

CHALLENGES AND OPPORTUNITIES IN THE USE OF ACCOUNTING INFORMATION: AN ANALYSIS OF USERS AND ACCOUNTING INFORMATION SYSTEMS

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Abstract: *This paper explores the role and importance of the information provided by the accounting information system (AIS) for various categories of users, both internal (management, employees) and external (investors, creditors, tax authorities). In the first part, the main types of accounting information users and their specific needs are analyzed, highlighting how this information is essential for making economic and financial decisions. Additionally, the major challenges in using accounting information are discussed, including the accuracy and relevance of data, the complexity of financial reports, changes in accounting regulations, and data security. The paper emphasizes the need for AIS to adapt to the diverse needs of users and identifies advanced technology as a crucial factor in improving the quality and accessibility of accounting information.*

Finally, recommendations are provided for optimizing AIS, including implementing internal controls, using modern technologies, and increasing transparency in financial reporting. These measures are essential to ensure the relevance and efficiency of accounting information in a dynamic and ever-changing business environment

Keywords: *accounting, information, needs, information system, users.*

INTRODUCTION

In the current context of the global economy, where companies operate in an increasingly complex and competitive environment, accounting information plays a crucial role in supporting decision-making processes at all levels of an organization. The accounting information system (AIS) represents the primary infrastructure through which this information is collected, processed, and transmitted to both internal and external users. Through the AIS, accounting information becomes an indispensable tool for assessing financial performance, managing risks, and establishing long-term strategies.

From this perspective, the users of the information provided by AIS are not limited to the management teams of an organization. The accounting system serves a wide range of users, both inside and outside the organiza-

tion. On one hand, managers and executive directors rely on this information to make strategic decisions, monitor resources, and implement policies to optimize operational activities. On the other hand, investors, creditors, auditors, government authorities, and the general public use accounting information to evaluate the solvency and profitability of the organization, as well as to ensure compliance with legal and tax regulations.

In this context, it becomes necessary to have a deeper understanding of who these users of accounting information are and what specific needs each of them has. It is also important to investigate how an accounting information system can be structured to provide relevant and high-quality information for each category of users. This article aims to explore these aspects, focusing on identifying the different types of users of accounting information and evaluating their specific information needs.

Furthermore, we will analyze the role that AIS plays in streamlining the decision-making process and highlight the importance of essential characteristics of accounting information, such as relevance, reliability, and comprehensibility, in relation to users' expectations. This approach aims to provide a clear picture of how accounting information can be used to support efficient management and responsible corporate governance.

Thus, in the following sections, we will examine the structure and functions of the accounting information system, identify the main categories of users, and discuss the challenges related to providing and using accounting information in the contemporary business environment.

DEFINITION AND FUNCTIONS OF THE ACCOUNTING INFORMATION SYSTEM (AIS)

The Accounting Information System (AIS) is an essential component of an organization's informational infrastructure, responsible for collecting, recording, processing, and reporting relevant financial and non-financial information to both internal and external users. It is an integrated set of methods, procedures, and software and hardware tools that facilitate the processing of accounting data, ensuring the availability, integrity, and usefulness of information.

AIS can be defined as a computer-based system specialized in processing economic data, designed to ensure the provision of accurate and timely financial information. This information is used for making economic decisions, evaluating financial performance, meeting reporting require-

ments, and supporting efficient corporate governance.

A high-performing AIS is not limited to collecting and reporting standardized accounting information, but also involves the ability to analyze and interpret this data, transforming it into relevant information for a wide range of users. Therefore, AIS must be adaptable to the organization's needs and allow efficient interfacing with other information systems (such as ERP systems—Enterprise Resource Planning).

The accounting information system performs several essential functions within an organization, contributing to the efficient management of resources and facilitating the decision-making process. Among the key functions of AIS are:

- Collecting financial and non-financial data

AIS is responsible for systematically collecting economic data generated by the organization's daily activities. This data can come from various internal sources (such as finance, production, human resources departments) or external sources (such as suppliers, customers, financial institutions). Efficient data collection ensures the foundation for accurate financial reporting.

