

OPINIONS OF THE MANAGERS OF THE SMEs IN BRASOV CONCERNING THE NEED OF ACCOUNTING INFORMATION OFFERED BY THE COMPANIES THAT PROVIDE ACCOUNTING SERVICES

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Abstract: *In the business world, all the managers of the companies are interested in consolidating their position against the competitors. This involves information concerning the competition environment, but also information concerning the administration system. Consequently, the accounting information and the financial management are strongly connected. This paper aims at emphasizing the need of financial-accounting information in the management of the trade companies. Consequently, we focused on identifying the types of accounting reports requested by the managers of the SMEs in Brasov, from the companies that provide accounting services with whom they collaborate, and also on identifying the goal for which this information are used.*

Key words: *accounting information, quality characteristics of the accounting information, financial-accounting services, companies that provide financial-accounting services, economic decisions.*

1. Introduction

The modern management is substantiated on an informational, own basis, built both of financial-accounting information and also of non-financial information. The value and the quality of the information contribute to the development of the decisional process. Within a concurrent environment, the continuous dynamics determines the competition for information and the competition based on information [6]. Knowing the information at the opportune moment generates strength and determines the accomplishment of a concurrent information system. It is considered that even if the production and

communication cost of the information is high, the price of non-owning it is much higher [4]. The information needs of the managers are satisfied by a series of accounting reports obtained on the grounds of the information processed by the companies that provide accounting services. The form of the reports, requested by the managers of the companies, depends on the objectives established by these ones [3]. The quantity and the quality of the accounting information must correspond to the information needs for the purpose of substantiating the economic decision. The more complex and diverse is the activity of the company, the higher is

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the information need of the manager. The efficiency of the managerial process and of the decisional one [1] is based on the quality of the financial-accounting services provided by the providing companies. The managers must be aware of the type of information they need for substantiating the economic decisions and of the manner of using these ones within the decisional process.

The performance of the management activities is based on the value of the provided information, determined according to their characteristics, and also according to the cost afferent to their production.

The evolutions of the modern economy determine the improvement of the economic-financial information. This must be produced and provided in such a manner so to satisfy the needs of the management, for substantiating the financial decision, but also for satisfying the needs of the other partners of the company. Within the strategic policy of a company, the information, generally, and the accounting one, especially, represents an integral part. The information represents a support of the management of the company, it is meant for the user that has minimum economic knowledge and it must satisfy his information needs.

2. Review of Literature

The objectives of the financial statements, by means of which these are synthetically provided and accepted, the accounting information constituted debating themes since 1970, subsequently being undertaken by the accounting nominalization national and international organizations. Consequently, according to the IASC (International Accounting Standards Committee) the objective of the financial statements is the providence of the information concerning the situation, the performance and the evolution of the financial situation, which is useful to a wide category of readers of accounting information, in order to adopt the economic decision. According to FASB

(Financial Accounting Standards Board), the objective implies the informing of the investors in order for them to take investments and credit related decisions.

Taking into account the fact that accounting information represents the substance of the economic decisions, that it aims, first of all, to the consumer that has minimum economic knowledge and that it must satisfy his needs and his demands, the main quality characteristics of the accounting information, which determines the usefulness of the information, according to the normalization organizations are the following:

- Intelligibility, pertinence (relevance), credibility and comparability-international organism -IASC [9];
- Relevance, reliability and comparability, coherence, significance threshold, (relative importance) - American organism -FASB [10].

In order for the information to satisfy the relevance and reliability demands, it must accomplish the following requests [5]:

- √ observing the terms (opportunity);
- √ benefits-costs equilibrium;
- √ equilibrium between the quality characteristics;
- √ appropriate image.

The accounting provisions, currently applied in Romania [11], describe the quality characteristics as being attributed, establishing the utility of the information provided by means of the financial statements. The four main quality characteristics are the intelligibility, *relevance, credibility and the comparability*.

The research accomplished focuses on the manner of applying and on the importance given by the managers of the companies in Brasov to these attributes of the accounting information, emphasized by the financial communication.

3. Methodology of the research

This article represents an integral part of a wider research concerning the field of the financial-accounting services.

The accomplished quantity marketing research was based on the method of auditing by sample test based on face-to-face interviews, starting from a complex questionnaire containing 40 questions.

This opinion poll was accomplished during the period January-March 2010.

