

## BOOKKEEPING INFORMATION USE FOR IMPLEMENTING MANAGEMENT PRINCIPLES

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### **Abstract**

*One of the principles used for the new projects and agreed by the enterprisers is that of 3D. In order to apply this principle, one needs to use bookkeeping information. In the attempt of managers to be successful in business, there is also used the bookkeeping information. The managers use a series of practices in order to increase the companies' performance. For most cases, the account department helps the successful managerial practices with adequate information and procedures.*

**Key-words:** *bookkeeping information, managerial principles, the 3D principles, bookkeeping law*

**JEL Classification:** M<sub>4</sub>

### **Introduction**

We present in the hereinafter article, the needs of bookkeeping information, plus a few rules and practices of the successful management. It represents, in fact, the approach to a disciplinary problem.

The formalization of bookkeeping informational flows towards management is very important since both disciplines evolve rapidly. The accountancy is in the process of international harmonization and the management tries to find solutions to the new problems of the companies related to the actual tendencies of globalization, regionalization, of those concerning the crisis and its overcoming in the near future. It is possible that the evolutions of accountancy should not always take into account the specific needs of the successful managerial principles and practices. In the absence of informational support in the account department, no rule or managerial practice will be successful, no matter how successful it would be from a conceptual point of view. On the other hand, the generalization of successful practices of some of the companies that have advanced informational systems, based on detailed procedures and that work in compliance with corporatist governing involves the reshape of data flows in an intelligible way, which could also be applied to the realities of the most companies.

How does the author answer to this issue here?

The management of the companies evolves rapidly. A series of rules unanimously accepted have made the object of previous studies, even at the level of academic texts. In this article, I synthesize the informational high demands from the 3D principle as well as from a series of successful managerial practices and identify the sources of bookkeeping information that can support them. It is practically the first step from the managerial concepts to the applicative accountancy. For the next step, at the level of every organization, there are established attributions, tasks, procedures and schemes of informational flows, according to specific realities.

The article started from the identification of some principles, practices and rules in the management literature elaborated by practitioners, with concrete results. In general, the authors of the respective specialty materials addressed themselves to management practitioners and pursued the development of applications on the empiric way. Attention was only paid to managerial problems. The role of the article is to take and interpret some principles, rules and managerial practices and bring them to a common language with the accounting law, so that it became interdisciplinary subjects with an operational solution at a company level.

No important theoretical contributions have been noticed lately, with a view to adapting the bookkeeping informational flows to new managerial principles, rules and practices.

### **Theoretical substantiation**

The article is meant to establish a mechanism for the use and adaptation of the instruments for accounting law and for the accounting concerning the delivery of information necessary for the application of some management rules, practices and principles. There are to be taken into account the basic concepts of bookkeeping in agreement with the high demands of the advanced practices of management.

### **The use of bookkeeping information for applying the 3D principle**

The information from the account department and the instruments of the accounting law are frequently used for the application of some of the successful management principles. In the approach to a new project of a company, the successful management recommends making the difference with the help of *the principle of the 3D: determination, dimension, differentiation*.

The application of this principle implies the use of some bookkeeping information and of some instruments of accounting law. In table 1 there is synthesized the information in the accounting domain and the instruments of the accounting law required for the use of 3D principle.

**Bookkeeping information and instruments of accounting law required  
for the use of the 3D principle**

No.	The managerial principle/ signification	Required information/ data sources	Method of capitalizing the information for applying the principle
1.	Determination	Financial position	The company can be made to get involved in the project due to the following reasons: in order to avoid or eliminate the losses in the present activity, in order to place the surplus into other projects, in order to diversify the portfolio and decrease the risks or exaggerate exposures on a transaction or on a client (or group of clients), in order to avoid the effects of market glut or of the attainment of the maximum potential of business, in order to efficiently place some of the surplus resources.
2.	Dimension	Sales figure, assets value on the whole and on a specific structure, staff number	Data regarding dimension (taken as a parameter of a principle of managerial filtration) are mainly obtained from the financial situations and are interpreted according to the rules of accounting law.
3.	Differentiation	Actual potential capable of generating differentiation	The accounting or special management reports are interpreted according to the accounting law and the principles of successful management.
4.	The combined analysis: determination-dimension-differentiation	Previous evolution, rational estimates, business logic / Financial situations, special reports, analyses of budget execution, fiscal file, business partner relationships	The accounting law has a main importance in the interpretation of data for the combined analysis: determination-dimension-differentiation.

*Source:* column 1 site [www.masurianticriza.ro](http://www.masurianticriza.ro) or series in "Adevărul", signed by Dinu Patriciu; columns 2 and 3 represent the author's findings.

**The information in the accounting area and the instruments of accounting law for managerial objectives during inflexion in the company's trajectory**

One of the manager's tasks in the company is to help this overcome any difficulties coming from the competitors or the economic environment. This must be done in spite of other interests going against the company.

The position of the accounting informational system in the managers' fight for success is noticed in table 2. We have here the dependence between the managerial activities necessary in the company's bout for success on the accounting informational flow and on the compulsory filters in the accounting law.