- Recording and classifying economic transactions

One of the fundamental functions of AIS is the accurate and complete recording of economic transactions in appropriate accounting records, in accordance with applicable accounting standards. Classifying these transactions into specific accounts facilitates their subsequent analysis and interpretation.

- Processing and analyzing data

After collection and recording, AIS processes accounting data through automated or semi-automated procedures. This stage involves verifying data accuracy, aggregating and summarizing it into useful information. The system can also generate financial indicators, profitability reports, financial statements, and other specific analyses.

- Generating and reporting financial information

AIS provides users with structured information in the form of periodic accounting reports (financial statements, balance sheets, income statements). These reports are essential for fulfilling legal reporting obligations and for analyzing financial performance and supporting management decisions.

- Internal control and audit

A well-implemented AIS offers tools for internal control and fraud prevention. By continuously monitoring financial flows and generating compliance reports, the system helps maintain the integrity and accuracy of accounting information. Additionally, AIS can be used by internal auditors

to conduct periodic assessments of the organization's financial position.

- Providing decision support for management

AIS not only processes historical accounting data but also contributes to predictive analyses, simulation scenarios, and budgeting, which are indispensable for making strategic decisions. For example, by integrating with other data sources, AIS can provide a holistic view of the company's resources and risks, helping managers adopt the best solutions.

- Compliance with regulations

Accounting information systems are configured to ensure compliance with financial and tax regulations, both nationally and internationally. They enable organizations to meet their financial and tax reporting obligations, maintain electronic transaction records, and appropriately manage relationships with tax authorities.

AIS represents vital infrastructure for any modern organization, playing a key role in managing financial information. From data collection and processing to financial reporting and decision support, AIS ensures the accuracy and relevance of information, thereby contributing to achieving organizational goals and complying with regulations. It is important to further analyze how each category of users relates to the information provided by AIS and what specific needs they have.

TYPES OF ACCOUNTING INFORMATION USERS AND THEIR INFORMATION NEEDS

Accounting information provided by the Accounting Information System (AIS) has a significant impact on various categories of users, both internal and external. Each of these users has specific information needs, which vary depending on their objectives and interests.

The Accounting Information System (AIS) provides a variety of financial and non-financial data that meet the needs of different categories of users. Each group of users has specific requirements based on their role within the organization or their external interests. In this section, we will analyze in detail the information needs of each type of user, highlighting the differences and particularities of each category.

To better understand the role of the AIS, it is essential to identify and classify the main types of users.

➤ Internal Users

Internal users are individuals or groups within an organization who

use accounting information to manage operational and strategic activities. These users have direct and constant access to accounting data and utilize this information for making economic decisions at the internal level. The main categories of internal users include:

- **Management (executive directors, department managers)**

Managers and senior executives use accounting information to oversee and evaluate the financial performance of the organization, monitor costs, revenues, and profitability, and make strategic decisions. For example, analyzing the profitability of different product lines or services is essential for determining investment directions and optimizing resources.

Managers also rely on the data provided by the Accounting Information System (AIS) to assess the efficiency of operational activities and plan long-term strategies through budgeting, financial forecasts, and variance analyses. They require detailed, accurate, and real-time information to make quick, informed decisions.

Managers and executives use accounting information for strategic, tactical, and operational decision-making. Their needs are primarily focused on detailed and up-to-date information about the company's financial and operational performance. The types of information they require include:

- **Cost information:** Managers need precise data on the costs associated with products, services, and operational processes to evaluate efficiency and make decisions about resource allocation and cost optimization.
- **Financial analysis:** Information on profit margins, cash flow, return on investment (ROI), and other financial indicators is essential for planning future investments and assessing whether the organization is meeting its strategic goals.
- **Budgeting and planning:** Managers rely on accounting data to establish annual budgets and make financial projections. They need financial forecasts and comparisons between planned budgets and actual results to adjust strategies based on the company's performance.
- **Control and evaluation:** Information on departmental and team performance allows management to identify problem areas and implement corrective measures.

