

ACCOUNTING INFORMATION IN THE CONTEXT OF GLOBALIZATION

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Abstract:

The evolution of national economies is influenced by forces acting globally. In this regard, operating, financial and investment decisions have significant international implications. Most of them are based on accounting information, which must be remarked by quality from all points of view. Since the accounting information range of users is diverse and their information needs are at least as diverse, interpretation of accounting informations quality is characterized by subjectivity. The users' requirements are evolving in a rapidly rhythm and accounting must continuously adapt to the new informational requirements. Through their nature and content the accounting informations contributes to substantiate the decisions of various categories of users: current and potential investors, employees and unions, customers, financial and commercial lenders, government and its institutions, state, public. In the current international context, an accounting information able to satisfy users' needs is more than ever necessary. By its nature and functions, accounting disciplined the economic life, directing it toward profitable alternatives. Equally, the accounting rigor has cultivated the sense of trust in business, has developed the economic poise and the order of the entrepreneur. The importance of accounting consists in its universal value, in its functionality at all stages of development of human society.

Keywords: accounting, accounting information, decision process, users, accounting information'quality

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1. INTRODUCTION

The approach envisages the appreciation of how accounting information meets users exigencies in the context of globalization. In this sense is very important to clarify the concept of quality of accounting information and to highlight the features that must meet. Information needs are influenced by the complexity and diversity of enterprises' activity.

The topic of present interest is very important, especially if we consider the priority of accounting information in global economic informational system. The approach is based on consulting the literature and formulating personal opinions rigorously substantiated.

The humanity is presently affected by a global financial crisis. Bankruptcies of large companies, small companies decline or extinction, significantly reducing revenues, increasing unemployment and degree of indebtedness, outlines an economic situation characterized by instability and uncertainty. In the short term, there is no magic formula for such complex problems. Faced with such circumstances, the accounting could not stay immune. We consider that it occupies an important place in economic and social life. The conduct of any resources consumer activity requires the collection, processing and reporting of a set of relevant informations for decision process. The accounting can not exist outside the context in which it operates, being the result of a social need.

The accounting system fulfill the information function, which involves the supply of accounting informations, in a specific form of presentation, to all internal and external structures of the entity. They contribute to ensuring the functionality of economic information system by flexibility and the possibility of change in accordance with the evolution of users needs.

The International Accounting Standards Board (IASB) evolves the framework for the preparation and submission of financial statements [12]. IASB considers that any financial statement, part of the information offer of accounting, must respond to real needs of users. On this basis, the user can elaborate decisions to decide when to buy, keep or sell a capital investment, to

assess the degree of managerial competence, inclusively the responsibilities and performances of the decision act. He also can assess the company's ability to pay other benefits to its employees, the guarantees for business loans given to the enterprise. The same set of informations is also used to determine the taxation policies, to determine profit and dividends that can be distributed and to regulate enterprises activity.

2. SOME ASPECTS CONCERNING THE EVOLUTION OF ACCOUNTING

From the first notes with accounting significance to the computerized accounting models today, "the science of accounts" contributed essentially at the appearance and the recognition of "homo economicus".

Life and business practices marked clues of this anfractuous road. In chronological order, we mention the essential: *the Code of Hammurabi*, many notes in the same area of civilization Asiro-Chaldeans, the accounting used by the Greeks and Romans, Roman law with special reference to the economic and trade domains, the spread of Arab figures (Leonardo Pisano, 1202), the appearance of the first *Treaty of accounts* (Luca Paciolo, 1494), *Colbert's Ordinance* (1673). The two merchants of medieval European world, the Italian and Hanseatic, had their own geographical area for manifestation. Along with the knight, monk, industrialist, banker and merchant, in the Middle Ages, appears and remains in human history "the book keeper". He will master the art of calculus and business, being preceded since the ending of the fifteenth century by Summa, a conceptualized theory of the Italian scientist Luca Paciolo. This was the moment when bookkeeping entered in the great family of sciences. For the first time, a Venetian accounting practice, already entered in the benefit of merchants, was theoretical generalized and really published.

