

# THE ANALYSIS OF THE INTERDEPENDENCES BETWEEN THE VARIABLES CHARACTERIZING THE FINANCIAL – ACCOUNTING SERVICES EXECUTED BY THE SPECIALIZED COMPANIES OF ROMANIA, IN THE CONDITIONS OF ACCOUNTING STANDARDIZATION AND NORMALIZATION

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## Abstract

The development of the companies' activities within competitive economic environment, characterized by a continuous dynamics generates an acute need for relevant, credible and objective information, whose satisfaction requires an adequate offer.

The production and the communication of the accounting information represent the component elements of the process of financial-accounting services execution.

The financial-accounting services companies in Romania act in a dynamic environment, featured by severe competition, but also by a high level of regulation concerning the process of accounting normalising and harmonization, being obliged at the same time to organize from the point of view of the orientation to the market, even changing the vision and the manner of managerial approach of the entity's problems.

The paper aims at analysing, by means of methods specific to marketing researches (quantity research-opinion poll), the attitudes, behaviour and opinions of the trading companies' managers concerning the financial-accounting services provided by the specialised companies.

Keywords: financial-accounting services, marketing actions, analysis of the main components, accounting norming and normalization.

## Introduction

The contemporary world, as a whole, especially the present economic world, is continuously evolving, acting as a permanent becoming process. The globalization process of the commercial trades, the globalization of the former national economies and the unprecedented increase of the financial market importance represent more and more conspicuous manifestations of the daily economic life. (Florea, 2008).

These are featured by significant processes in all the fields of activity and implicitly in the field of the accounting profession. The accounting profession deals with new exigencies, within the conditions of globalization and application of the accounting-financial techniques at global level, caused also by the involvement of the new electronics inventions in the registration and emphasis of the financial-accounting transactions and the present operations of the economic entities.

The organization and the administration of the accounting profession are incumbent upon Committee of Expert Accountants and Chartered Accountants in Romania (CECCAR), a powerful professional authority, starting with 1996, member of the International Federation of the Accountants (IFAC) and of the Federation of the European Accounting Experts (FEE).

The development of the companies, under the conditions of the market economy, determines that the activity of the accounting professional should not be limited to the registration of the economic phenomena and to the drawing up of the annual financial statements, executing a wide range of economic activities, carrying out different and complex services, as: judicial and accounting surveys, financial audit, internal audit, financial analysis, financial-accounting counseling, patrimony assessments etc.

Consequently, the accountant's role in the economy is reconsidered, being appreciated as a true administration analyst and counselor and his advice and experience represent components of substantiating manager's decisions related to the execution of the activity of the unit he manages.

The convergence process of the accountancy standards, of the standards of drafting the annual financial statements and of the audit standards determines any accounting professional to acquire a common communication language to the capital market, corresponding to the requirements of the financial-accounting information users and that is based on detailed principles and rules, on a rigorous experience as well as on thorough analysis of the operations that are to be registered in the accountancy (Cristu, 2006).

Also, the international accounting norming and normalization process allowed the accountancy companies to develop in a network going beyond the boundaries of the country, so far being the only service providers helping companies in a wide variety of global accounting and tax services. The role of the

accounting companies, within the business of the small and middle companies, becoming become more and more „international” (Enacu, 2005) is even greater, as they are the only providers of tax counseling and accounting services for this business segment. The activity of the Romanian accounting professionals, natural persons or legal entities, is circumscribed to the structural orientations concerning the services carried out for the existent economy at European and international level.

The presence of the accounting companies on the market on which there is a demand for their services determines an adequate offer that must satisfy it. The orientation towards the client must represent a permanent direction in the management of the accounting enterprises (Horomnea & Tabără, 2000). Consequently, they must adapt the financial-accounting information to the requirements of the users, by means of a dependable accounting system, that should offer an exact description of the economic events that the economic entity confronts with.

Taking into consideration some of the essential attributes of the financial-accounting information systems of the companies (Mocean, 2003), namely the relevance of the information (data must be significant to the managers), the information opportunity (the information must be offered to the decision-making persons by means of a real time or on-line work system), the flexibility of the information (their availability in the format requested by the management) and last but not least, the correctness of the information, we intend to determine which one of these attributes, correlated with others (economic ones), influence the decisions of executing financial-accounting services by specialized companies. Thinking about the opportunity of the information, we reach the conclusion that it has become more and more actual the famous witticism of Napoleon Bonaparte: exact information, used at the righting moment, ensures 99% of the victory of each battle (Horomnea, 2003).