- **Employees**

The employees of the organization, particularly those in the finance, accounting, and internal audit departments, rely on the Accounting Information System (AIS) to manage daily financial operations. Accounting information helps them monitor financial flows, record economic transactions,

and prepare the necessary reports for management. Additionally, employees may use accounting information to request salary increases or benefits based on the overall performance of the company. They need information about the organization's financial stability and growth prospects to understand the economic context in which they operate.

The information needs of employees are related to the organization's financial stability and its impact on their professional future. For example:

- **Company performance:** Employees are interested in the financial health of the company, as it affects job stability, promotion opportunities, and salary adjustments.
- **Production costs and operational efficiency:** Employees in operational or financial departments can use accounting information to monitor their department's performance and implement measures to improve efficiency.

- **Internal Auditors**

Internal auditors use accounting information to assess compliance with internal policies and external regulations, as well as to prevent and detect any potential fraud or accounting errors. An effective Accounting Information System (AIS) enables auditors to analyze data in detail and generate reports that help maintain internal control and evaluate risks.

Internal auditors need full access to accounting data to assess risks, analyze the effectiveness of internal controls, and ensure compliance with regulations and internal policies. They rely on the following types of information:

- **Detailed transaction records:** Internal auditors analyze accounting records to verify their accuracy and completeness.
- **Internal control reports:** Information about internal control procedures, identified errors, and corrective measures is essential for ensuring effective risk management.

- **External Users**

External users are entities or individuals outside the organization who use accounting information to assess the company's performance and financial stability without having direct access to internal details. They rely on periodic accounting reports, such as financial statements, to inform their decisions. The main categories of external users include:

- **Investors and Shareholders**

Investors and shareholders are interested in the company's financial performance and growth prospects, as these directly influence their earnings (dividends) and the value of their shares. These users analyze financial statements, such as the balance sheet and income statement, to assess the

company's solvency, profitability, and risks. For example, investors want to know the return on invested capital and cash flow trends to decide whether to continue investing in the company or withdraw their investments.

Investors and shareholders are concerned about the company's financial performance, as it directly impacts their investment decisions. Their information needs include:

- **Profitability:** Investors analyze data on net income, profit margins, and the long-term performance trends of the company. Information on sales growth and return on capital is essential for evaluating the company's future.
- **Cash Flows:** Investors and shareholders are interested in the company's ability to generate positive cash flows, as this indicates a healthy financial position and the capacity to pay dividends.
- **Financial Risks:** Information about long-term debts, leverage ratios, and exposure to financial risks is important for assessing stability and investment risk.
- **Creditors (Banks, Credit Providers)**

Creditors use accounting information to assess the company's ability to repay its debts and comply with lending conditions.¹ They rely on financial reports to analyze the company's level of indebtedness and liquidity. For example, a bank will evaluate an organization's capacity to meet its financial obligations through liquidity and solvency indicators before granting a loan. Creditors want access to information that enables them to assess the risks of default.

Creditors, such as banks and credit providers, are concerned with the company's solvency and its ability to repay loans. Their information needs include:

- **Solvency:** Creditors analyze information about the ratio of the company's assets to its liabilities to evaluate its debt repayment capacity.
- **Liquidity:** Information about cash reserves and current liquidity is essential for establishing the firm's ability to meet short-term obligations.
- **Cash Flows:** Creditors monitor cash flows to ensure that the organization has sufficient financial resources to meet its payment obligations on time.