The principle of economicity, also known as the principle of the overall efficiency, requires quantification through rigorous calculations of the effort compared with the effects and the obtained results. The accounting was an essential shift in the business world. There was the transition from empiricism at rigor, from arbitrary assessment to the economic truth and accurate image.

At the list of the most important moments that marked the complex process of development and modernization of accounting, it is necessary to mention the ongoing efforts. We refer to the extensive process of harmonization and standardization of accounting carried on european and international level. In a valuable treaty of accounting, the renowned French author Bernard Colasse recently stressed: the enterprise's accounting is essentially marked, in contemporary times, by two fundamental facts: first, the normalization and the settlement of the general accounting, and second, the development of accounting's research. [2] Through the effects created on economic growth, the accounting positively influenced the material and spiritual advancement. It is not per chance the fact that the states that promoted a scientific accounting, have also gained a higher level of economic development.

We mention that the science of accounting accomplishes the five basic paradigms of knowledge: [6]

- *the inductive approach* involving the development of theories by generalizing observations provided by accounting practices;
- *the deductive approach* that previously defines the objectives based on which are deducted the postulates, the principles and the accounting rules;
- *the predictive approach* which requires accounting rules and principles ability to predict the future trend of economic facts;
- *the behavioral approach* that takes into account the feedback from individual user as a succession of the access to accounting information;

- *the economic or pragmatic approach* starts from the premise that the accounting information is an economic good, like products and services.

The existence of paradigms in accounting confirms its status of mature scientific discipline. In this context, the accounting can be considered a science with multiple paradigms.

Through a specific notation system, the accounting observes, records and quantifies, becoming in this way a successful means of management and direction of entire economic activity. The great German thinker J. Fr. Schär perceives the accounting anchored in the three times of the company's existence: "*Accounting is the honest judge of the past, the counselor of the present and the indispensable guide of the future*". This impeccable remark expresses the permanent adhesion of the "science of accounts" to economic praxis.

It is true that the presence of this "*ingenious creation of the spirit*", as Göethe calls it in his book "*Wilhelm Meisters Lehrjahre*" manifests discreetly, noiseless, lacking that something "spectacular" ... Behind the curtain, the accounting generously offers the "oxygen" of any business: the adequate and relevant information, full deserving of its status of founded and established science.

3. WHO NEEDS ACCOUNTING INFORMATION?

The literature often takes the list from the framework of the IASB, without taking into account its specificity: those specifications are valid for publicly traded companies, which otherwise are in a much smaller number toward unlisted companies. They also refer to users of financial statements and not to those of accounting information. In addition to informations derived from annual financial statements, accounting offers a wealth of other informations. In this context, we consider necessary a regard on the accounting information system to identify users, the exigencies imposed and the purpose for which each beneficiary will use this specialized information system.

The demand for accounting informations comes from different users. Whatever the precise nature of those decisions, users want informations that allow them the evaluation of two dimensions of the enterprise: vulnerability and beneficiary capacity.

Investors are the main partners of the enterprises on financial market who provide capital in risk conditions. Capital bidders and their advisers are concerned about transactions inherent risk and the profit size from investments made. The prudence principle determines them to pursue a moderate profit, the exercise continuity and a minimal risk. Based on the accounting informations they will decide whether it should expand investment, to keep or to sell. Also, the shareholders are interested about the company's ability to pay dividends, the company's managerial performances, the net income per share, the share quotations on different capital markets and the evolution of economic environment. The informations about the outcome of the financial year marked by relativity are lagging behind in some degree of informations about net cash flows.

In anglo-saxon conception, the accounting informations should give investors a true and fair view of the firm's position, while in continental conception the accent is put on prudence. The investors occupy a preferential place in the list of users of accounting information in american environment. In this context, we also consider the fact that more than 80% of the economic activity financial throughout the stock market.

