

EVOLUTION IN TIME OF AN ECONOMIC ENTITY'S PERFORMANCE

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Abstract: Regardless of the age or profession, we are all part of economic life. As consumers, we look for those combinations of goods and services that ensure the best way to meet our needs, depending on the volume of one's available resources. The purpose of the theoretical and practical research is to provide relevant scientific findings to help improve the relationship between the creator and the user of the accounting information, to improve financial reporting and to increase its relevance, accuracy and understanding of the information contained in financial statements. Accounting information stays is the basis of the decision-making process. It is defined as consisting of ideas about the past, depending on which management decisions of an economic entity are made and helps managers take decisions and the right measures in the future. Accounting information plays an important role in the manager's decisions during the life cycle of any entity operating on the marketplace.

Jel Classification: M40, M41

Key words: accounting information; performance; economic decisions; economic entities; economic factors.

1. INTRODUCTION

Regardless of the age or profession, we are all part of economic life. As consumers, we look for those combinations of goods and services that ensure the best way to meet our needs, depending on the volume of one's available resources.

The purpose of the theoretical and practical research is to provide relevant scientific findings to help improve the relationship between the creator and the user of the accounting information, to improve financial reporting and to increase its relevance, accuracy and understanding of the information contained in financial statements.

Throughout its evolution, the accountants had to find solutions to adapt to the economic situation, this led to the use of different accounting concepts and terminology and the implementation of rules and conventions in order to obtain the economic information.

The national accounting system was adapted and developed according to the European and international trends. It aims to achieve improved accounting information in a qualitative way because the users of the accounting information are interested in obtaining relevant, reliable and comparable information.

2.OBJECTIVES

The objective of this paper is motivated among others by the need to find answers to the following questions: is the financial information useful in financial analysis and management decisions?, Is the degree of perception and use of accounting information by managers good?, Which is the most commonly management tool used by managers?, can the quality of accounting process be improved based on the points of view and attitudes of managers about it?, are the financial and accounting information credible for the managers?

3.METHODOLOGY

Regarding the proposed research methodology, we consider the most useful method, a comparative analysis of the data, performed both in theoretical as well as practical point of view. We consider this project to be feasible as it has a vast data availability due to the presence of a large number of economic entities that have in common the requirement of preparing the annual financial statements. Also, the focus of any research in this area should be directed towards honesty and fidelity of the financial statements.

4.EVOLUTION IN TIME

The complex and ambiguous nature of the word performance is a concept difficult to define.

The word performance can be attached to synonyms such as success, competitiveness, continuous effort and it is defined by optimizing the present and future planning.

In an economic entity, performance captures an individual's ongoing effort to progress, with a well defined purpose; that of exceeding goals.

Performance, in management accounting, can provide a sustainable existence on the market for the economic entity in terms of efficiency and effectiveness.

When speaking about the evolution in time of the concept of performance regarding an enterprise we can make a delimitation in four stages:

Table no.1 Evolution in Time of the Performance Concept

Period	Directions	Comments
Between 1950 and 1980.	-adaptability -capacity -turnover -productivity	In this period there wasn't a generally accepted definition of the performance concept. The main purpose of an economic entity was to obtain immediate profit throughout sales growth, increasing the level of productivity, using the production capacity in a more efficient and effective way and the adaptability to changes in the economic environment
Between 1980 and 1990	-management objectives	The performance concept was synonymous with the level of fulfillment of the objectives established by the management of an economic entity. Managers are usually interested in the global level of performance of the entity. This level is defined throughout the following elements: economic and financial performance, social performance and environmental

		performance. To survive in the business environment, each economic entity must permanently seek to maintain their own economic and financial balance. The economic-financial balance refers to all activities of an enterprise and it manifests in different correlations related to the financial flows. Studies show that there is a positive correlation between social and economic performance of an enterprise. The social involvement of the economic entity brings a number of benefits that often exceed the costs induced by it. Environmental performance is closely related to the environmental management system. This system includes organizational structure, planning activities, responsibilities, practices, procedures and resources for developing, implementing, achieving and maintaining the environmental policy.
Between 1995 and 2000	-efficiency -effectiveness	We can say that a economic entity is performant if it satisfies both conditions of efficiency and effectiveness. If an economic entity decides to give up the condition of effectiveness in favor of that of efficiency, we can see serious consequences in an economic and social way. Thus, economic entities will be interested only in obtaining goods, forgetting about the needs of their customers. Such strategy will have serious consequences on the quality of goods offered to consumers. The entity won't sell these goods anymore. As a consequence of this strategy, the entity's stock level will increase and the cash is tied in.
From 2000 to present	-economic value	During this period the main goal of the managers is to create value to that economic entity, taking into account the level of efficiency and effectiveness. The essential aim of the managers is not only to track the performance but also to manage it. Thus, to reach this objective the value created by the entity is important. This value connects effectiveness (the results of what is done) to efficiency (the results of how it's done). The value obtained by a proper management will be transferred to shareholders, employees, customers, third parties, etc.. The higher the value obtained by the managers, the higher the level of the entity's resources.

4.1 Judgments Regarding Management Performance

Management performance is a new concept in business administration, even if most of it's elements are already known and practiced for many years. All activities undertaken by a entity's management and which make management performance are actually activities that produce results. Professional training courses, hard work does not represent a result. These are the conditions or assumptions needed to achieve the entity's results.

The main focus of management performance is on the results obtained and effectiveness are not on the effort and necessary time to meet customer requirements inside and outside the organization.

The current period is a challenge for any entity, because they have to work much more likely to survive on the market. Increased competition and the general condition of competitiveness, make economic entities to pay attention to choosing the best market strategies, processes and systems must work effectively within them, in order to realize exactly what must be done at the right time.

We can speak of survival and prosperity of an economic entity only when the results of different departments are consistent with the overall result of that entity. Only then we can say that the organization and its components are performing.

5. CONCLUSIONS

As a conclusion, we have to take into consideration that an entity's performance seen as a result, cannot be separated by the action, the way of how that result was achieved. This fact highlights, once again, that an entity's management performance exceeds in importance the measurement of an entity's performance.

The existence of any entity is subject to obtaining a result. Economic entities, as subjects of national and international markets have the same goal, to compare the income with their costs and achieve a favorable outcome, justifying and supporting the phrase "performing a profitable activity."

The most common way of reflecting the performance of an economic entity can be achieved through its results, whether the result is shown as profit/loss or as profitability. Economic indicators still remain tools for controlling and verifying the implementation of activities subject to the management objectives that will lead or not to a monitoring process.

Accounting information stays is the basis of the decision-making process. It is defined as consisting of ideas about the past, depending on which management decisions of an economic entity are made and helps managers take decisions and the right measures in the future. Accounting information plays an important role in the manager's decisions during the life cycle of any entity operating on the marketplace.

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