¹ Crăciun Sabău, Viorel Trif, Alin Emanuel Artene, Cristina Mihaela Nagy, 2011, Fundamentals of Accounting, Timișoara: Eurostampa Publishing House, p. 28

- **Government Authorities and Regulatory Agencies**

Governments and regulatory agencies use accounting information to ensure compliance with tax legislation, accounting regulations, and other legal standards. For instance, tax authorities rely on accounting reports to determine a company's tax liabilities and to prevent tax evasion. These authorities use accounting data to verify the accuracy and completeness of the information reported by companies, ensuring that they comply with the law and pay the appropriate taxes.

Government authorities and regulatory agencies use accounting information to monitor a company's compliance with tax laws and accounting regulations. Their information needs include:

- **Tax compliance:** Tax authorities require information on revenues, expenses, taxes paid, and deductions to verify the accuracy of the company's tax obligations.
- **Official financial statements:** Regulatory agencies review companies' financial reports to ensure they comply with international accounting standards and local regulations.

- **External Auditors**

External auditors use accounting information to verify whether the financial statements presented by the organization accurately reflect its performance and financial position. They ensure that financial reports comply with applicable accounting standards and that there are no significant errors or accounting manipulations. External auditors also assess financial risks and provide an independent opinion on the accuracy of accounting information, enhancing public trust in the company's financial reports.

External auditors evaluate the accuracy and truthfulness of the financial information reported by the organization, ensuring that it complies with applicable accounting standards. Their needs include:

- **Complete Financial Statements:** External auditors need access to the balance sheet, income statement, cash flows, and other financial reports to verify that they provide a true representation of the financial position.
- **Supporting Documents:** To support their audit opinion, external auditors require access to supporting documents that substantiate the accounting records, such as invoices, contracts, and bank statements.
- **The General Public and Financial Analysts**

The general public, including financial analysts and the media, uses accounting information to assess the impact of a company's activities on the economy, social environment, and ecological environment. Financial ana-

lysts use this information to provide investment recommendations, while the general public may be interested in the sustainability and social responsibility of an organization.

Analysts rely on accounting data to make economic forecasts and evaluate the risks associated with investing in a particular company.

The general public and financial analysts use accounting information to evaluate the financial health and social impact of the organization. Their needs include:

- **Transparency:** The public is interested in access to clear and transparent information about the organization's financial performance, environmental impact, and social responsibility.
- **Financial and Non-Financial Indicators:** Financial analysts use accounting data to calculate and analyze indicators such as return on equity, profit margins, and market value in order to issue investment recommendations.

²The diversity of accounting information users demonstrates the importance of the Accounting Information System (AIS) in meeting various information needs. Each type of user has specific requirements and different objectives, which is why the AIS must be flexible and capable of providing customized information. The article will further explore how the AIS can address these diverse needs and highlight its role in informed decision-making.

Each type of user of accounting information has distinct needs, determined by their specific objectives and relationship with the organization. An effective accounting information system must be sufficiently flexible to provide tailored information for each type of user while ensuring accuracy, relevance, and compliance with accounting standards.

CHALLENGES IN USING ACCOUNTING INFORMATION

Although the Accounting Information System (AIS) provides a wide range of information necessary for economic decision-making, the use of this data comes with a series of challenges. These challenges can affect both the accuracy and relevance of the information provided, as well as the users' ability to understand and interpret it correctly. Below, we will analyze the main challenges in using accounting information.

² Ion Pereş (Coordinator), Dorel Mateş, Cristian Pereş, Aura Domil, Leonora Caciuc, Carmen Imbrescu, Alin Dumitrescu, Anda Iosif, Maria Moraru, Bogdan Coteleş, 2011, Fundamentals of Accounting, Timișoara: Mirton Publishing House, p. 19

➤ **Quality and Accuracy of Data**

The quality of accounting information is essential for users who rely on it to make sound decisions. However, one of the major challenges is ensuring the accuracy of the data recorded in accounting systems. The main difficulties include:

