

APPROACHES AND DEVELOPMENTS REGARDING USE OF FINANCIAL-ACCOUNTING INFORMATION IN THE PROCESS OF DECISION ASSISTANCE

ABORDĂRI ȘI DEZVOLTĂRI PRIVIND UTILIZAREA INFORMAȚIEI FINANCIAR - CONTABILE ÎN PROCESUL DE ASISTARE A DECIZIILOR

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Abstract. *Information, in general, and economic one, in particular, is the main sources used in the management process, which allow critical examination of the use of material, human and natural resources, in order to take decisions that are required. Optimum capitalisation of economic information is possible only in the information systems whose basic function is to vehicle a rational quantity of information, on which base to make well-reasoned economic decisions in all organizational stages. The main data source of economic information system of the entity and, also one of its basic components, is accounting.*

Key words: financial decision, economic information, decisional process, information system

Rezumat. *Informația, în general, și cea economică, în special, sunt principalele surse folosite în procesul de management, care permit examinarea critică a modului de utilizare a resurselor materiale, umane și naturale, în vederea luării deciziilor care se impun. Valorificarea optimă a informației economice este posibilă numai în cadrul sistemelor informaționale a căror funcție de bază este de a vehicula o cantitate rațională de informații, pe baza cărora să se ia decizii economice bine argumentate pe toate treptele organizatorice. Principala sursă de date a sistemului informațional economic al entității și, totodată, una din dintre componentele de bază ale acestuia, este contabilitatea.*

Cuvinte cheie: decizia financiară, informație economică, proces decizional, sistem informațional

MATERIAL AND METHOD

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:

- a) *data search and collection* (scientific observation): methods, techniques and instruments of observing and investigating the reality;
- b) *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;
- c) *construction, hypotheses checking and model testing*: qualitative and quantitative techniques, formal and logical principles of model construction and solving;
- d) *generalisation and theoretical construction* (the conclusive part of the research)

To locate more precisely accounting within the economic information system should begin by its definition. Therefore, *the economic information system (Noyelle, D., Westercamp G, 2001) is an organized set of complex economic information, which is obtained by processing data from certain sources and that are needed to organize, lead and conduct business.*

RESULTS AND DISCUSSIONS

1. From personal decision, to management decision

From the pragmatic perspective, the management is exercised, respective, is applied currently in more plans at the business organizations level; one of the major plans in which we find management applied by firm is given by the activity of adoption and implementation of decisions (Burciu, A., & al., 2008). By its very nature, the decision, as a rational choice between two or more versions to follow, is a specific act of human activity. Therefore are permanently taken or adopted decisions in daily life to solve various problems that occur at random or with repetitive nature.

The decision lies in the mode of action that a governor elected to realize one or more objectives. So, it implies the coexistence of three elements:

- the objective (goals);
- identification of alternatives to achieve the objective;
- choice of final variant, as a result of a conscious process of selection between the existing possibilities.

Of course, we will not stop in this work on personal decision, that each day, each of us adopt them, but we will try to highlight the specific problems of management decision, which is manifested in two forms:

- as decision-making act, and
- decision-making process.

Since there are many decision-making situations, and involved decision-making processes are heterogeneous, is necessary the analytical approach of the main primary elements of managerial decision: *the governor and decision-making environment*. Adoption of managerial decisions is determined by various factors which influence the current evolution of the business entity; between such factors which require the adoption of decisions by firms are included two categories of factors (Cooper, C., 2005):

- *intern factors* of business organization, such as proposed objectives, the directions set by stakeholders, the qualification of employees, available resources etc.

- *external factors*, such as market conditions which enable, the globalization of business, current economic and financial situation, activity of competitors, legal restrictions etc.

In the decision-making process are encountered three situations:

- *certainty*, characterized by the highest probability of achieving the followed objective using the planned way. In this case, the variables are controllable, their characteristics known, and their evolution can be anticipated with high accuracy;

- *uncertainty*, when the probability of achieving the objective is high, but on the way of action are reserves. This situation is characterized by a large number of variables, largely controllable, some poorly studied, so, which anticipation of the development is approximate;

- *risk*, when the objective is possible to achieve, with an appreciable probability, but the most appropriate ways to forward present high uncertainty.

Economic agents face decision situations of certainty, uncertainty and risk, their occurrence and finalization in decisions being inevitable and necessary.

Example for such a situation can be the risk, generated by the large number of uncontrollable or difficult to control variables, which is manifested in the case of some actions which aims at increasing efficiency, through the introduction of scientific and technical progress, in the case of some penetration activities into new segments of the market or into new international markets, and in the case of privatization and restructuring. The period within which such a decision may be taken and can expect its effectiveness, is limited. Once it was over the optimum period, predetermined in terms of existence of some exogenous and endogenous influence factors of managerial system, this decision will be tardy and with lack of efficiency.

In our opinion the planning may be associated with decision-making at all hierarchical levels that comprise the overall managerial system.

2. Preconditions of decision-making

To do its mission, management turns to *financial-accounting decisions*, they representing the final product of the management process done in the financial operations of the entity. They are diverse and are taken in accordance with the concrete situation in which an enterprise is functioning.

A financial decision always has an immediate connection with the economic decision with which interpenetrates and influences each other. This requires an effort of thinking of managers with such responsibility to choose a preferred variant of action of several possible, in order to ensure its adaptation to the environment.

