MANAGERIAL ACCOUNTING – A TOOL FOR MEASURING AND PILOTING THE OVERALL PERFORMANCE

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Abstract: *Successful market preservation of an economic entity can only be achieved through effective and well-founded management. Managerial accounting contributes to the way in which performance can be measured within economic entities, but the notion of performance has different meanings, generally refers to the achievement of objectives. Viewed from the financial-accounting perspective, it differs according to the categories of users who want information about it, from the overall performance, financial performance or profitability of economic entities. Any definition we attribute to the notion of performance includes a comparison of the results with the proposed goals, "create value". A performance management for an economic entity must include a strategic approach so as to enable performance analysis at an integrated level - from the ability to achieve performance to its assessment within that entity. The purpose of this article is to highlight the importance of managerial accounting in order to measure and pilot the performance towards a sustainable development within an economic entity.The article analyzes the role of managerial accounting from the notion of concept to performance analysis tools within an economic entity in order to develop and achieve the proposed objectives. Therefore, taking into consideration the market conditions, the efficiency of any economic entity depends essentially on the quality of management to understand and apply modern management principles, methods and techniques. Quality management is a vital condition for economic entities to gain competitive advantage and resist competition. Strategic management accounting assigns strategic management tools from the cost of products to analysis of the competitors, customer analysis pursuing cost strategy, assets, value chain analysis and brand. With strategic management accounting, we can track managerial accounting data that provides information about both the internal environment and the external environment, so we can monitor the activity of an economic entity, which allows us to predict a business strategy. Taking into consideration the theme of the paper, the research is mainly qualitative, based on literature review and using descriptive and comparative methods.*

Keywords: *managerial accounting; performance; sustainable development; strategic managerial accounting.*

JEL Classification: *M41.*

1. Introduction

"Managing an entity means, on the one hand, knowing the current activity and intervening with operative decisions in its direction, and on the other hand, the prefiguration of the future evolution and the elaboration of forecasts that will outline the directions of development in perspective (Briciu, 2006). "Today most policy decisions contain a scientific and technological dimension. Therefore, they have to be based on transparent and responsible opinions, based on ethical research. In this context, it is necessary to strengthen the ethical bases of scientific and technological research, to assess the risks inherent to progress and to manage it responsibly in the light of the lessons of history" (Niculescu, 2011). "Gradually, the environment forced the enterprise to act from marketing, the growth of waist pushed organizations to decentralize autonomy, the rarity of resources required rationality in use, and the consolidation of information needed monetary translation" (Albu and Albu ,2003).

2. Research Methodology

The research consists of four parts: the literature review; the development of theories; the therories testing and the reflecting and integrating of notions. Considering the topic we approached, the research aimed at a theoretical approach, presenting a qualitative synthesis of specialized literature, starting from the notion of strategic management to a general approach of cost management. Due to the fact that a qualitative analysis could limit the validation of the research results we also chose a quantitative approach in order to make a comparison between the managerial accounting and the strategic management accounting, as well as the presentation of the managerial structure on the example of the lighting industry.

