

THE USE OF ACCOUNTING INFORMATION IN DECISION MAKING: THE CASE OF ROMANIA

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Abstract:

In this article we intend to analyze how information emanating from the financial statements for decision making serve different categories of stakeholders. The manner to approach this problem is somewhat less used in the literature. We used a research based on a questionnaire applied to a sample of professional accountants in Romania. We watched through the questionnaire to identify how professional accountants in Romania organizations perceive their role and work related to decisions of the various categories of stakeholders, but primarily to assist management decisions.

Keywords: accounting information, decision making, financial statement, management performance

Introduction

From all information conveyed at an economic operator, accounting information occupies the significant weight, being considered as a source of knowledge, as a reflection of the people's consciousness, of causal links from the environment.

The financial statements are the main means of communication of financial information to internal and external users of the company regarding financial position of the company, its changes, performance and the management of resources, each category of users of financial statements having another interest, or in need of another type of information: employees (stability and profitability of the company); investors (the inherent risk in the transactions and return on their investments); customers and suppliers (business continuity); Government and its institutions (determination of tax policies and calculation of statistical

indicators); financial creditors (company liquidity and solvency) (Căruntu and Lăpăduși, 2011).

Although intended primarily to provide information to external users, to a certain extent they can be useful for managers, particularly in case of SMEs who have limited means of generating information specific to their needs.

Moreover, the future will bring, according to specialists (Legenchuk and Raboshuk, 2016), an increase in the importance of the accounting profession in society and increasing the role of the accountant in the company (not just in small and medium enterprises), by much broader involvement in managerial decision support processes, namely tracking its implementation.

Under these conditions, the quality of accounting information decisively condition actions and decisions of the various categories of stakeholders. Further, although we will also refer to

other categories of stakeholders, we will focus on the use of accounting information by managers in decision-making related to organization.

Accounting information and management decision - short theoretical review

Interrelation between accounting information and management decision is an issue quite high older in approaches (one of the first works in this respect Burns Jr, 1968). The theme remained topical; approaches are tinted based on theoretical and practical developments (lately of technological nature) from the organization (Asadi, 2014; Collier, 2015).

The theme is quite frequently approached also by Romanian authors, with direct references to the specificities of national accounting framework, which marks significantly accounting information obtained and, therefore, usefulness and its use in management decision-making processes (Socea, 2012; Boghean, 2014; Scorțea et al, 2015).

In most works addressing this issue, a central place is occupied by references on the quality of accounting information.

In the General Framework for the preparation and presentation of financial statements issued by IASB (version until 2010) were detained four basic qualitative characteristics of accounting information: understandability, relevance, reliability and comparability, features that have been taken and accepted by default in the accounting regulations from Romania.

There were some changes in the Framework issued by the IASB in 2010. Thus, the financial information is considered useful if relevant and faithfully. According to the same

framework (IASB, 2015), the usefulness of information improves (enhance) if: comparable, verifiable, timely and understandable.

We appreciate that the imposition of qualitative characteristics of accounting information is a necessary but not sufficient condition to guarantee its quality. On the other hand, users must have a certain level of education that enables them to assess the appropriate information in the financial statements and therefore their quality. Also, in intercultural dialogue, development of communication in the language of economics in general, and accounting, in particular, calls for unity in speech and thought, in conceptualizing methods of management of companies, but also of the accounting principles and methods of preparation and presentation of financial statements.

A second important element in shaping the relationship between financial information and management decision is the role it plays the accountant, generally speaking, within an organization.

The accountancy profession has changed over the last 10-15 years and continues to change. At the level of discourse, in the press articles and literature, we find accountants more commonly associated with the role of assistant of management or transformed into members of the management team, moving from the status of "numerator" (bean accountant) to a management consultant and an active participant in decision making (business partner) (Goretzky et al, 2013).

Voipio (2014), after an extensive literature review, identifies several differences between the accounting tasks and qualities of modern

compared to traditional accountant, summarized in Table 1.

