

THE IMPACT OF THE INFORMATION ORIGINATED FROM THE MANAGEMENT ACCOUNTING IN THE FOUNDATION OF THE DECISIONS

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ABSTRACT: The purpose of this paper is to understand the way that information originated from the management accounting has an impact in the elaboration and foundation of new decisions and thereafter, to a better understanding of the relation between management accounting and information. The study of the relation between information and management accounting remains a central concern for the management accounting scientists.

Keywords: management accounting, managerial decisions, accounting information

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Introduction

In our approach we could determine that not only at global level but also at national level, researchers (Hamilton, 2003; Albu, 2005; Briciu, 2010) consider that hypercompetition and globalization are the two phenomena which generate complexity in the business environment. In this way not only that a chaotic state and disorder creates itself in the competitive environment and adjustments in the market condition are generated, but there are also enforced changes and development in the associations' structure. Organizations from the entire world are required to permanently adapt the products and services onto the market's request; to focus on the satisfaction of the clients' requests; they need sophisticated production processes, internal flexible processes to answer quickly to the environmental changes.

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We can say that these phenomena leaves marks upon accounting systems from the organization's structure, upon the way of organization and functioning not only of financial accounting but also of management accounting.

Interesting approaches in the specialty literature (Burns and Scapens, 2000; Burns and Baldvinsdottir, 2005; Javenpaa, 2007; Briciu, 2010) treats with a special interest these aspects and there are more than a few who suggests that because of the competition and globalization, the extraordinary speed of technology development (e-commerce and internet); liberation and privatization of the markets, therefore the appearing of the competition, of the markets and products, and the managerial accounting has to change the information produced by managerial accounting and it has to help organizations to change. In this context, the managerial accounting has to undertake a process of "un-learning of some old practices" (Albu, 2005), it has to leave its role of "watch dog" or "scorekeeper"(Jarvenpaa, 2007) being obligated to learn new practices in order to become an active advisor of management and an permanently participator of the decisional process (Burns and Baldvinsdottir, 2005).

The economic entities can perform in an economic environment which can be continuous or uncertain. In case of acontinuous economic environment the changes are rare or at a small scale and they can easily be predicted. If the economic environment is uncertain or inconstant then frequent changesshows up, with variable ampleness that has a very big effect on entities` activity. As a result, the economic entities take and substantiate some decisions taking into account all the environmental components, their intensity and the interaction between the factor`s action that make up the environment and the present and future activity of the entity.

The managerial accounting plays an extremely important role in the elaboration and substantiation of the decisions within a commercial entity because the information from the managerial accounting helps the manager to answer at two very important questions: how can the targets will berealized with the fund allocated by the enterprising? How were administrated the allocated funds? Michel Capron shows that "under the double effect triggered by the permanent competition and the multitude of products and processes of production, the companies felt the need to better control their costs in order to determine as precisely as possible the achievable selling prices and margins for each product. It was not only due

to the need of predictability, but the means to pursue the enforcement of judgments also had to be provided, just as the development of the management control and its privileged instrument, cost accounting, are explained, these being elements of which no important company could do without nowadays”.

The methodology of research

Regarding the methodology of research, in the following we do a brief presentation of this, so the reader has the possibility of an easier understanding of the content of and the way in which it was created.

The research can be defined as a search through a methodical process intended for improving not only ones knowledge, but also of other persons through the reveal of nontrivial facts and visions. The necessary condition to be successful is the assimilation of new knowledge in the researched domain.

The scientific research can be defined as a process of knowledge enlargement realized through attentive and objective observation, investigation and experimentation with the purpose of discovery or interpretation of some new information.

Our approach was based on a descriptive research, considering that in this way we will achieve goals. Formally, any research is made up from four parts (phases): consulting the special literature; development of theories; testing the theories; reflection and integration of the concepts. Taking into account the approached theme, the research focused on a theoretical level of the approach.

In our study we appeal at research methods such as documentation, comparison, analyze, synthesis, to achieve the proposed goals. Synthesis was mostly used method, this being a theoretical study. We consulted the special literature, etc., articles, publications. In a great measure we went after presenting a number of conclusions as a result of the conducted study.

Management accounting – a role in adoption of the decisions

The complexity of the economic life in the terms of competition imposed by the market economy and at the same time by the globalization phenomenon determines increase of the role of information in adoption decisions. The quality of this influences not only the quality of the current decisions, but also the perspective of taking some decision and implicitly, the results obtained after the decision.

The objective of each activity is the one of increasing efficiency from the base system, the reason why the managers need accurate information and in due time, for taking decisions within an entity. Starting from here it appears the necessity of improving the management accounting. The accounting information addressed to users situates itself in one of the categories: public information and / or confidential information.

Within countries with a developed market economy, the accounting system of an entity is composed from an information system, formed by applications, concepts and particular techniques.

In Anglo-Saxon region, in the domain of management accounting are included all “valued” information by managers that need, and not only the cost information, recognizing that the general object of the management accounting is reported at mobilized economic resources, not only at their consume.

The management accounting is defined in literature as managerial accounting, analytical accounting (*comptabiliteanalytique*) or internal accounting.

The management accounting is that accounting approach of an entity activity which allows separation and structuring the financial results and patrimony in subdivisions. In this way, we can recognize the way of generating profit and of the loss in entity, and also the ways of influencing its activity with the purpose of raising profitability.

It must be done a distinction, therefore, the *managerial accounting* must include not only *particular elements of the financial* (generals) *accounting*, but also from the second side of accounting, *management accounting*. A special position within management accounting must be taken by *management control*, which is responsible for the efficiency of the required informational system inside of an entity. As well it must be included the *intern audit*, which helps the entity to reach its objectives, making systematic evaluation and improving risk management, the control and processes management.