- **Human Errors:** Errors in data entry can significantly affect the correctness of financial reports. These may arise due to inattention, lack of adequate training, or the large volume of data that needs to be processed. Even small discrepancies in recording transactions can lead to distortions in the interpretation of financial results.
- **Data Manipulation (Accounting Fraud):** Intentional manipulation of financial data to present a false picture of economic performance is a major challenge, especially in companies where internal controls are weak. This type of manipulation can result in inaccurate financial reporting, affecting the decisions of investors, creditors, and other stakeholders.
- **Lack of Data Standardization:** In some cases, the absence of standardization in data collection and reporting can create difficulties in the comparability of accounting information between different companies or time periods. Different methods for assessing assets and liabilities, for example, can lead to varying interpretations of the same financial situation.

➤ **Relevance of Information**

For users to make informed decisions, accounting information must be relevant and meet their specific needs.³ The challenges in ensuring the relevance of information include:

- **Timeliness and Frequency of Reporting:** Accounting information must be available in a timely manner to be relevant. Delays in providing financial reports or the late publication of financial statements can render the information outdated and less useful for decision-making.
- **Excessive Focus on Historical Financial Data:** One of the disadvantages of traditional accounting reports is that they tend to concentrate on historical financial data, which may not adequately reflect the current or future conditions of the company. Decision-makers need predictive information and financial forecasts, which traditional accounting information systems do not always provide adequately.

3 Mihai Teaciuc, Leonora Caciuc, Crăciun Sabău, Camelia Hațegan, 2001, Fundamentals of Accounting, Timișoara: Eurostampa Publishing House, p. 8

- **Lack of Non-Financial Information:** While accounting information systems are focused on financial data, modern business decisions increasingly require non-financial information, such as data on sustainability, social responsibility, and environmental impact. The absence of this information can limit users' ability to have a comprehensive view of a company's performance.

➤ **Complexity of Accounting Information**

Another set of challenges pertains to the complexity of accounting information and the difficulty users face in correctly understanding and interpreting it:

- **Technical language and complexity of reports:** Accounting reports are often written in technical language, making them difficult to understand for users without advanced knowledge in accounting. This can affect the ability of investors, creditors, or other stakeholders to fully grasp a company's financial position.
- **Interpretation difficulties for external users:** External users, such as investors or creditors, have limited access to a company's detailed information and rely primarily on public reports, such as financial statements. Without full context or access to detailed data, they may struggle to correctly interpret the organization's financial performance.
- **Impact of complex accounting regulations:** Frequent changes in accounting regulations and tax laws can add extra complexity to the use of accounting information. Both internal and external users need to keep up with new accounting standards to correctly interpret data and ensure compliance with current regulations.

➤ **Compliance and Regulations**

A significant challenge in using accounting information is ensuring compliance with accounting standards and tax regulations. Companies must adhere to both local and international regulations, which can create difficulties in processing and presenting financial data:

- **Compliance with International Accounting Standards:** For companies operating globally, adhering to international accounting standards such as IFRS (International Financial Reporting Standards) is essential but can be challenging. This requires continuously updating accounting policies and adapting processes to align with international regulations, which can be both costly and time-consuming.
- **Tax Reporting Requirements:** Meeting tax reporting requirements is another major challenge. Companies must ensure that their ac-

counting data complies with tax laws and that they meet all tax obligations. This can be particularly difficult in complex legal environments or in countries where tax legislation is constantly changing.

➤ **Data Security and Confidentiality**

With the digitalization of accounting processes and the increasing use of cloud-based accounting information systems (AIS), data security and confidentiality are becoming increasingly important challenges:

- **Cybersecurity Risks:** Accounting information systems are vulnerable to cyberattacks, which can compromise the confidentiality and integrity of financial data. Companies must implement advanced security measures to protect sensitive data against attacks and unauthorized access.
- **Confidentiality of Financial Information:** Financial data is highly sensitive, and data breaches or unauthorized access to this information can have serious consequences for a company's reputation and can lead to legal issues. Companies must ensure strict control over access to accounting data and enforce rigorous privacy policies.