Table 1

Traditional vs. modern accountant

Reference element	Traditional accountant	Modern accountant
Nature of the tasks	Routine, regulated, standardized	Customized, ad hoc, based on need
Personal qualities	Rigorous, methodical organization	Flexibility, team spirit
Professional skills	Technical, analytical	Good communicator, consultant capacity
Nature of the information provided	Historical	Strategic, proactive
Contextual factors	Centralized function	Decentralized function
Relation with other functions	Clearly defined, independent	Member of the inter-departmental teams

Source: Adapted after Voipio, J. (2014). *Management accountant's modern role and barriers to role change-Case Tech Inc, Aalto University School of Business.*

In Romanian landscape, developments are slower. Robert Aurelian Sova, president of CECCAR, professional body in accounting from Romania, in an interview from February 2016:

"The problem of the accounting profession is primarily regarding perception to the entrepreneur. IFAC clearly establishes two directions of the profession: financial and managerial, which is the internal decision support. With the exception of foreign capital, companies in Romania do not require reporting of this kind, therefore this managerial component was less developed, including in the profession."

Finally, a third factor which plays an important role in reshaping the interconnections between accounting information and management decision is the new information technologies. Their impact is felt in accounting in multiple ways. Thus, the achievements of recent years in the field of ICT have

increased the speed of exchange of information and documents, and remote collaboration on data analysis. Accounting information system has become a key tool in the business, with responsibility for the generation of relevant financial information, which users can rely on their decisions.

In the future (not so distant) accounting information system constituted on lean principles (to no longer provide a "frozen" image on the operations, but a dynamic one, timely - IMA, 2014) will become the main component of a business intelligence system at the organizational level.

Also, simple accounting operations, repetitive, will be made quite easy through new information technologies. In these circumstances accounting professionals, accounting firms must provide customers more than "bookkeeping", but consulting

services and integrated solutions as much as possible.

Cloud computing is one technology with a fairly significant impact on the accounting over the past decade, and in the future will be even more important, or with a metaphorical expression "cloud becomes the new home of accounting" (Marder, 2016).

Corroborating the "wave of information technology" (Țugui, 2006) with the stages of development of accounting like informational system, we note that the years 2035 to 2040 will mark a new phase in building a meaningful accounting and identify with the fifth wave predicted by Cornish (2004), which will generate a true revolution that will move humanity, called revolution of "biotechnology".

Therefore, the fifth wave of knowledge-based technologies will contribute to the intelligent exploitation of information and generalizing concepts of bio-techno-system, as well as those calm or quiet technologies, where phase 2035-2040 years is suggested to be called "smart society" based on understandable information.

Research methodology

Our research had mainly an exploratory and descriptive character.

The questionnaire which we used is a questionnaire with the following characteristics:

- has been created with Google Docs and applied electronic;
- He was sent for completion and responses were received during the period March-May 2016;
- it was aired to professional accountants in all regions, but we haven't put a question to help in their location (we proceeded in this way because we felt that geographical area in which he/her resides or carry out the

professional activity is not an important determinant for the issues considered);

- have 28 questions, but most are closed (the questionnaire was used in a broader research in the thesis that I completed it and supported it in 2016, in this article processing and interpreting the results of just a part of the questions);

- most of the questions asked some appreciation, obviously subjective, to situations which, although they frequently encounter in their daily activity, respondents are not very used to analyze the light resorts, motivations, implications involved;

- in some cases the answers might not have been sincere and respondents to focus on deemed desirable social option, not prejudicial / keeps a certain image;

- responses were automatically taken into an Excel file, on which subsequently we did all the specific processing of quantitative methods and techniques.

To determine the sample to which were applied the questionnaire we used non-probabilistic sampling. Population segment that we target was made up of people working in the field of accounting (employees, self-employed) regardless of the location in the organization, responsibilities, type of organization they work or geographic region of Romania.

Thus, it would be practically impossible to find or create a list of all these people, which would have enabled a probabilistic sampling.

Babbie (2010) speaks about four types of non-probabilistic sampling: selection of the most available subjects; sampling based on a predefined goal; snowball sampling; quota sampling.

We opted for the most available subjects sampling. It is clear that such a method does not allow control of the

representativeness, but given that our study is, at least for this part, exploratory declared, we believe that we made the right choice.

Specifically, the link to the questionnaire was sent to known people who meet the selection criteria (to be in work in accounting); to various virtual groups comprising such professionals.

