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CHARACTERISTICS OF THE ACCOUNTING DATA IN TERMS OF DECISION MAKING

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This article reveals the analysis of the importance of collecting accounting information of appropriate quality and usefulness in order to meet the needs of all its users. The characteristics of the accounting information that are needed to meet the requirements of different types of users were analyzed in order to optimize the intelligibility of the information and increase the benefits obtained by each user. Subsequently, it was evaluated how each factor and feature influences the accounting information obtained after its collection and processing, referring to the steps and actions that companies could take to improve the quality of accounting information. For the managers of the economic entities, the financial-accounting information system is the main tool for monitoring the achievement of its objectives.

Keywords: *accounting data, financial and economic factors, decision, quality, users, conceptual framework, entity, knowledge.*

CARACTERISTICILE INFORMAȚIEI CONTABILE NECESARE PENTRU LUAREA DECIZIILOR

În articol este analizată importanța colectării informației contabile de o calitate și utilitate corespunzătoare, în scopul satisfacerii necesităților tuturor utilizatorilor acesteia. Au fost analizate caracteristicile informației contabile care sunt necesare pentru a satisface cerințele diferitor tipuri de utilizatori, în scopul de a optimiza inteligibilitatea informației și de a crește beneficiile obținute de fiecare utilizator. Ulterior, a fost evaluat modul în care fiecare factor și caracteristică influențează informația contabilă obținută după colectarea și prelucrarea ei, aceasta referindu-se la pașii și acțiunile pe care companiile le-ar putea întreprinde pentru îmbunătățirea calității informației contabile. Pentru managerii entităților economice, sistemul informațional financiar-contabil constituie instrumentul principal de monitorizare a realizării obiectivelor acesteia.

Cuvinte-cheie: *informație contabilă, factori financiari și economici, calitate, decizie, utilizatori, cadru conceptual, entitate, cunoștințe.*

JEL Classification: *M40, M41.*

Introduction. The main source of information used by managers in leading their teams in a project is economic information. The perpetual improvement of the quality of financial-economic information is demanded by the evolution of the current society, thereby it needs to fulfill both the requirements of an entity's management to aid in the decision-making process, and the informational necessities of the entity's partners.

Research methods used: Completing the goal set in this work, a series of methods were applied, some of them being: logical, systemic, historical and comparative methods.

Economic information is a "communication, an announcement or a message that consists of new elements of knowledge of a status, situation or condition of manifestation of specific phenomena or past, current or future economic processes" [1, p.6].

This form of information describes both the patrimonial situation of the economic entity, the results of its economic-financial activity, and the efficient use of the human and material resources of the entity, the intelligence used to inform both the members of the entity and external users, such as: shareholders, clients, banks, other financial institutions, other individuals and organizations.

According to the author of the textbook on "The economic and financial analysis of industrial companies", data, generally, is a particular case of display of two material processes as a form of interconnection between both these processes, therefore, one's properties (the issuing process) are replicated in the other one (receiving process) [2, p.133].

Thus, information consists of a particular set of data processed into a useful form for its recipient and possesses a true value in planning, analysis and decision making.

The route traversed by data from collection to its valorization will pass through multiple stages: collection – processing – transmission – reception – application, and the entirety of methods, techniques and tools are used to collect, to record, to submit, to circulate, to process and to valorize the system's data, which represents the informational system [3, p.49].

According to Minu M., informational activities can be described as a set of actions that concern the production and the usage of information [4, p.2].

It is crucial to mention that the meaning of the term "information" can be defined in comparison to two other terms: data and knowledge. Data represents a sign, a symbol, or an immediate result of fact inspecting, i.e. a raw material, which, being processed, can be transformed into information to meet the needs of users in a context that relates to them.

As C. Greines emphasized, we shouldn't lose sight of the following concepts:

- Information is a constructed object, "information doesn't rise in nature. It is an artifact, a symbol deliberately created by social actors";
- Information carves the representations and induces behaviors based on complex mechanics;
- Next to formal knowledge, tacit knowledge, left unexplained, plays a major part in it [5, p.1120].

A crucial shackle of the economic informational system (it's core) is accounting, which, currently, is an independent scientific subject matter within the scientific economic system.

Accounting data is a significant part of the information in the economic environment, which is why Oscar Morgenstern says that "accounting represents the most valuable source of information for a nation" [6, p.104].

Accounting provides both the internal and external interested users with information regarding transactions and events concerning the economic unit. The accuracy of decisions taken by users depends, to a large extent, on the quality of the accounting data it is based on.

