

THE IMPACT OF THE ACCOUNTING POLICIES ON THE PERFORMANCE OF THE ACCOUNTING INFORMATION SYSTEM

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***Abstract:** In this paper we want to present the impact of the accounting policies manual on the performance of the accounting information system of trade entities from the Western Region of Romania, namely Timiș, Arad, Caraș Severin and Hunedoara counties. In order to achieve the aim and objectives of the research, we first proposed a descriptive research of the literature, and then use specific quantitative research methods (the questionnaire). With regard to quantitative research, we intend to capture and analyze the perception of representatives of trade entities on the impact of the accounting policy manual on the performance of the accounting information system using statistical tools such as the Levene Test, to verify the existence of significant differences between variants of sub-samples based on a nominal variable. If the level of significance of the Levene test is less than 0.05, we will use the Kruskal-Wallis test to test the research hypothesis: "the existence of an accounting policy manual influences the performance of the accounting information system".*

***Keywords:** accounting, performance, policy manual*

***JEL CODE:** M41*

Introduction

Accounting treatments and policies are fundamental elements in the preparation and presentation of the financial statements of the economic entity, through which the entity's position, performance and cash flows are determined.

The aim of this paper is to demonstrate the hypothesis that the existence of an accounting policy manual influences the performance of the accounting information system. We believe that through the existence of an accounting policy manual in the Western Region's trade entities and the procedures for applying this manual and through the controls to ensure compliance with the accounting policy manual, the performance of the accounting information system can be improved.

In order to achieve the goal and objectives of the research, namely to determine the impact of the accounting policy manual on the performance of the accounting information system of trade entities, we will make a descriptive research of the notions from the literature and we will use specific research methods: qualitative through case studies and quantitative through a questionnaire applied to trade entities

Through qualitative research, we analyze the conceptual framework of the economic entity and the accounting policies. Taking into account the researches from the national and international literature that deal with this theme, we also used the nonparticipating observation that summarizes the observation of the evolution in time of the phenomena related to the researched field, as well as the participatory observation by presenting our own conclusions and opinions.

Regarding our quantitative research, we intend to analyze the perception of professional accountants about the importance of the accounting policy manual on the performance of the accounting information system.

To reflect the perception of the target group, we used the investigation as the research technique and the questionnaire as the research tool. After analyzing the information obtained from the questionnaires we will present proposals and recommendations for improving the performance of the information system within the trade entities.

Literature review

Christopher Nobes (1999) state that accounting policies are "detailed methods of valuation, measurement, and recognition that an entity has chosen among those generally accepted by law, accounting standards, or commercial practices. These policies must be used on a permanent basis and must be published. An entity's annual report will include an annex on accounting policies that have been applied in the financial statements. For example, a policy publication would specify whether the entity used the straight-line or depreciation method for depreciation if the First Income-First-Output-FIFO or Weighted Average Cost-CMP method was used in inventory valuation, as the provision for future pension payments ".

In the view of Professor Ristea M., accounting policies mean "options determined by certain interests, in compliance with certain principles, rules and conventions regarding the registration, recognition and evaluation of the elements described in the accounting model, regarding the preparation and presentation of the financial statements". Professor Feleagă N. defines accounting policies as "the specific accounting bases that are

used by the entity on a permanent basis in the preparation and preparation of financial statements are represented by accounting policies."

The regulations in force, namely O.M.F.P. 1802/2014, section 2.5, point 60. L, define accounting policies as "the principles, bases, conventions, rules and practices applied by an entity to the preparation and presentation of annual financial statements."

Viorel Negrut affirms that "the central element of investor capital market concerns is risk estimation and control. In the case of listed shares, the participants in their trading, issuers, investors, brokers or other intermediaries have at their disposal a series of financial and statistical analysis indicators of the main characteristics of the shares: exchange rate, dividend value, face value."

Accounting policies applied by an entity within the meaning of the regulations in force refer to the set of procedures applied by the management of a commercial entity having legal personality for the accounting operations carried out from the preparation of the annual financial statements and, respectively, of the simplified annual financial statements.