The questionnaire reached 637 people (approximate) and we received 170 questionnaires, which means a response rate of 26.6%. We can not say categorically that it is a high or low response rate. However if we consider strictly the number of respondents consider that research has one of the largest number of subjects, In the Romanian accounting research field.

Also, recalling the exploratory nature of the research and given the sampling method, we believe that the response rate is not very relevant.

As I mentioned, the data were collected through an electronic questionnaire, developed on Google docs. Subsequently, the database thus created was subjected to analysis using the Statistical Package for the Social Sciences (SPSS) 20.0.

The statistical survey was based on descriptive statistics used on demographic factors, considering: gender of respondents, age, level of education, membership CECCAR, experience in accounting, organization size, typology of the organization in which the respondent work.

After analyzing the gender of respondents it was found that, of the 170 professionals who gave valid responses, 147 (86.5 %) were women and 23 men. The distribution is not likely to deform results, in recent years in many European countries women have become the majority in the accounting profession exceeding 60 % of those employed (64.3 % EU, 67.5 % in Finland, 68.7 % in France and Germany) (Catalyst Knowledge Center, 2016)

Age analysis of respondents showed a relatively even distribution on bounded groups (table 2). We draw attention to the existence of a somewhat smaller number of respondents aged between 51 and 60 years and that there are no respondents over 60 years. We believe that this result is related to how we applied the questionnaire - online, popularized through social networks or virtual professional networks.

Table 2

Structure of the sample by age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	21-30 years	42	24,7	24,7	24,7
	31-40 years	53	31,2	31,2	55,9
	41-50 years	59	34,7	34,7	90,6
	51-60 years	16	9,4	9,4	100,0
	Total	170	100,0	100,0	

Regarding the studies, 94.1 % of respondents have Bachelor or Masters (among respondents we found 8 with doctoral studies, respectively 2 who have only a high school education).

Another question wanted to determine whether or not respondents are members of CECCAR, umbrella body for professional accountants in Romania. By synthesizing answers to

this question we found that 80 of the respondents (47.1 %) are members of CECCAR.

Question 5 of the questionnaire was to identify respondents who are certified by an international body in the field of accounting (ACCA, CFA etc.). If in the previous question we have a balance between members-non-members CECCAR, by centralizing responses to Question 5 we found that only 3 respondents are certified by an international body. We believe that this has an impact on the findings of our study: we consider (only at the stage of unverified hypothesis) that the request for obtaining international certifications is likely to significantly alter the perception of a respondent on the role of accountant and accounting, also impart a greater openness and

familiarity with international standards. At the same time, this situation allows us, we think, to have a more accurate image regarding perceptions / mass approaches of the Romanian Professional Accountants (the mostly without such certification).

Related to experience in accounting, we find (Table 3) that the sample was extremely balanced (only respondents with experience under 1 year - 4.1 % are less, but we do not believe that this can significantly affect our investigation, whereas strengthening perceptions, understanding the mechanisms, formulation of relevant viewpoints on certain dimensions of the profession and accounting practice calls for some experience).

Table 3

Sample structure according to the experience in accounting

		Frequency	Percent	Valid Percent
Valid	under 1 year	7	4,1	4,1
	1-5 years	34	20,0	20,0
	6-10 years	36	21,2	21,2
	11-15 years	32	18,8	18,8
	16-20 years	26	15,3	15,3
	over 20 years	35	20,6	20,6
	Total	170	100,0	100,0

Table 4

Distribution of respondents depending on the type and size of organizations in which they are working

			Size of organization					Total	
			freelancer	under 10	10-49	50-249	over 250		
Type of organization	private company with majority foreign capital	Number	1	1	14	4	3	23	
		% from total	0,6%	0,6%	8,2%	2,4%	1,8%	13,5%	
	private company with majority Romanian capital	Number	2	41	29	16	2	90	
		% from total	1,2%	24,1%	17,1%	9,4%	1,2%	52,9%	
	NGO	Number	1	1	2	1	0	5	
		% from total	0,6%	0,6%	1,2%	0,6%	0,0%	2,9%	
	authorized person	Number	16	8	2	0	0	26	
		% from total	9,4%	4,7%	1,2%	0,0%	0,0%	15,3%	
	State-owned entity	Number	0	0	7	13	6	26	
		% from total	0,0%	0,0%	4,1%	7,6%	3,5%	15,3%	
	Total		Number	20	51	54	34	11	170
			% from total	11,8%	30,0%,	31,8%	20,0%	6,5%	100,0%