3. Literature Review

Strategic management is defined in the literature according to the strategic objectives of each economic entity (Karst, 1998), taking into account the steps taken in this respect and the allocated resources to achieve these objectives (Chalender, 1962), and involves planning the objectives of an economic entity and the environment in which it operates, with a significant controlling influence (Mair and Moore, 1993). Due to the growing demands of customers on the quality-functionality-price ratio, economic entities have had to take measures to adapt to the new conditions, and especially to be profitable. In this situation, cost management is imperative when it comes to launching new products to meet customer requirements through long - term anticipation of products, processes and resources (Cooper and Slagmulder, 1998). The term of strategic cost management must cover a very wide area that allows modeling the future of an economic entity (Hilton et al., 2001). SCM (Strategic Cost Management) allows economic entities to identify the causes of costs, cost drivers, and identifying them to interfere with them in terms of value creation and productivity growth. Thus, customers can be offered competitive products because they have accurate cost information and relevant to their management. The SMA (Strategic Management Accounting) approach makes progress from the monetary notion to the notion of business (Mike and Yi, 2009). With the emergence of strategic management accounting SMA, we also meet the concept of total quality. This concept ensures continuous improvement of product quality and efficiency by lowering costs (Khan and Jain, 2007). The strategic position is defined by market positioning: on the one hand cost reduction and quality improvement, and on the other hand the search for opportunities offered by the market (Miles and Snow, 1978). The value chain represents the activities that economic entities carry out in order to gain competitive advantages (Porter, 1985), being the main way to assess the competitive position of an economic entity through strategic influence of activities and cost drivers which contributes to increasing the competitive advantage (Lee, 2001). Whatever the performance definitions, it must include elements such as: value by achieving the objectives set; the results expressed according to its nature, the achievement of the proposed objectives and the comparison of the results with the proposed references or the competition (Mitu and Mitu, 2007). Business performance management can be viewed both as a strategic approach and as an integrated approach, delivering superior team-level outcomes at individual level. In order to measure performance, we need to move from the possibilities of achieving global performance to achieving a performance system to evaluate it (Nobes and Parker, 2004). We cannot analyze the performance of an economic entity solely from the point of view of operating result or increase of net book value because profit is the result of several events that led to its obtaining. Jianu (2007) appreciates that the one who achieves his goals is performing and states that the term performance must "be reserved for describing the evolution of the results over a period of time deemed to be a long period of time. In the opinion of the authors Albu and Albu (2005), performance is all that leads to the achievement of strategic objectives in an organization and leads to the creation of wealth and value for it. Niculescu (2003) defines performance by productivity and states that "an enterprise is theoretically performing if it is both productive and effective". So we can conclude that performance is a very complex notion that should not be confused with the indicators describing it, the profitability, the efficiency and the effectiveness, because the financial profitability is one of the main indicators of the performance analysis, and it is the fixed objectives; the efficiency implies the maximization of the obtained results with a given amount of resources, the effectiveness implies that the results of the arbitrator in the achievement of the performance , and cost control contributes to the improvement of decision-making through a strategic piloting.

4. Tools for Measuring the Performance of Economic Entities and Strategic Managerial Accounting

As described in section 3, quality management is a vital condition for economic entities to gain competitive advantage and to withstand the competitive mechanism. The previous statement is all the more important as in recent years it has been shown that the main factor of bankruptcy of a company is the incompetence of managers and the mistakes of management caused by errors in decision making

(Homormonea and Socea, 2011). The main feature of strategic management is to influence the environment in which the economic entity operates and to control long-term development by managing benefits using opportunities that occur in the external environment. Strategic management leads to increased sales, profitability and productivity of an economic entity (Robinson, 1982), helping to understand the competitive strategy and the relationship between performance and reward (Thompson, 1993). In Figure 1 we present a model of strategic planning that defines the mission, objectives, analysis of the external environment, analysis of the internal environment, strategic variants and defining the chosen strategy of an economic entity, because according to the literature only through rigorous planning can be chosen a suitable variant for implementing a concrete strategy for managing activities and choosing how the proposed strategy can achieve its objectives. There are different classifications of strategies, but we think that regardless of the approach, the management of an economic entity needs to adapt to the dynamics of the external environment.

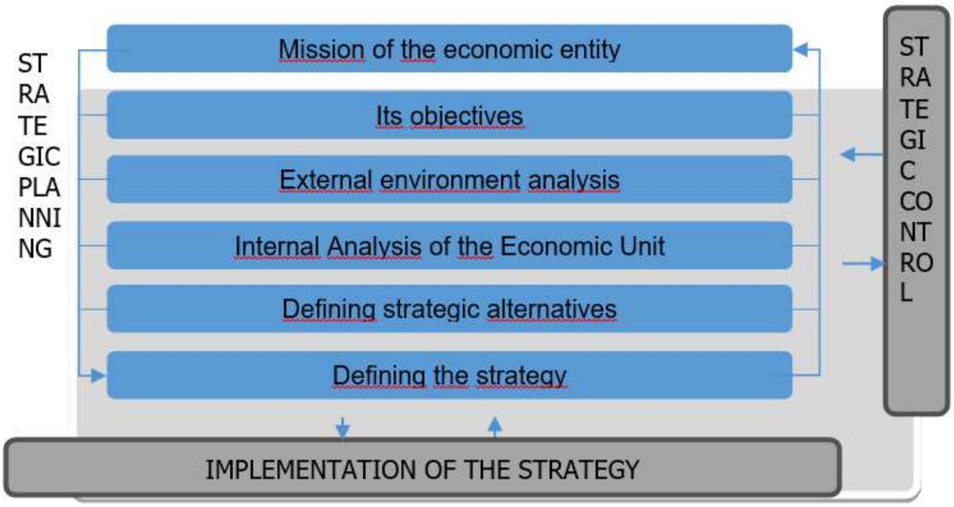

Figure 1. Strategic management process
Source: Wheelen and Hunger (2002)