The employees, as major providers of work, as well as their representative groups, the unions are interested in informations on the company stability and the degree of profitability. The employees have an important role in the production of accounting informations, both in terms of volume and quality. The employees are also interested in the enterprise's ability to offer salaries, pensions and other professional opportunities. The employees and unions seek informations on the size and the distribution manner of profit, the sectoral performances materialized in extending or restricting of the activity, the continuity of enterprise's activity in conjunction with job security, the

investments in profesional education and training of employees, the wage policy, the terms of work. The lack of informations may lead to mistrust and conflicts in relations between employees and employer.

The financial creditors are interested in the capacity of the debtor enterprise to repay on term the falling rates, including interests. To this end they "monitor" the company trying to avoid the appearance of "bad" credits. In this category of users are found stock lenders and bank lenders. The latter are interested in informations about the profitability and liquidity of the company, how to finance assets, the financial structure of the entity, the guarantees that can be offer and any other informations able to contribute to a better appreciation of repayment capacity of loans. The use of accounting informations by bank creditors have a special character, because of the nature of bank interest and specific conditions of confidentiality.

The stock lenders seek informations on bond efficaciousness and risk, bonds quotations, the degree of indebtedness and the liquidity of the entity.

In anglo-saxon countries, mostly enterprises finance is ensured by the stock markets, so that accounting informations favor the investors. On the other side, in most continental european countries, funding sources are secured mainly by banks and other financial institutions, which determine their protection. The amount of published informations is so diminished, as they easily obtain the necessary informations.

Suppliers and commercial creditors are usually interested on a shorter period than financial creditors about a full recovery of claims from trading partners (customers, buyers or beneficiaries). They are interested in a prudent assessment of the debtor's wealth, which guard them from negative consequences of its insolvency. There is also by exception a category of suppliers that do not interest them solvency of the buyer. We mean the suppliers were paid in advance or for which the buyer opened letters of credit [6]. Suppliers and other commercial creditors are generally interested in trading partner entity on a shorter period than lenders, unless they are dependent on continuity of enterprises activity as the main customer.

Customers are interested in informations about the continuity of business. The importance of this informations increases even more as customers have a long-term cooperation with the entity or they are dependent on it. Customers, users or buyers of goods, works and services offered by the entity, usually pay their equivalent after supplier's delivery or prestation. Release of non-recovery of amounts due risk, customers will seek for continuity of supplier's activity, especially if it is a main trading partner. If acquisitions payment took place in advance, these customers become creditors of the supplier company, being included in "Customer lenders" structure. In this case their interests will be similar to those of creditors generally.

Government and its institutions (the state) are interested in patrimonial units activity. The state needs accounting informations fiscal reasons primarily but also for achieving national accounting, macroeconomic statistics and economic forecasts. The supervision of enterprises economic activity serves to determine the manner of resource allocation of state investment policy, particularly for public patrimonial entities and to develop fiscal policy, including its application in economic practice. The synthesis organs of state determines certain indicators in the national economy based on accounting informations. In order to collect revenues, the state and the authorized institutions reclaim an accounting to monitor if the companies are respecting the tax rules.

The public is one of indirect users of accounting informations, starting from social and mass effects of the economic development. The public may include any user who is interested in accounting informations produced in a patrimonial entity. The activity of an enterprise takes part in active labor, constituting a temptation also for future employees of the company. The financial statements may be helpful in this regard by providing informations on recent developments of the entity.

The accounting information is crucial for economic decision process. In this context, it fulfills certain functions, namely planning, monitoring and evaluation. The planning function refers to the process of an action programming. This function involves the establish of purpose, objectives and concrete actions to be undertaken. At this stage are useful the accounting informations relating to estimated budgets. The monitoring function refers to the respect of plans. A useful information for control can be the comparison of estimated budget with the actual one. The evaluation function refers to assessment of decision process to improve it. In this respect it monitors whether objectives have been met, causes of eventual irregularities, the effectiveness of previous stages. In decisions assesment are useful the informations from financial reports.