In France the accounting management is defined as being “*an analysis technique*” of the entity activities and of products made by this having as purpose the evaluation of the products, works and services, and the control of the internal production conditions, by means of the cost.

Michel Capron, defines the *analytical accounting* (management – n.n.) “as a management tool which the board directors uses for fulfilling the information needs and for making properly decisions.”

In Henri Bouquin's vision the *management accounting* is "an information system which has the goal to help managers and influences the behaviors through modeling the relationships between the consumed allocated resources and the desired goals."

Henri Bouquin (2004) considers that "the major role of management accounting is to produce information that allows modeling the relationship between mobilized resources and results obtain in tradeoff."

Another definition of management accounting is to be found at *National Association of Accountants from USA (NAA)* which defines management accounting as being "the process of identification, measurement, collecting, analyze, training, interpretation, and transmission of the financial information used by board of directors for planning, evaluate and appropriate using control and responsible of its resources."

Chartered Institute Of Management Accountants of Great Britain (C.I.M.A.) explains the *management accounting* as: "The management accounting is an integrated part of management which studies the identification, presentation and interpretation of information used for: strategy statement, planning and activity control; taking decisions; optimal resource using; informing the associates or other external users of the information; informing employees, protecting monetary assets."

The managerial process is based on a multitude of information taken from the management accounting perimeter. Inside this information, an important role in leading the economic entities is the cost concepts and presenting this in different structures or at different levels of responsibilities.

Planning the future activity of an entity, the decisions taken by the managers within the entities (supply decisions, price decisions) are activities closely related by knowing the costs. The costs accounting has a huge impact as regards the quality of decisions taking by the managers.

For developing a process of knowledge as an activity performed in at least satisfying conditions it is necessary a systematic knowledge in which it is done; being able to estimate in short time intervals the way in which the initially required conditions are fulfilled, and making possible a promptly intervening for eliminate the negative deviations or, as appropriate, correcting the pre-required terms. The process of operative knowledge becomes more and more difficult as the level of system complexity raise; we appreciate that as move forward through research, asymmetric information knows an exponential raise from the point of related information.

Any specific system or any distinctly activity has a different informational system which has to assure to the system complete information, in quantities that are sufficient, correct and at the operability level requested by the levels of information consumption.

Therefore, we consider that informational system is subordinated to the basic system or to object system, or in other words, to the social-economic systems and the two entities have a common goal, respectively a continuous increase of activity efficiency in the basic system.

The accounting is for the economical informational system not only a data source, but also a basic component of it.

When taking the decision the accounting must be understood as being an information system that allows producing and forwarding the necessary information in taking decisions.

The market economy generates issues which has as target the maximum satisfaction of the costumers` needs with minimum income, on one side, and maximizing the producer`s profit, with a minimum production expenses, on the other side.

Using the information, the entity manager can control the development of the economic activities on each activity domain and can act in real time over them. As regarding the modern activities, the information becomes very important within entities.

The management (the board of the directors) consists of all the decisions, dispositions, resolutions which the management of the entity takes for fulfilling by subordinates of the required tasks for the entity to achieve the proposed objectives. In the moment when the board of directors is adopting a new decision, it must provide its subordinates mobilization for fulfilling it.

The manager has to be capable to define the type of information which is required and needed, and the informational system of the entity must be capable to deliver the information.

It is obvious that the strong bound of the accounting information with the management comes from the fact that the managerial activity implies the detailed and permanent knowledge of the structure and the size of means and resources.

The objective of each activity is that of increasing the efficiency of activities from the basic system, the reason why the managers needs the information to be as accurate as possible and in due time for taking decision within an entity. Starting from here, there is a need of improving the

management accounting. The accounting information addressed to users fits in one of the following categories: public information and / or confidential information.

Because the competition is getting stronger, the entities can survive, with the conditions that obtaining accounting information of quality, opportune, vital and in real time, with respect to the patrimony situation, analytical results, market, business relationships, competition and suppliers are fulfilled.

After integration, the dimension of the internal market is no more representing a simulator advantage, which transfers the competition for direct foreign investments in cost plan. The foreign investments, after the integration, have raised a competition horizontally for the products offered by the local producers.

Additional expenses with implementing the law, norms and European standards in the domain of tax system, environment, quality and product marking, were reflected in final price of the Romanian products and services, which has increased the competition pressure exercised by the community products.

The entities must consider the raising of the economic efficiency, by covering the costs and obtaining profit. For investment the entities can be supported by appealing to the national programs and by accessing the structural funds.

Conclusions

The entities, no matter the size or the profile must prove permanently the viability, the capacity to adapt and economic-financial performance. The informing system of management accounting captures and process information with more efficient management purpose of an entity performance.

The way of managing and structuring the entity activities requires multiple changes. Inside the current economic environment, multiple phenomena such as economic activity stagnation, raising competition and inflation contributed to the increase of entities vulnerability. In this way, the management accounting must intervene in entity activities and in taking strategic decisions, so the entities can accomplish the proposed objectives.

Due to the continuous changes which take place in economic environment, the entities have to continuously change the strategies,

resulting in the necessity of learning process which will be the assumption of some durable performances within entities.

In our approach we noticed that the success of one economic entity is assured in the moment in which the market has an appreciated product. In this context, management accounting has a very important contribution.

We've noticed the importance of the management accounting in realizing the objective of an entity, set with the fundamental decision case. We must take into consideration that the permanent evolution of the economic context can influence the entities' managers in reformulating the objectives.

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