The main goal of the research was the identification of the needs of the managers of the SMEs in Brasov, concerning the financial-accounting information as basis of taking the economic decisions.

Among the most important goals of the research we may mention:

- ◆ Establishing the most important quality characteristics of the accounting information and the accomplishment of their hierarchy, according to the importance given by the accounting information consumer.
- ◆ Establishing the quality level of the different categories of services provided by the companies that provide financial-accounting services.
- ◆ Identifying the goal for which the different accounting reports are requested from the companies that provide financial-accounting services.

The population that represents the object of the research, within this marketing study is constituted of the small, middle and micro companies in Braşov, grouped according to the main activity fields: production (inclusively constructions), trade and services.

According to the way of obtaining the financial-accounting information, the companies' structure in the sample is presented in the table below.

Sample structure according to the way of obtaining financial-accounting information

Table 1

		Frequency	Percent	Valid Percent	Cumulative percent
Valid	Own accountancy department	10	2,2	2,2	2,2
	Selfemployed accountant	16	3,5	3,5	5,6
	Financial accounting services company	437	94,4	94,4	100
	Total	463	100	100	

3.1. Results of the research

An important objective of the accomplished research is constituted by the establishment of a hierarchy of the quality attributes of the accounting information, taking into account the importance given by the managers of the trade companies within the sample, in substantiating and drafting the economic decision (by granting the **1st rank** for the most important characteristic, **2nd rank** for the one situated on the 2nd; **3rd**... **5th rank**-for the one placed on the last place).

The analysis carried on revealed, concerning the order of the quality attributes of the accounting information, the following order: *intelligibility, opportunity, integrity, comparability,*

neutrality. We notice the expression of the beneficiary of accounting information for the increase of their simplified presentation degree, so that this is concise and easy to understand. The demand is justified by the manner of requesting financial-accounting information comes from a category of users that have different exigencies, but also distinct economic training. Drafting correct economic decisions, which shall solve the problems that occur at the level of the activity of the company [7], depends on the quantity and on the quality of the financial-accounting information provided by the companies that provide financial-accounting services, in their relationship with the beneficiaries.

Furthermore, we emphasize the request concerning the opportunity of the information presented by the specialized companies (2,69) and their integrality (2,81). We must mention that the feature concerning the comparability registers a score of 3,23 showing, in fact, the relatively reduced use of the financial-accounting information in analyzing the activity, in constructing the budgets, in projecting the business plans.

Within their coordination and administration activities of the business, the managers of the trade companies take into account the different categories of services provided by the companies that provide financial-accounting services with which they collaborate. By statistically processing the gathered information, we may conclude that the highest quality level (a score of 4,67 and respectively 4,64) is registered by the *general accountancy and by the synthesis financial statements*. The financial statements are drafted according to the general accountancy and they have a very formal character. They present information, in groups, synthetically, by strictly observing the accounting regulations.

The conclusion consists in the fact that the highest trust is attributed to the accounting reports that are drafted according to certain strict, rigorous norms that aim at satisfying the interests of the extern users, especially, but also of the

managers, as intern users. However, the substantiation of the economic decisions, only according to the information provided by the financial accountancy, without completing them with the information presented by the *administration accountancy*, is insufficient and it can not lead to favorable results in the activity of the organization. The expressed opinion is based on the reduced level scores registered by the *administration accountancy and by the activity of elaborating the budgets* (3,96, respectively 3,76). The value of the information is emphasized once with its use in the decisional process and in constructing the decision. We may conclude that more detailed, correct, more rapidly received information is better information if it represents the basis of the substantiation of the activity of the company [2]. The amelioration of the trust of the managers may be reached by determining them as administration accountancy system produces and provides a relevant, correct and in due time information. Taking into account the economic crisis registered by most of the SMEs and by the micro enterprises, the opinions of the interviewed managers concerning the factors that may influence the quality of the provided service emphasizes the following aspects:

a. The quality of the provided service may be affected by the late payment of the afferent tariffs.

