct position of the body parts during the execution of all operations and to correspond to ergonomic and aesthetic requirements;
- normal conditions from the environment point of view;
- An adequate technical endowment with office equipment (computer, printer, internet, phone, interphone, fax, Xerox copier etc.).

*The organization of the manager's work* takes into account the factors of physical and nervous stress of the environment, that have a direct impact on the quality of work and on the productivity, and also factors of microclimate and nervous stress (temperature, humidity, air circulation, radiations) illumination and noise, colour and light etc.

*Optimizing the relations with the subordinates* is a way of amplifying the manager's work efficiency by involving them directly for:

- establishing and promoting specific rules in the manager – subordinate relations;
- fluidizing the communication between managers on vertical and horizontal managerial hierarchies;
- the maximum motivation of the subordinates;
- The improvement of the efficiency of the control over the subordinates.

*Maximizing the motivation* is achieved by: the transparency of the motivational elements, the rotation, the enlargement and the increase in the performance elements of the jobs

*Fluidizing the communication* is conditioned on the insurance of conditions that guarantee:

- motivation, in the sense of a clear concise approach;
- improving the capacity of expressing themselves and listening by training the managers;
- promoting, with a priority, of the participative management style;
- perfecting the organizational structure;
- rationalising the informational system;
- information of the management.

The *management function* is the function by which the manager interacts with his subordinates, which achieving objectives planned at individual, group or organizational level – and at the level of performance indices. In the *management process*, the influence over the subordinate behaviour can be oriented on tasks and employees.

*Management* can be defined as a process as well as a feature. As a process, management represents using non-coercitive influence over the behaviour of one or more subordinates – in order to materialize the activities performed for creating products, performing services and executing work according to the objectives of the organization. By the management process, the manager tries to influence the behaviour of the employees.

*Communication* is a process of transmission of information between two or more persons in order to establish and respect certain standards, performance indices, to correct deviations from standards and norms etc.

*Power* represents the quality an individual has to make another individual to achieve what he would not have not from his own initiative.

The *rationality requirements of a management decision* are:

- To be sound from a scientific point of view, that is to be taken according to the accounting data;
- To be authorized, that is to be adopted by the manager who was assigned this task;
- To be appropriate, that is to fit the data provided by accounting;
- To be clear, concise and not contradictory, to not be susceptible to interpretations;
- To be efficient, in order to get the desired result with a minimum effort; thus the decision should be judged according to the effects of their implementation;
- To be complex, that is to comprise all the necessary elements for a correct understanding and, more importantly, for a correct implementation;

There exist more types of decisions, depending on different criteria.

Depending on the *time* horizon for which decisions are taken and their implications on the management objects, there exist:

- strategic decisions, that aim at reaching a certain profit;
- tactical decisions that is adopted for a shorter period of time (around a year) and refer to the important problems (domains) of the company, influencing making the prospected profit;
- current decisions, which is accounting are taken depending on the data from the accounting documents.

Depending on the *number of people* who underlie a decision there exist:

- *Impersonal decisions* that are elaborated and underlined by a single person. Usually such decisions refer to the everyday problems of the company. The more complex the company becomes, the more the number of these decisions decreases.
- *Group decisions*, for which more people are required (group decision makers), or decisions taken collectively.

Depending on the *periodicity* of taking the decisions:

- unique decisions, that are taken only once in a company or are taken at large time intervals, once in a couple of years;

- repetitive decisions, that are taken repeatedly in a company;
- periodic decisions, that are taken at regular time intervals;
- random decisions that are repeated regularly.

Depending on the *number of decision* criteria are multilateral decisions, based on two or more accounting acts.

Depending on the *degree of substantiation*, there exist:

- logic decisions, that are taken on a reasoning basis;
- intuitive decisions, taken according to instinct or a presentiment.

The strategic planning, an important stage in the planning of the organization, calls for *prospecting and forecasting*.

- *Prospecting* starts from the assumption that the future doesn't represent just a simple extension of the past, but there doesn't is a predetermined future but a series of possible variants of the future depending on the voluntary actions of the organization.

- Unlike prospecting, forecasting starts from the past and not from the present, in its exploration of the future. There are a couple of forecasting methods that are frequently used: *scenarios method, the multi-criteria qualitative analysis method, the Delphi method, the creative methods by free expression and associations of ideas* etc. After the strategic directions and objectives have been formulated, the next stage is starting the *planning process*.