Strategic management is defined in the literature according to the strategic objectives of each economic entity (Karst, 1998) taking into account the steps taken in this respect and the allocated resources to achieve these goals (Chalender, 1962). It involves planning the goals of an economic entity and the environment in which it operates, with a significant controlling influence (Mair and Moore, 1993).

5. Strategic Management Analysis - Costs between Traditional Management and Strategic Management

Given the changes in managerial accounting in the last period of the 20th century, as we have shown in the previous analysis of this paper, in practice it has been demonstrated that in the case of traditional methods, costs are distributed almost randomly, which is why we cannot have a control too accurately, and economic entities do not correctly perceive their dynamics. In fact, maintaining a market position of economic entities depends on several factors, not just on cost management. First of all, economic entities need to be concerned about meeting their customers' needs and increasing their productivity. There is a distinction between traditional management and cost management and according to McNair (2000):

- Traditional cost management focuses on the internal environment, while strategic cost management analyzes the external environment;
- in the case of traditional management the main objective is to direct and solve internal problems, instead the strategic management pursues the same objectives, but differs according to the chosen strategy;
- the concept of cost driver in the traditional case is defined by volume, and in the case of strategic management it is approached according to structure, execution, being able to define each value-bearing activity;
- in the case of traditional cost-cutting management, it is addressed through responsibility centers, and in the case of strategic cost management, each activity is regulated;
- contrary to traditional cost management where they have a major impact, in the case of strategic management the main concern becomes the cost-value-income ratio;
- the impact of cost management is studied for traditional methods only in the financial accounting field, while in the case of strategic management, the coverage area extends to other areas such as economics and marketing;
- from the point of view of accountability, in the first case we talk about “adept - reactive", while strategic management turns us into "leader-proactive".

Due to the growing demands of customers on the quality-functionality-price ratio, economic entities have had to take measures to adapt to the new conditions, and especially to be profitable. In this situation, cost management is imperative when it comes to launching new products to meet customer requirements through long-term anticipation of products, processes and resources (Cooper and Slagmulder, 1998). The term of strategic cost management must cover a very wide area that will allow shaping the future of an economic entity (Hilton et al. 2001). The SCM allows economic entities to identify the causes of costs, cost drivers, and identifying them to intervene to increase value and increase productivity. This way customers will be able to offer competitive products because they have accurate cost information and relevant to their management. Strategic cost management is based on the following principle (Berliner and Brimson, 1988):

- undestanding the causes that led to the costs, but also the income structure of an economic entity;
- identifying all activities and keeping only those that lead to a competitive advantage;
- reducing complexity of functionality;
- increasing economic efficiency by improving the cost structure;
- using strategies to manage costs;
- improving the skills of the staff;
- the effect of employees' participation in decision-making.

6. Strategic Managerial Accounting - a Tool for Piloting the Performance of Economic Entities

With strategic management accounting, we can track data from managerial accounting that provides information about both the internal environment and the external environment, so we can monitor the activity of an economic entity, which allows us to predict a business strategy. We have not found a universally valid SMA definition, but one of its definitions states that SMA has more financial data referring to the following: value analysis, market strategic analysis and cost induction analysis (Shnak and Govindarajan, 1993).
Strategic managerial accounting analyzes mainly cost information as it precedes managerial accounting, which it will continuously integrate with the other processes according to figure 2, where there are presented the processes of strategic management starting with its definition until the control in the implementation of the strategy and tracking results with the strategic goals of an economic entity.