Questions 7 and 8 were intended to reveal the size and types of organizations in which the professionals in the study sample are active, in our opinion these are important determinants related to perceptions and experiences of a professional accountant. The sample was fairly balanced, reproducing somehow a lesser extent the situation in the national economy, so 52.9 % of respondents work in companies with Romanian private capital, respectively in small and medium enterprises (table 4).

Results and discussion

Within the wider questionnaire that we talked about, we selected, analyzed and interpreted the results of two blocks of questions: the first aimed at identifying the role of accounting information and the accounting department to assist management

decisions (in the level of perception of Romanian professional accountants); the second block aimed to establish how professional accountants from Romania relate to the latest technological developments and, respectively, as they assimilate into their work, in their efforts to provide quality information.

The first batch of analysis brought together the questions 10, 11, 12, 26 of the questionnaire.

We started analyzing with the question 11. It is a question which has asked respondents to indicate which are the most important tasks of the accounting department in the organization they are working.

Each respondent could choose up to three of the five possible options. Table 5 presents a summary of the responses to this question.

Table 5

The main duties of the accounting department

	Number of respondents	Percent
1. Execution of works and preparation of documentation required under applicable law.	122	71,76
2. Professional accountants are representatives of the organization in relation to some state institutions.	111	65,29
3. Provides essential information to the management in decision making.	100	58,82
4. It has an important role in the optimization of taxes paid by the organization.	88	51,76
5. Professional accountants actively intervene in the decisions on resource allocation.	41	24,12

Basically we have a reconfirmation of some known elements (if we look at the top two most frequently mentioned tasks). Romanian accounting and taxation are very strongly connected.

Also, in Romania are numerous and rigid regulations on the format of certain accounting documents, the documents to be submitted to various state authorities, excessive formalism. To comply with these, accounting officer of an organization, we are talking here generally, is the main actor.

Regarding the approach that accounting must attend, or to support managerial decision, it seems not to be understood and put into practice in the Romanian organization (like evidence, only 51.76 % of respondents indicated providing essential information to the management in decision-making among the most important responsibilities of the accounting department; furthermore only 24.12 % have placed among them that professional accountants are involved in decisions for the allocation of organizational resources).

It should be mentioned that there were two combinations of three

prerogatives preferred by respondents: 1,2,3 options indicated in Table 5 (21.2 % of respondents) and 1,2,4 options (20 % of respondents).

There were also respondents who made only one option (of 3 possible) as follows: 11 - "Execution of works and preparation of documentation required under applicable law"; 4 - "Provides essential information to the management in decision making"; 3 - "it has an important role in the optimization of taxes paid by the organization".

We joined here and a sub-array question to matrix-question 26. On this, respondents were asked to agree (on a scale from 1 - strongly disagree to 5 - strongly agree) on the following statement: "In the department accounting in an organization are achieved also unnecessary works, involving unnecessary use of time." Average answers is 4.0, revealing that respondents agree with this.

The answers to question 10 (regarding the degree to which professional accountants considers that the information emanating from financial statements prepared in

accordance with Romanian regulations meet the information needs of different categories of stakeholders) largely confirms findings from previous question.

Thus, the privileged recipients of the information disseminated by accounting are tax authorities (average 3.91).

Table 6
The usefulness of accounting information for the various categories of stakeholders

	N	Minimum	Maximum	Mean	Std. Deviation	Variance
Shareholders / Associates	170	1,00	5,00	3,2235	1,07005	1,145
Managers	170	1,00	5,00	3,4059	,98207	,964
Employees and trade union bodies	170	1,00	5,00	2,7765	,94683	,896
Trading partners (customers, suppliers)	170	1,00	5,00	3,2941	,90133	,812
Banks and other financial institutions	170	1,00	5,00	3,6235	,90986	,828
Fiscal authorities	170	1,00	5,00	3,9118	1,03110	1,063
Valid N (listwise)	170					

It surprised us somewhat lower position (at least in the perception of professional accountants level) of the shareholders / associates in this process of using accounting information (under other categories of stakeholders such as banks, managers, trade partners). It also was surprising that accounting professionals believe that the accounting information better meet the information needs of banks and

other financial institutions than those of managers (Table 6).