The quality of information can be defined by several attributes such as:

- Speed – determines the time needed for information to travel from the issuer to the receiver;
- Frequency – represents the number of pieces of information of the same type in a unit of time, determining the rhythmicity of information;
- Accessibility – depends on the means of communication, degree of training of the staff, the stock constitution mode, etc.;
- Actuality – represents the ability of information in showcasing recent events;
- Intelligibility – implies that the properties of information can be perceived by users;
- Reliability – represents the ability of information to ensure a real and certain image of an event/ an object;
- Relevance – implies the quality of the information in giving answers in a given situation;
- Age – is expressed by the time passed from the moment of the start of information collection to the moment of transposition into the action of the decisions taken based on them [7, p.147]

Thus, the evolution of all the economic entities depends on the quality of the accounting data. The informational financial accounting system of economic entities uses multiple pieces of information from outside. Although the main source of information originates from the inner circle of entities, it is the place where the phenomena are manifested and the analysis is needed. The accounting data represents "particular economic information, arising from processing using methods, procedures and tools respective to the accounting data. It is factual, precise, complete, operative, which represents the dashboard, the carrier of economic, financial and managerial decisions which are taken by the managers of the patrimonial unit" [1, p.6].

Thus, within the circuit of economic data, the accounting data conveys the reflection, verification and inspection of knowledge concerning the patrimonial situation and the results obtained by the economic entities.

A performing informational financial accounting system includes a software-based subsystem that governs and provides the managers of the economic entity with the following:

- information of the economic type concerning the production of goods, executed works and services provided, the level of profitability recorded and the forecasts for the following reporting periods;
- information of the legal and financial type concerning the events and financial-economic transactions originating from relations with third parties, thus the value of due or receivable sums being accessible at all times.

For the managers of the economic entity, the informational financial accounting system constitutes the basic tool of tracking the accomplishment of drawn goals, followed by the maximization of profit and the thorough satisfaction of the clients.

The informational financial accounting system provides, typically, data that can be grouped in two separate categories:

- ✓ confidential information, which represents commercial secrets, specific to managerial accounting, being available only to internal users;

- ✓ transparent information corresponding to financial accounting, is available to all users, including external ones.

In various bibliographical sources, diverse groups of accounting data are showcased, which can be generalized in the following classification:

1. Information from outside the entity (the legislation, the evolution of the economy, etc.);
2. Economic information from outside sources (which originates from the financial accounting system of the economic entity).

According to various researchers, the notion of quality of the information in the process of communication contains three levels:

1. The representation of reality and quality. On this level, the quality of information is assessed depending on the reality that is showcased, the information is supposed to help the receiver create a reality which he cannot visualize all by himself. This representation of reality communicated to the receiver, starting from the data obtained by the issuer, is subject to: the intentions and goals followed during communication; the receiver who the issuer is addressing; the context in which evolves the issuer; the means available in the codification and the symbolic representation of reality.
2. The sense formation and the quality. The communicated message acquires a meaning when it is symbolically represented as reality, using a code, which is represented by the accounting language (concepts, principles, rules and accounting methods). The reproduction of reality using the accounting language is ensured by the flow of information which takes place through a transmission channel. On this level, the constraints which press on the communication and which affect the quality of the transmitted information are decided by: 1. codification, otherwise said, the content of the message which should be used constantly, and 2. the noises which represent physical interferences and human transformations which occurred on the way and which alter the message.
3. The transmission of information and its quality. On this level of communication, the moment in which the receiver receives the information to make decisions is represented [6, p.105].

Currently, the deployment of the entity's economic activity requires that its information financial accounting system is adaptable to potential unforeseen situations which would result from the evolution of competition on the market, which stipulates the use of certain new informational and communication technologies, the goal being the growth of products', works' and services' quality.

The definition of the concept of quality and of the qualitative characteristics which concern the accounting data is represented explicitly using official documents:

1. The American normalization body (FASB), the Financial Accounting Standards Board, issued in 1980, using the SFAC 2 (Qualitative Characteristics of Accounting Information) norm and relevant elements concerning this issue;
2. The International Accounting Standards Board (IASB) included in 1989 in its conceptual framework the qualitative characteristics of the financial documents and the restrictions are complied to obtain high-quality information.
3. The British body of normalization in the field, the Accounting Standards Board (ASB), published in 1991, the specifications of the financial information through the paper called Statement of Principles; The Qualitative Characteristics of financial information [6, p.106].

Both in the conceptual framework proposed by the FASB, and the one enforced by the IASB, four qualitative characteristics of the accounting data stand out:

Relevance	the ability of data to influence the decisions of users and to allow the evaluation of past, current and future elements, either confirming them or correcting the past evaluations.
Reliability	implies the absence of errors or elements that could lead to erroneous interpretations, allowing, thus, a reliable representation of reality.
Intelligibility	represents an information's quality, which should be easily comprehended by users, on the condition that they possess sufficient knowledge concerning transactions, economic activities and accounting.
Comparability	is the quality of information concerning its valorization, both in space and time.