## Results

In the colloquial language, the word "**communication**" has the meaning of "to inform" or "to let someone know". Communication is a process that, from the perspective of the science of communication, has 4 fundamental components: emitter, channel, information and receptor.

This model can be enhanced with three more fundamental elements: coding, decoding, and "background noise". This last communication model allows taking into consideration the communication's success.

By communication we understand the exchange of messages between two or more persons, from inside an organization, in order to meet its objectives as well as the processes of setting the objectives, of achieving the concordance with the organizational structure, or harmonizing the actions with the initial objectives and to eliminate defects, to train the personnel, which are based on:

- receiving and transmitting messages;
- establishing and maintaining relationships between employees;
- using the feedback for improving the individual and general performances of the organization;
- correctly identifying, knowing and using different categories of needs and stimulants for the orientation of the employee behaviour towards performance and satisfactions;
- Creating correct and efficient relationships, of reciprocal understanding and acceptance between managers and executives, colleagues, persons from the interior and exterior of the organization.

From the perspective of the management function, communication is a process of converting information, under the form of symbolic messages, between two or more persons, some with a transmitter status and others with a receiver status, by means of specific channels.

*Human communication*, as cultural phenomenon, mediated by IT&C means, has allowed the introduction of the computer, of the database, which at its turn has extended the action field of the social receiver from the local level to planetary level, thus allowing becoming a *citizen of the world*.

*The emitter*, being it a manager or an executant, is the person that initiates communication. He formulates the message, chooses the language, the receiver and the communication means.

*The receiver* is an executant or a manager that receives the informational message.

*The message* is the symbol or the set of symbols transmitted by the emitter to the receiver.

The *communication channels* are trajectories on which messages circulate. Depending on their degree of formality they can be formal or informal.

The *formal communication channels* are superposed on organizational relationships, are projected and function in the framework of the structure so that they transmit information between jobs, departments and different hierarchical levels.

The *informal communication channels* constitute additional paths that permit messages to penetrate official channels.

The *communication success* depends on the degree of adequacy of the form the message is expressed to the perception and understanding capacity of the receiver.

*Context and environment* is the adjacent component which influences a lot the communication quality.

*Communication means*, constitute the technical support of the communication process (the discussion from person to person, the meetings and oral presentation, letters, phone, fax, audio-video devices for teleconferences, internet, computer networks, closed channel TV, notice boards, magazines, works, diagrams etc.)

*Language* in the communication process is the written and spoken language (maternal or foreign), digits and visual images of any kind (diagrams, drawings etc.)

*The internal mechanisms of the communication process* have in mind the coding of the meaning, the transmission of the message, decoding, interpretation, filtering and feedback.

*Coding the meaning* consists in selecting certain symbols, capable of expressing the significance of a message (words, images, facial language, body language, gestures).

*Conveying the message* consists in transporting the codified message from the emitter to the receiver.

*Decoding and interpretation* refers to decoding the transmitted symbols and explaining their sense which together ensure the receiving of the message.

*Filtering* consists in deforming the sense of a message due to intended or unintended limits of interpretation. In general they have a physiological and psychological component.

*Feed-back* helps the emitter to verify in what degree his message was understood correctly or has suffered as a result of filtering.

The *bilateral communication* process takes place in two senses, between emitter and receiver, having the following characteristics:

- it goes out of the exclusive control of the emitter;
- the receiver has the possibility to intervene through questions, suggestions, commentaries. It is performed over longer periods of time, so that the reception and the transmission have the possibility of transforming themselves in a discussion;
- the significance of the message can be verified, clarified, redefined.

*Intellectual skills* are important such as precision and speed in computing, logic, synthesis etc.

In order to make a *job description*, the manager has to:

- remember the problems that need to be addressed, while observing a job and the questions that he can ask the person occupying the job, so that the answers are clear and concise;

- to order the obtained results in order to have a precise representation of the job, the work place and the profession;
- to contribute to the increase of information volume necessary for knowing the profile of the candidate for occupying a job.

In the process of strategic planning, the management fulfils tasks such as establishing roles and responsibilities, coordinating the process of redefining and SWOT analyses.

### **Conclusions**

Communication clearly to other organizations (partners or customers) about the values, the mission, the role and the goals of the organization and to build strategies to accomplish the mission is an absolutely necessary stage of organization strategy.

*Redefining values* is an absolutely necessary stage after the mission of the organization has been created and approved by the highest decision factors.

The channels by which decisions are transmitted from the place where they are taken to the place where they are implemented, as well as the information transmitted from the place where it is collected to the decision factors depend on using IT&C.

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