Question 26 deepens role, usefulness of accounting information for managers. Professional accountants found that the accounting information is often difficult to understand for managers in the organization, but this information is an important support for managerial decisions, even proactive decisions (Table 7).

Table 7
The usefulness of accounting information for managers

	N	Minimum (totally disagree)	Maximum (totally agree)	Mean	Std. Deviation	Variance
The managerial decisions in an organization rely very little on the accounting information.	170	1,00	5,00	2,7941	1,15588	1,336

	N	Minimum (totally disagree)	Maximum (totally agree)	Mean	Std. Deviation	Variance
The information provided on the financial statements is often difficult to understand by the managers of the organization.	170	1,00	5,00	3,5647	1,02567	1,052
Accounting information is often delayed and cannot serve proactive management decisions.	170	1,00	5,00	2,9941	1,08512	1,177
Valid N (listwise)	170					

For the second research question we analyzed responses to questions 22, 23, 24 and 25 of the questionnaire previously mentioned.

By question 22 we wanted to identify professional accountants opinion on the need for acquisition of computer skills related to new information technologies which, as outlined in the first part, will be an important determinant in accounting transformation in the coming years. It is clear that accounting professionals are aware of the importance of these skills (57.1 % of respondents believe that they are very important, 27.1 % important). Only one respondent felt that such skills are not important.

Question 23 aimed to achieve a response on how much imagine Romanian accountants that will penetrate new tools in accounting, ie to what extent can replace these human reasoning, professional (the exact wording of the question was: "What extent do you agree with the statement?" the new information technologies replace professional judgment - accounting software will do everything). We were / are somewhat surprised to find that there were 9 respondents who were in total agreement with the statement "accounting software will do everything" (table 8).

Table 8

Opinion of professional accountants on the possibility of replacing judgment with the new information technologies

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	total disagreement	41	24,1	24,1	24,1
	disagreement	66	38,8	38,8	62,9
	neutral	30	17,6	17,6	80,6
	agreement	24	14,1	14,1	94,7
	Total agreement	9	5,3	5,3	100,0
	Total	170	100,0	100,0	

Questions 24 and 25 sought to find the familiarity of professional accountants in Romania with two

accounting concepts developed under new technological developments, the cloud accounting and lean accounting.

Regarding cloud technologies, upon which the so-called cloud accounting is based on, 71 of the respondents (41.8 %) stated that they are not familiar, only 11 (6.5 %) that they use it in their work.

The situation is somewhat similar in terms of lean accounting: 138 respondents (81.2 %) indicated that the concept is unknown.

Conclusions

The first conclusion arising from the analysis of the first selected set of questions is that Romanian accounting professionals believe that their most important tasks are the execution of works and preparation of documentation required under the law in force, respectively, represent the organization in relation to state institutions. Although the informations disseminated by accounting (having like privileged beneficiary the tax authorities) are sometimes difficult to understand by managers, they underpin the decisions of organizations, even some proactive decisions. Professional judgment is manifested within certain limits, determined by regulations of Romania regarding accounting.

After analyzing the set of questions on new technological developments, it can be concluded that professional accountants in Romania, in statements, recognize the

importance, the impact of new technologies in their professional activity, but in fact we find that they are hardly informed about their concrete application, much less to use them effectively. We believe that there is a big problem of understanding that the use of information technologies in accounting will no longer be limited to using Office package and the use of software for accounting, but the move will mean much more.

Not using / not exploiting new technologies, configuring accounting without encompassing these new technologies, deprives management with an information provided faster in accessible forms of various understanding capabilities, unsynchronized / not integrated with information from other components of the information system, with negative consequences for decision making.

As a final conclusion, the regulations regarding accounting in Romania, in conjunction with predominantly traditionalist point of view, conservative, sometimes even retrograde of the professional accountants, do not make information in financial statements to be treated like an input which will foster a proactive management in Romanian companies (considering that information remains the most important input in decision-making processes within them).

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