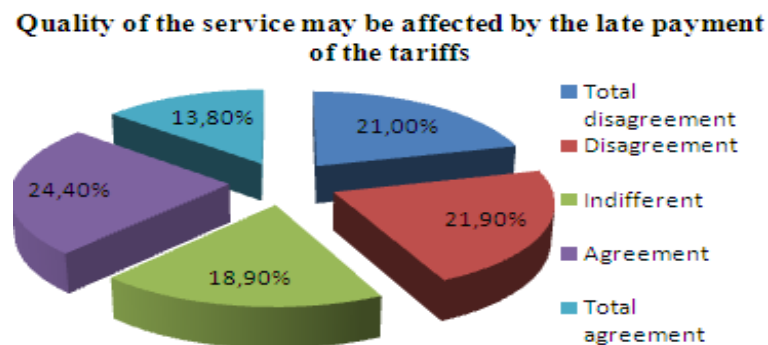


Fig. 1. The influence on the quality of the service may be determined by the late payment of the tariffs

We notice, of the carried on studies that 24,42% of the interviewed persons agree to the quality of the financial-accounting services, caused by the late payment of the tariffs of the services, however the distribution of the opinions is close enough. In conclusion, no certain level is emphasized.

Furthermore, the analysis carried on emphasizes the fact that the benefits obtained as a consequence of owning accounting information at the proper moment, surpass the costs of producing it.

b. The benefits obtained by owning in due time the financial-accounting information are higher than the costs of producing them

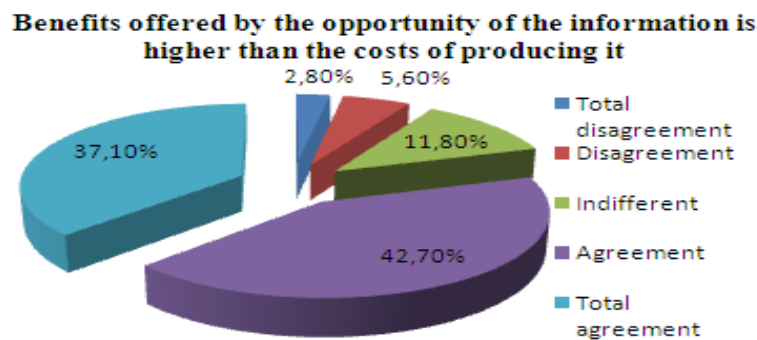


Fig. 2. *The benefits obtained by the opportunity of the information are higher than the costs of producing it*

In comparison to the previously presented situation, most of the interviewed persons consider that the benefits registered by owning information at the adequate moment, are much higher than the costs afferent to their production. The providers of accounting information are chosen, in many situations, according to the most reduced cost [8]. Consequently, the value added services become more advantageous, the offered variety being very diverse.

Another objective of the carried on analysis is represented by the identification of the goals for which the financial-accounting information is used, information provided by the companies that provide financial-accounting information. According to the provided information, by statistically processing the answers, we notice that most of the managers of the trade companies in Brasov (60,2%), request to the providing companies, especially, *registered results and performances*. Also, a percentage of 48,2% is used for verifying the *concordance between the scripting records*

and the real ones. However, this situation reveals the relatively limited character in which the managers of the trade companies use the information provided by the providing companies. The cause of this phenomenon, confirmed also by the quality research, is represented by the general reduced economic education of the information user. Consequently, the professional accountant must conclude a partnership with the customer, for the purpose of supporting the business decision by a correct analysis, by means of information, reasoning and evaluations that may help the managers that are not financially trained, to take better decisions.

4. Conclusions

Consequently, in providing the financial-accounting information, that shall satisfy the information demands and the needs of the managers of the SMEs and micro companies in Brasov, there shall be taken into account the following aspects:

√ the services provided by the providing companies must transmit the insurance of their quality execution, aiming in the

- same time at an intelligible presentation;
- √ the professional accountant must attract customers not by accomplishing some extremely technical accounting records, by offering solutions and support in administrating the problems concerning the activity of the company, to play the role of an excellent diagnostician of the activity and not of a simple data processor;
 - √ accomplishing a connection provider-beneficiary of financial-accounting services taking into account the professionalism, the implication in the analysis of the business and the harmonization of the needs and of the concrete action possibilities in order to provide the information in due time;
 - √ focusing on the criteria concerning the report price-quality of the provided services, satisfying in this manner the knowledge needs of the customer, in guiding him for choosing the best variant in the interest of the company, counseling in the administration of the money of the company and support in avoiding the breaking of the law, so that each of the parties shall have a high satisfaction level.

Within a more and more complex market economy, the requests of the managers of the companies are more and more sophisticated, which requires the providers of financial-accounting services an engagement concerning the permanent education, according to the professional provocations, but also the opportunities of the business environment.

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