Table 2

**The position of accounting informational system in the managers' bout for success**

No.	Managerial activity in the fight for the company's success	Informational needs	Data sources from the informational system
1.	Identification of the causes leading to waste of time	To know the available working hours of the company	The structure of wages fund on centres of responsibility, cost centres, activities, the correlation between wages fund and financial results as seen in the present and future.
2.	Identification of the reasons of wasting material resources	To know the dimension and structure of technological consumptions	Cost calculations, economic-financial analysis.
3.	Identification of the reasons of wasting financial resources	To know the commercial credit structure, client or customer	The analysis of the incomings terms of claims and of the terms of payment of the suppliers, the analysis of treasury flow.
4.	Collective trust-building	Including communication and information regarding the projects' stage	Information at least at the level of work legislation demands and of the corporatist order (the advanced management practices of the big companies) supposes the staff report by means of financial excerpts and cost calculations.
5.	Clients and suppliers' trust- building	The reminding of the positive historic of the commercial relations	Partner's description (client or supplier).

No.	Managerial activity in the fight for the company's success	Informational needs	Data sources from the informational system
6.	Reconstruction of discipline and motivation for performance	Information regarding the intended objectives (including the financial-accounting dimension) and the stage reached, the disparities towards the objectives and the financial assessment of failures	Monitoring reports, including those of bookkeeping.
7.	Association with appropriate entities	The applicability of the 3D principle according to the previous chapter	Detailed description of each component of the 3D principle in the previous table.
8.	Association at the right moment	Calculations of the best economic moment	It is necessary to have mixed-type elements of a bookkeeping and of a commercial nature.
9.	The recognition and exploitation of the opportunities offered	Calculations of relative advantages in a new project	The element of calculation and simulation of costs, benefits, risks.
10.	The creation of measurable purposes in relation with mental images of the purposes attached to success	Formalization of objectives and establishment of value and quantitative performance indicators	Many value objectives of the performance make the object of registering in bookkeeping.
11.	Filtering of those risks which deserve being taken	Calculus of risk/benefit report	Assessment of the benefit attached to each risk is based in principal on bookkeeping information.
12.	<i>Rhythmical monitoring of the proposed objectives</i>	Measurable objectives belonging to the proposed strategy	Elements of calculation for the objectives which are to be monitored, the adaptation of the bookkeeping informational system to the need of monitoring certain objectives.

Sources: column 1 is taken from Horvath & Partners, *Controlling-efficient systems of increasing the company's performance*, C.H. Beck Publishing House, Bucharest, 2007 and columns 2 and 3 represent the author's findings.

In table 3, it is presented the correlation between the efficient managerial practices and the bookkeeping informational system or the instruments of the accounting law. We notice that the efficient managerial practices are in great need of bookkeeping information. Filtering by means of accounting law instruments is compulsory so that information can be taken over and used efficiently within an advanced managerial practice.

**The correlation between efficient managerial practices and bookkeeping informational system or instruments of the accounting law**

No.	Efficient managerial practice	Correlation with the bookkeeping informational system or with the accounting law.	Observations
1.	To establish 'what must be done'	Practice which helps to obtain necessary information, including or especially from bookkeeping.	The previous evolutions of the business as reflected in bookkeeping represent the starting point in establishing what must be done from now on.
2.	It is established 'what is good for the company'	Practice which helps to obtain necessary information, including or especially from bookkeeping.	One must select the tactic and strategical objectives, the indicators which will measure the attainment of objectives. the bookkeeping information being certain and proved by documents, it is the best one to be used for the performance measuring; out of this reason, formalization must take into account the specific of the accounting law instruments.
3.	There are elaborated action plans	This practice helps change information into efficient actions; in order to draw a business plan, one uses the bookkeeping information; this is also used in the feasibility study, the cash flow, the expense and income budget and other parts of the action plan.	In the end, the action plan materializes itself in the numerical form of the business plan, feasibility study, cash flow, expenses and income budget.
4.	To assume the responsibility of decision adoption	This practice is a way for the organization to assume the way in which the information transformation took place, including bookkeeping, in efficient actions.	Taking the responsibility of decisions involves the acceptance of the reliability and consistency of information, including the bookkeeping information which represented the basis of this substantiation.

No.	Efficient managerial practice	Correlation with the bookkeeping informational system or with the accounting law.	Observations
5.	To assume the responsibility for communication	Bookkeeping and financial data processing which are to be communicated.	The communication of objectives comes from managers but performance monitoring is an essential characteristic of bookkeeping.
6.	Concentration on favourable opportunities, not on problems	Improvement of internal system report, including the accounting-financial part.	More time is allotted for the selection of decision possibilities than for the problems' management.
7.	Organization of productive meetings	By this practice it is insured that the organization consider itself responsible and conscious.	The meetings which suppose the check of data from the trial balances or from the financial positions must take into account the normal cycle of accounting.
8.	The use of „us” instead of „I” by the manager	By this practice it is insured that the organization consider itself responsible and conscious.	The financial-accounting results belong to the whole staff, not to the manager only.

Source: column 1 is taken from Joe Girard, Robert Casemore, *The Scenario of Ascent*, Businss Tech International Publishing House, 2010, p. 9-12 and columns 2 and 3 are the author's findings.

### Conclusions

In the applicability of the 3D principle, there is necessary information from the accounting domain with a different degree of a detailed description for each component. The interpretation of all data flows for the 3D principle is recommended to be made with accounting law instruments.

The accounting informational system has a distinct and essential position in its bout for success concerning the business done by successful managers.

There is a strong correlation between the efficient managerial practices and the accounting informational system or the accounting law instruments.

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