The usefulness of accounting information is also influenced by its credibility. In this regard, it should not contain significant errors or be biased. Also it must faithfully represent the transactions and other events that it is either proposed to represent them or is reasonably expected to describe them. To be credible, the information must be neutral, without influences and complete. An omission can cause information to be false or misleading and thus have no credible character and become deficient in terms of relevance.

Accounting information may not meet the highest rates of features, but to be useful in decision process, it must possess, at least partially, each of the qualities that define it[4].

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The qualitative assessment of accounting information is an important scientific issue. Although present in the literature, this problem has not experienced a whole solution, the suggestions describing a measure of information quality through quantitative assessment. The quality of information is closely related to management process and the level which is intended. Thus, evaluating the quality of accounting information should largely reflect its degree of necessity to a specific decider.

5. CONCLUSIONS

The economic crises that periodically cross the human society are also undisputed "information crisis". An insufficient, incorrect, embellish, irrelevant or uncontrolled information led to many economic decline phenomena. Often, an unreal information is more dangerous than no information. Latest situation develops for the thoughtful user the feeling of precaution, of postponement decision.

Change has become a dimension of the contemporary world. Economic environment, the enterprise, the market, including the behavior of economic subject, is in constant motion. Consequently, one of the challenges imposed to accounting is the adjustment of information supply to market requirements. In the economic field the decision directly affects the result and efficiency of each taken action. To decide correctly, an adequate informations system proves to be absolutely necessary.

In conditions of substantial improvements in communications, technology and the economy field, the interest in the appropriate accounting information tends to become increasingly larger. Continue reducing trade barriers, increased international economic competition makes macroeconomic data and general informations may not be sufficient basis for decisions. Attention is directed to specific informations about enterprises of interest to investors.

Accounting information available to manager, in its key parameters, in the form of "dashboard" generated the managerial accounting. It is one of the circuits of patrimony's approach in dualist system. Managerial processes in the economy are based on economic information system and accounting information in their accounts is essential.

In the economic information system, accounting is the main decision-making tool, as it records in an integrated, analytical and complet manner, the means and resources of economic management, in terms of size, position, structure and intended use. The objective parameters that the economic agent tends to make (cost, profit, turnover, solvability) are recorded in their internal dynamic by the "science of accounts". The economic activity aims to optimize value balanced relationships between effort and effect, revenues and expenses, means and resources, controlling these relationships involving mandatory use of accounting. Concomitantly, the legitimacy of leadership and managerial competence is achieved by accounting values, mostly of economic informations from company's environment, approx. 47% being accounting informations.

We appreciate the importance of accounting information in economic information system and in decision process derives from a number of peculiarities. By "dual representation" of wealth highlights "discreet" relationships, of interdependence between the material substance of it (means) and their legal abstraction, their origin (resources). Through complex calculations it allaws to establish the cost of production, the incomes and results, the company's future economic strategies, according to the results obtained in the reported period, allowing comparative analysis in time and space. Through specific means and procedures (account, balance, balance sheet, inventory, cost calculation etc.) provides both a comprehensive and analytical knowledge of studied perimeters. The degree of correlation, aggregation and verification of accounting information reality is made through the principle Active = Passive and formal relationship Debit = Credit. And last but not

least, accounting information has a higher degree of certainty and relevance toward other information systems.

Finally, accounting is an essential component of economic information system, oriented toward knowledge and management of economic values patrimonially separated. Accounting and its synthesis statements are the most important source of informations both for enterprise management and external users, the two categories being obliged or interested to know its the work and the results achieved.

Accounting informations provide the necessary security in decisions processing and predicting calculation regarding the evolution of economic activity. Their use in information-decision system is currently amplifying by automating management calculations. Accounting is operating with a system of interdependent means and processes, involving the state and motion of economic resources controlled by the enterprise, including the results of these changes. On the theory accounting has concepts, principles and laws governing the field investigated. Through this becomes possible the penetration in the essence of economic phenomena and processes, explaining the connections and interdependencies and what is more important to influence of their future evolution.

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