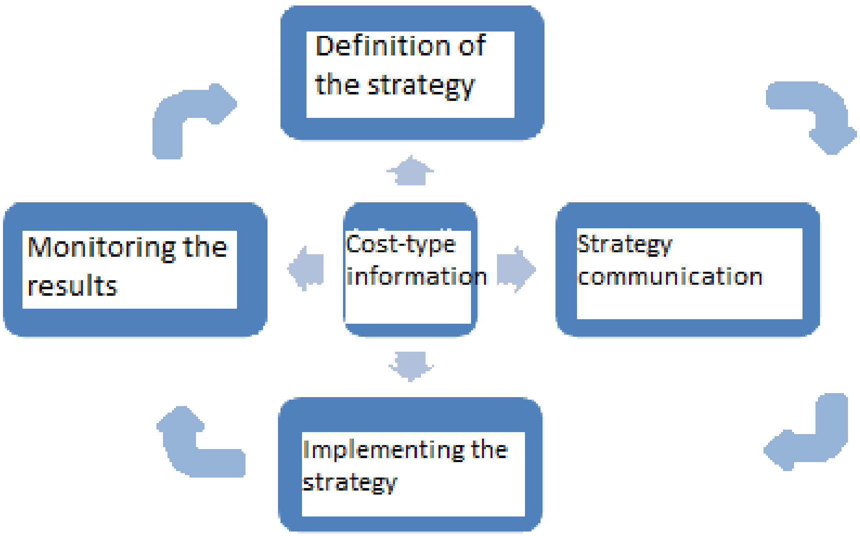

Figure 2. The position of cost-type information in strategic management
Source: Systematization after Topor, 2014

Depending on the cost information in the financial analysis, we can evaluate the existing strategy, and it will be transmitted in the form of the information in the accounting reports, its implementation and the performance-based monitoring based on the cost information

SMA has a role to play in ensuring competitiveness by collecting accounting information from the entity's external environment, information on the basis of which costs can be reduced by developed strategies. From an operational point of view, the traditional managerial accounting functions are similar to the strategic management accounting functions, but only in the case of strategic management accounting they are adapted to the external environment. The SMA approach makes progress from the monetary notion to the notion of business (Mike and Yi, 2009).

In the following we will try to make a comparison between managerial accounting and SMA, as shown in Table 1:

Table 1. Comparison between managerial accounting and SMA

Traditional accounting	SMA
Information about the past	Future projections by internal factors analysis
It analyzes the entity's internal environment	Analyzes entity-external factors
introspection	Demonstration
Analyzes production	Competitiveness analysis
It focuses on the present	Think of future actions
Experience	Decisive
Planning	Unexpected actions
Based on existing data	It also points to other information
It is based on the existing information system	It is based on a wider spectrum of information
Based on achievements	Independently, relying on a wider spectrum

Source: Systematization after Wilson and Chua, (1993)

With the emergence of SMA strategic management accounting, we also meet the concept of total quality, this concept ensures continuous improvement of product quality and efficiency by lowering costs (Khan and Jain, (2007).

SMA assigns strategic monitoring tools from product attribution to competitor analysis, customer analysis through fiancial statements, cost strategy, assets, value chain analysis, brand, ABC. Next we will present the strategic management accounting by analyzing its three positions: the strategic position; cost drivers and value chain analysis, according to table 2:

Table 2. Presentation of SMA according to its positions

The notion of analysis	Definition	Characteristics	Methods that integrate information
STRATEGIC POSITION	-The strategic position is defined by market positioning: on the one hand cost reduction and quality improvement, and on the other hand the search for opportunities offered by the market (Miles and Snow, 1978); -the choice of leadership in the cost area by economic entities; -costs are induced by structural and structural factors; -NPV net present value method, and finding a way to rationally manage the decisions made.	- due to globalization, it is unlikely that market placement strategies as a cost-cutting leader can be implemented as quickly as possible; -in order to obtain a competitive advantage, the *price-quality-functionality* trinoma must be targeted.	Target Cost Method; Value engineering Kaizen Costing JIT A B C Balanced Scorecard BS
COST DRIVERS	Activities are resource consumers that generate costs, and the factors that influence cost behavior are called cost drivers.	The main feature of cost drivers is customer demand, which group the cost drivers into three categories: structural cost drivers; organizational cost drivers; and activities cost drivers. Cost drivers are determined according to the specifics of the economic entities.	
VALUE CHAIN ANALYSIS	The value chain represents the activities that economic entities carry out in order to gain competitive advantages (Porter, 1985). It represents the main way to assess the competitive position of an economic entity through strategic influence of the activities and cost drivers (Lee,	***Support activities:*** -organization; -HR; -technology; - procurement. ***Primary Activities:*** -logistics (material handling, delivery); -Operations (manufacturing, packaging);	Target Cost Method; BS CBA BSC EVA