When accounting policies are developed, it must be taken into account the specificities of the technical and economic activities carried out by each entity. Accountants should design accounting policies to ensure that data and information that is relevant, credible, complete and neutral in all material respects are provided through the annual financial statements / financial statements. The responsibility for adopting an accounting policy manual, maintaining adequate internal control, improving financial reporting, disclosing accounting information, and improving the accounting information system of an entity falls under the entity's management competence.

We argue this idea based on the fact that managers manage the entity's activities by being the most informed about the entity's operations on assets, debts and equity.

Methodology and data

In order to achieve the main objective of the paper, namely the demonstration of the hypothesis that the existence of an accounting policy manual influences the performance of the accounting information system, we conducted a questionnaire with a number of 105 trade entities from the Western Region of Romania, structured as follows:

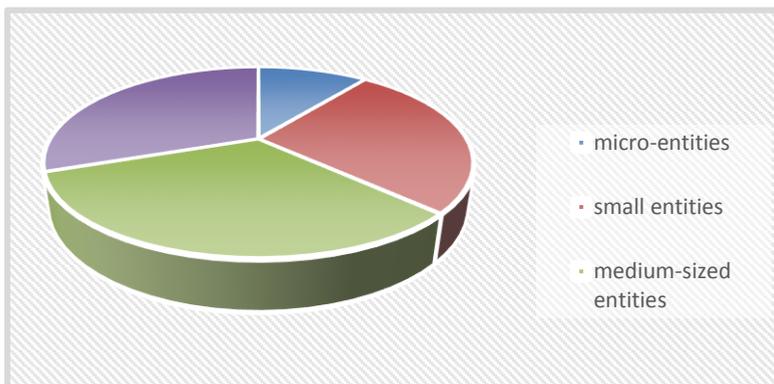


Fig. 1: The size of the entity
 Source: Authors' own elaboration based on questionnaire data

As can be seen from the graph, most business entities that responded to our questionnaire questions are entities classified as medium-sized entities, with a 32.38% share. The second place is the large entities, with a percentage of 30.48%. Respondents from small entities in the Western Region of Romania responded in a percentage of 26.67% and those who work within micro-entities accounted for 10.48% of the total respondents who accepted to participate in our study on the impact of accounting policies on the accounting information system of commercial entities. The activity field of the surveyed entities is reflected in the following graph:

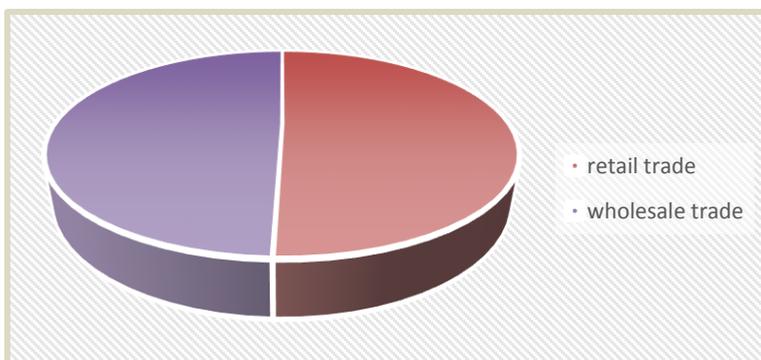


Fig. 2: Activity field of the entity
 Source: Authors' own elaboration based on questionnaire data

As can be seen from the graph, out of the 105 entities, more than half (50.48%) have as object of activity the retail trade, and the rest (49.52%) perform wholesale trade.

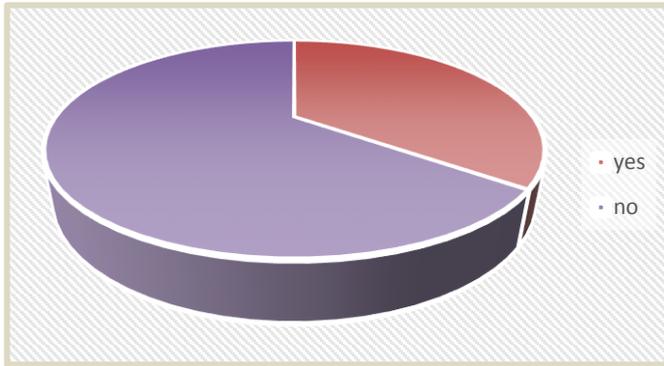


Fig. 3 Using an integrated ERP system

Source: Authors' own elaboration based on questionnaire data

Out of the 105 entities surveyed, a significant share of 64.76% did not use an integrated ERP system, while only 35.24% used such information system in the daily activity.