To participate in the substantiation and adoption of a decision, in general, must be identified some *preconditions* to determine the manager, through the impact that they have, to make a new effort of thinking, at substantiation and adoption of a new decision. These preconditions can be played so (Trenca, I., 2007):

1. *Registering a gap* between the achievements and objectives proposed earlier by a strategy: existence of a gap may be a factor positively or negatively in

the action of an entity, as appropriate. Regardless of their nature it is good to record a lower spread because only in such a context we can say that the management is done in terms of efficiency.

2. *Assessing of the impact which the registered gap makes* on the future development of the entity. Are specified in particular the aspects of financial nature, those relating to:

- The volume of existing capital;
- Return table;
- Financial credibility that the entity presents to the business partners.

3. *Motivation eliminating the gap*, especially when it may have negative influence on economic and financial situation. This precondition must be based on real arguments, must be substantiated by the use of quality information. Usually recorded spreads refers to reduced or increased capital needed to revive economic activities. In the case of fewer resources, to maintain the pace of activity, to sustain the favourable recorded trends, it is necessary to seek new resources of capital, including the need to attract them from the market.

4. *Assessing the company's access to additional capital* to be used in an effective action. The access to new resources of capital is allowed only to the extent that the company records and meets certain performance and responds to some criteria of financial quality. Non-access to new resources of capital is synonymous with the progressive collapse of a business of firm, of reconsidering the parameters within which it evolves.

5. Once set these preconditions and evaluated the aspects of the need for adoption and *substantiation of new decision*, as follows the financial manager to identify the specific model in order to decision adoption.

Use of a specific accounting rules allow for changes in an artificial level the outcome. Managers watch the presentation of a more flattering image, favourable to their establishment, use of legal voids within the accounting rules or omissions, not-representing explicitly how to form the results.

“Accountable vagabondage” makes only to support the informational asymmetry, such directing the functioning of markets. Management of the company is used by all the subunits and opportunities to meet market requirements and expectations. Reliability of financial information, relying largely on the relevance and validity of accounting documents, is relative. Accounting creative, tool in information shaping for external users, aims undeniably changing their expectations. This technique, situated at the borders of legality, has as objective optimization of the image from the accounting point of view of the entity, to the detriment of the idea to be rigorously faithful. It is the basis of communication and becomes a real weapon.

Enterprises make use of opportunities offered by the accounting rules, being difficult to users of information to quantify the impact of accounting policies and accounting options. Financial communication has become an element of excellence, masking such a strategic goal.

Current researches in the field of marketing have shown that “*a good product is not necessarily a sold product*”. Extrapolating, one can say that “*a good accounting is not necessarily a sold accounting*”. Accountants turn so, through creative accounting, in luxury atypical merchants. Cornerstone of communication is to trade information.

In the paper “*Financial Information*” (CPC, Ernst & Young, Mazard & Associates, 2001) are found the annual reports of 100 listed groups, and strategies adopted by each in their submission. Following the study made, noted that some companies do not recall the outcome, but to convince shareholders and staff, focuses on past and future evolutions. Others focus on the presidents’ speech where the result is mentioned, stating, discreet, and other key figures. For other groups, the results are of an annex, is not the centre of situation presented. When the results are contrary to expectations, to alleviate the consequences, are outlined the evolutions only in certain sectors of activity or in some markets. The rules of presentation are adapted to the requirements of shareholders and investors.

Study of Mai and Tchameni (Mai, M., Tchameni, E., 1996) through the agency theory and investor expectations adjustments stops on the supply of voluntary information offer, foreseeable. Using data from 163 companies, the authors have shown that, according “*the hypothesis of expectations adjustment*”, company management present foreseeable information to change investors' expectations regarding the future benefits. As a result of investigations made, the authors have found that the forecasts are published, as usual, at 3.07% from the companies, while the estimates of 6 years are developed of 49.70% of companies.

Communication is seen rather as a restrictive element. It is not watching to disclose the whole truth, but to familiarize users of information what they want to understand, in order to harmonize with their expectations. When the enterprise obtains good results, it aims to make them known. Not the same can be said about the less sanctimonious stories that prefer to be hiding, omit them. Bad news has always attracted the curiosity. Similarly, the markets react to bad news more than to the best ones. Creative accounting is to help to achieve the key figures to be communicated.

Sometimes, the first reading of the accounting documents, being unclear, imprecise and away of their basic qualitative feature, *the faithful image*, “reader” cannot find the real economic performance of companies (Watts, R., Zimmerman, J., 2000). Information superiority is given by the knowledge of the formation way of accounts and the eventual “*manipulations*”.

Communication, in certain circumstances, may be misleading. Creative communication, based on accounting intelligence, is hidden, silent and “painless”. Most of the companies they called, more or less to this “tool”, to favourably influence the perception of users of information; eyes are often drawn to what glitters. But be sure, not all that glitters is gold. Because of the misleading appearances, disgusts of such communications remain present. The accounting must remain the guarantor of a proper functioning of the market, the interests of the company and its partners.

CONCLUSIONS

By studying the objectives we have set to ourselves within this paper, we can conclude that the financial – accounting information has oriented the interest of diverse normalisators towards:

- the users of the financial situations;
- the informational needs of these users;
- the information provided by the accounting administration and its adjustment to the users' needs;
- the conceptual framework of this accounting information.

The information supply necessary to the decision-making process, comes mainly from the entity accounting, having three main sources of documentation:

- Unprocessed sources, represented by primary documents, which are addressed mainly to the internal users of information and less to the external ones;
- Sources processed by the entity and presented according to certain rules and techniques of the data in the primary documents, providing information for the elaboration of the synthesis documents;
- Synthesis sources, providing information to the external users and are based on information sources processed in entity.

In a market economy, the accounting information represents a force which endows with decision-making attributes the people holding it, even if it does not represent the absolute truth.

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