The notion of analysis	Definition	Characteristics	Methods that integrate information
	2001), which contributes to increasing the competitive advantage	Logistics (processing, orders, transport); Marketing (product, price, promotion, distribution, location); Services (customer service, repairs) (Porter, 1985*)*	

Source: own systematization

7. Structuring Managerial Accounting within Economic Entities

Managerial accounting, unlike its role prior to the 18th century industrial accounting, currently aims at achieving the goals of an economic entity by reporting financial and non-financial information to managers, information that helps implement strategies (Horngren, Datar and Foster, 2006).
Business diversity at national and international level requires the development of decision-making, and the main source of information for this is managerial accounting. The financial accounting information is incomplete in terms of knowledge of production costs, and in order to supplement this information, accountancy is a "soft" account, which is adaptable to all units, whatever their size, activity and structure (Matiş and Pop, 2007).
Starting with the 20th century, research has been carried out in the field of formation and allocation of indirect costs on the cost object, according to Romanian experts. Oprea (1980) states the cost calculation is based on the "value consumption" theory. If we refer to the legislative environment in our country, the Accounting Law no.82 of 1991, has been modified in the sense that the organization of the management accounting is no longer mandatory, only mentioning that "companies, companies/ companies national governments, autonomous administrations, national research and development institutions, cooperative societies and other legal entities have the obligation to organize and conduct financial accounting according to the law.
The obligation to organize management accounting with the adaptation to the entity specificity was valid until 2011, since then, the accounting records have a legislative reference for internal organization within economic entities. Law no.121/2015 on the approval of O.U.G. no. 79/2014 comes with modifications and completions to the Accounting Law 82/1991 and specifies according to art.10 paragraph (2) "Accounting is organized and is usually conducted in distinct compartments, led by the economic director, the accountant- chief or other person empowered to perform this function. These people must have superior economic studies. The person empowered to perform the function of chief executive officer or chief accountant is any person registered under the law who has superior economic background and has authority to manage the entity's accounting. "The activities of managerial accounting vary

according to each individual economic entity the management of managerial accounting being influenced by several factors (Ebbeken, Possler and Ristea, 2000). In Romania, managerial accounting was conducted in a dualist system and integrated according to the French model, financial accounting and managerial accounting was supported by the 9th class of accounts, "Management accounts", in the financial accounting the expenditures on production are highlighted in class 6, "The management of dual-account management may meet certain objectives but has its limits, so we will focus our attention on the integrated accounting system, separate from the financial accounting system, using only class 9 accounts, taking the data in Account Classes 6 and 7, management accounting reflects financial accounting data.

8. Conclusions

Successful market preservation of an economic entity can only be achieved through effective and well-founded management. We cannot analyze the performance of an economic entity only from the point of view of "operating result" or "increase of net book value ", because profit is the result of several events that led to it being obtained. With strategic management accounting, we can track managerial accounting data that provides information about both the internal environment and the external environment, so we can monitor the activity of an economic entity, which allows us to predict a business strategy. Quality management is a vital condition for the economic entities to gain competitive advantages and to withstand the competitive mechanism. With the emergence of SMA, we also meet the concept of total quality, this concept ensures continuous improvement of the quality of products and their efficiency through cost reduction. SMA assigns strategic management tools from the cost of products to competitors analysis, customer analysis through fiancial situations, pursuing cost strategy, assets, value chain analysis, brand, ABC. The organization of dual-account accounting can meet certain objectives, but it has its limits, so we'll focus on an integrated accounting system. Successful market preservation of an economic entity can only be achieved through effective and well-founded management. We cannot analyze the performance of an economic entity only from the point of view of "operating result" or "increase of net book value ", because profit is the result of several events that led to it being obtained.

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