Fig.1. Qualitative characteristics of the accounting data [6, p.106].

According to the British ASB, unlike FASB and IASB’s terms, only the accounting data’s quality has a relative significance and contains relevance and reliability as main aspects, in addition, in the secondary category, only the comparability and intelligibility are included.

English researchers further three restrictions: the balance between qualities, the opportunity and the cost-profit ratio, although the American experts think that the benefits obtained by using the accounting data should be higher than its cost of production and cost of analysis.

Analyzing the national normative acts in place in the accounting field, we could point out the qualitative characteristics of the accounting data.

Thus, according to The Law of Accounting and Financial Reporting, the information from the accounting reports should correspond to the fundamental and amplifying qualitative characteristics.

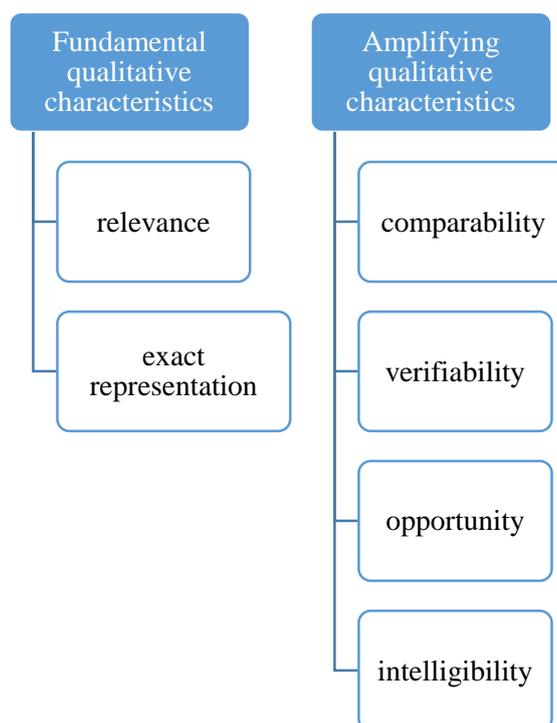


Fig.2. Fundamental and amplifying qualitative characteristics [8, art.20].

The fundamental qualitative characteristics are:

- a) relevance – implies that the information should be valuable to users and should allow them to evaluate past, current and future events, to confirm or correct their previous evaluations;
- b) exact representation – implies that the information submitted in the financial statements should be complete, impartial and without faults.

The amplifying qualitative characteristics are:

- a) comparability – presumes that the financial statements contain comparative information, related to the previous reporting period, for all the accounting elements reported about the current reporting period, only if the accounting norms don’t say otherwise;
- b) verifiability – consists in ensuring to users the possibility to directly or indirectly verify the information from the financial statements;
- c) opportunity – presumes that the information is available to the users promptly to influence their decisions;
- d) intelligibility – implies that the information should be classified, characterized and presented clearly and concisely [8, art.20].

According to the norms of the S.N.C. (Standardul Național de Contabilitate – National Standard of Accounting), “The showcase of the financial statements”, the information from the financial statements should correspond to the following qualitative aspects:

- 1) intelligibility – the information should be classified, characterized and presented clearly and concisely;

- 2) relevance – the information should be valuable to users and should allow them to evaluate past, current and future events, to confirm or correct their previous evaluations;
- 3) credibility – the information should be complete, neutral and without significant errors;
- 4) comparability – the financial statements should contain comparative information, related to the previous reporting period, for all the accounting elements reported about the current reporting period, only if the accounting norms don't say otherwise [9].

And, for the information from the financial statements to correspond to the qualitative characteristics laid down by the pt. 11 of the S.N.C. "The showcase of the financial statements", it is necessary to:

- 1) decide on a balance between the different qualitative characteristics of the accounting data;
- 2) possess information that is appropriate to the decision-making process of its users;
- 3) the profit originating from the utilization of said information should surpass the cost of obtaining it [9, pt.11].

During the process of international harmonization of the accounting system, the quality of the accounting data is also improved, thus, because of the myriad of economic accounting information, the economic agents can improve their competitive edge, from an informational standpoint, compared to the competition on the national and international markets.

Conclusions

The effectiveness of decisions necessary to the furthering of economic activity made by the management of economic entities affect directly their competition, thus, the adoption of some decisions that would increase the competitiveness of the economic units can be completed based on qualitative financial accounting data.

The use of certain qualitative financial accounting data serves as a way of exercising an influence on the decisional process to satisfy the clients without neglecting the main goal of every economic activity which is making a profit.

The quality of the financial accounting data is defined by complying with certain qualitative characteristics, such as: the relevance, the comparability, the reliability and the intelligibility of the information.

The quality of accounting data was what propelled the progress made, so that all the new knowledge is strengthening the skeleton of the existing knowledge, certifying every time its quality.

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