The challenges in using accounting information are varied and complex, including ensuring data quality and accuracy, its relevance to specific users, the complexity of reporting, and regulatory compliance. Overcoming these challenges depends on implementing effective internal control systems, continuous staff training, and leveraging advanced technology to enhance data collection and analysis. In this way, AIS can become a powerful tool for informed decision-making and improving organizational performance.

CONCLUSIONS AND RECOMMENDATIONS

This article has highlighted the importance of the information provided by the accounting information system (AIS) and the crucial role it plays in the decision-making process, both for internal and external users. Throughout the analysis, the main types of users and their information needs were presented, as well as the major challenges they face in the correct and efficient use of accounting data. In conclusion, it can be stated that a well-structured AIS, tailored to the needs of users, is essential for ensuring efficient management and enhancing transparency in financial reporting.

Conclusions

- **Diversity of Users and Information Needs:** The accounting information system (AIS) must be capable of addressing a variety of informa-

tional needs, ranging from detailed data required by internal management to the summarized information needed by external users, such as investors and creditors. Each user category has different requirements based on their role within the organization or external interests, making the customization of accounting information essential.

- **Challenges in Using Accounting Information:** Despite the AIS's potential to provide high-value data for decision-making, challenges such as human error, data manipulation, the complexity of financial reports, frequent changes in tax regulations, and data security risks can limit the effectiveness of accounting information. The success of the AIS depends on how well these challenges are managed through appropriate processes and technologies.
- **Relevance and Accuracy of Data:** One major conclusion is that the relevance and accuracy of the data provided by the AIS are fundamental pillars for informed decision-making. Without precise, timely, and relevant information, users may make incorrect decisions, leading to negative consequences for the financial and operational performance of the organization.
- **Technology and the Evolution of AIS:** In a digital age, AIS increasingly relies on advanced technology, such as ERP (Enterprise Resource Planning) systems, process automation, and the use of predictive analytics. These advancements contribute to increased efficiency⁴ and reduced errors but also introduce new risks, such as those related to cybersecurity.

Recommendations

- **Improving Data Quality and Accuracy:** To minimize human errors and reduce the risk of data manipulation, it is essential to implement rigorous internal controls and periodic verification procedures for accounting data. Additionally, continuous training for personnel involved in managing accounting data is crucial to maintain a high standard of accuracy.
- **Adapting AIS to User Needs:** AIS should be designed to meet the diverse needs of its users. This means that accounting information should not only be accurate but also relevant, presented in an easy-to-understand format, and available in a timely manner. Special attention should be given to customizing reports for both inter-

4 Florin Popovici, 2018, *Financing and Accounting of Communal Administrative-Territorial Units*, Timișoara: Eurostampa Publishing House, p. 204

nal and external users.

- **Increasing Transparency and Accountability:** To ensure the trust of external users, companies should adopt enhanced transparency in financial reporting. This may involve detailed disclosure of financial performance, compliance with international accounting standards, and providing additional information about the company's non-financial aspects, such as sustainability and social impact.
- **Implementing Modern Technology and Securing Data:** As AIS evolves, companies must adopt modern technologies that enable the automation of accounting processes and the integration of predictive analytics. At the same time, investment in cybersecurity is necessary to protect sensitive financial data and prevent data breaches or cyberattacks.
- **Continuous Monitoring of Regulatory Compliance:** Given the frequent changes in accounting and tax legislation, it is advisable for organizations to develop efficient mechanisms for monitoring and updating their accounting practices. This ensures that companies remain compliant with all current regulations and avoid tax penalties or fines.

A well-structured and efficiently managed AIS can become a critical element for an organization's success, providing both internal and external users with the information needed for informed and responsible decision-making. Investment in advanced technologies, personnel training, and the continuous improvement of accounting processes are critical steps to ensuring the relevance and efficiency of AIS in a constantly changing economic and regulatory environment.

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