The representatives of the commercial entities were asked about the accounting policy manual and the results, following the centralization and processing of the data from the questionnaires, are presented in the following table:

Table 1 Existence of an accounting policy manual

Possible answers	YES	%	NO	%
There is an accounting policy manual	49	46.67	56	53.33
Clear procedures for applying the bookkeeping policy are established	24	22.86	-	-
Controls are established to ensure compliance with the accounting policy manual	26	24.76	-	-

Source: Authors' own elaboration based on questionnaire data

Following the interpretation of the questionnaire answers regarding the performance of the accounting information system we found:

➤ **Strengths:**

- about 47% of the trade entities that completed the questionnaire have drawn up the accounting policy manual, 23% of these entities have clear procedures for the application of the accounting policy manual and about 25% of these entities also established certain controls to ensure that the accounting policy manual is followed.

➤ **Weaknesses:**

-a percentage of about 53% of the trade entities who completed the questionnaire did not prepare the accounting policy manual.

To test the hypothesis, *the existence of an accounting policy manual influences the performance of the accounting information system*, we used the following statistical tools: the Levene test that allows verification of the existence of significant differences between variants of the sub-samples formed on a nominal variable. If the significance level of this test is greater than 0.05, then the null hypothesis that there are no statistically significant differences between variants of the sub-samples will be accepted. In this case, ANOVA (Analysis of variance) is used to compare several groups of respondents (three or more groups) based on a metric variable. Otherwise (if the level of significance of the Levene test is less than 0.05), the Kruskal-Wallis test is used.

The research hypothesis examines the influence of an accounting policy manual on the performance of the accounting information system. Thus, we verified that entities where there is an accounting policy manual have a performance level of the accounting information system higher compared to entities in which they do not exist. To test the H hypothesis, the variables "The existence of an accounting policy manual" and "The performance of the accounting information system" are included in the analysis. The "Existence of an accounting policy manual" variable is binomo (code 1 used for the "Yes" category and 0 for the "No" category), and the "Accounting information system performance" variable is metric. Taking into account the characteristics of the two variables, the T test for independent samples can be applied. The level of significance of the Levene test is equal to 0.000 (<0.05). Consequently, we can state that there are statistically significant differences between the variants of the two sub-samples analyzed and the results obtained from the use of this test are presented in the following table:

Table 2 Results of the testing hypothesis

Research hypothesis	The calculated value of t	Number of degrees of freedom (df)	Significance level (p)	Result
H	11,886	54,988	0,000	Accepted

Source: Authors' own elaboration based on questionnaire data

In Table 2 presented above we can see that the calculated value of t is equal to 11,886, the number of degrees of freedom equals 54,988, and the significance level is 0,000 (less than 0,05). The results obtained lead to the

acceptance of the research hypothesis H. Entities with an accounting policy manual (the average obtained for the variable "Performance of the accounting information system" for this sub-sample is equal to 3.76) have a system performance level accounting information higher than entities that do not have such a manual (the average obtained for the variable "Performance of the accounting information system" for this sub-sample is 1,20). Between the two sub-samples there is a statistically significant difference in the performance level of the accounting information system, the result being guaranteed with a probability of 95%.

Conclusions

In conclusion, in order to evaluate the accounting information system of the trade entities, we asked the representatives of these entities for information on the existence of the accounting policy manual, the procedures for applying the manual and the controls to ensure that the manual of accounting policies is applied and, as a result of our responses, we have found that recommendations need to be formulated to help improve the accounting information system in trade entities.

Recommendations on accounting policies, given their role in the accounting information system, the trade entities must consider drafting the accounting policy manual firstly and then establish clear procedures for the application and periodic verification of the manner in which the entity's accounting policy manual is complied with.

Taking into account the presented facts and the tests carried out, we can say with a 95% probability that the existence of an accounting policy manual in the commercial entities has a direct, positive and significant influence on the performance of the accounting information system within the commercial entities from the Western Region of the country.

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