On the other hand, within the effort of the financial-accounting services companies to maximize their business, the relationship provider-client is extremely important, most of the research carried out for this purpose emphasizing as relevant elements that within the same service, clients prefer the employee whose level of empathy is high and that the relationship provider-client significantly influences the perception of the client to the credibility and the competence of the contact personnel (Dumitrescu, 2007).

Consequently, the organizations among which the financial-accounting services ones are preoccupied with reinforcing the relations with their clients, together with attracting new clients, as fundamentals of the profitableness increase, aspect noticed also by Ph Kotler (Kotler, 2006).

### **Research Methods. Analysis in the Main components**

The goal of the descriptive methods of data analysis, grouped in the analysis in main components, is the research of the explanation of a complex phenomenon in the manifestation of a small number of independent concepts accordingly representing the given situation (Lefter, 2004), namely the attitudes, the motivation of the consumer of financial-accounting services provided by special enterprises.

The main goals of the research aim at finding information related to:

1. Establishing the attributes or criteria that the financial-accounting client uses to choose a certain service; 2. Identifying the relationship between the attributes of the service and the attitudes towards the attributes; 3. Finding the most important benefits that the clients are expecting from the financial-accounting special enterprises; 4. Determining the degree in which the financial-accounting services transmit the information in real time;

The research was made on a sample of 150 trading companies, clients or potential clients of financial-accounting services, in the following fields of activity: trade, production, services, afterwards we applied the descriptive methods of data analysis (analysis in the main components), with the purpose of grouping in a certain manner the attributes of the financial-accounting services, so that a reduced number of factors is determined to explain an important part of the information generated by the initial variables.

The featuring variables of the *financial-accounting services analyzed in substantiating the decisions of contracting these services*, analyzed in main components, were extracted from the questionnaire, used in the research based on an opinion poll, over the sample of 150 present or potential clients of financial-accounting services.

The study aims at *analyzing the interdependence* between the variables ”the price of the provided service (lei)(price)”, ”diminishing the salaries expenses/month (lei)(dim\_sal)”, ”diminishing the consumables expenses/month (lei) (dim\_con)”, ”increase of liquidities by deducting the VAT (lei) (incr\_liq)”, ”lack of qualified personnel (%) (q\_pers)”, ”quality of the supplied information (%) (qua\_i)”, ”opportunity of the

supplied information (%) (oppo\_i)", on the grounds of which the trading companies of Brasov/Romania appreciated the importance of the financial accounting services execution by specialized companies.

The goal of this research consists in offering a clearer image on the attitudes, behaviour and opinions related to the financial-accounting services provided by the specialized companies, in the context of an accountancy submitted to an ongoing process of norming and normalizing and on a market in continuous dynamics, so that to attain the target objectives. These opinions are important for establishing strategies, operations, marketing activities, sales, and management of the sales and services portfolio.

Consequently, we aim at creating a way of working for the financial-accounting services companies, whose main role consists in a superior satisfaction of the demands of the financial-accounting services clients, by reaching performance in accountancy and namely, obtaining an accurate, credible and relevant image for the user in real time.

For certain types of financial-accounting services, the data concerning their featuring variables are the following:

**Table 1.** Features of the financial-accounting services

Type of service	price	dim_sal	dim_con	incr_liq	q_pers	qua_i	oppo_i
Bookkeeping	175,00	80,00	20,00	33,00	50	25	30
Payroll	70,00	82,00	25,00	14,00	25	10	30
Records of the fixed assets	70,00	82,00	25,00	14,00	25	20	30
Statements	35,00	82,00	10,00	7,00	25	20	25
Administration accounting	70,00	50,00	10,00	14,00	55	35	30
Financial accounting	85,00	520,00	25,00	16,00	53	35	30
Financial analysis	105,00	250,00	25,00	20,00	45	54	40
Financial statements	150,00	250,00	25,00	28,00	55	45	40
Financial audit	1050,00	630,00	25,00	200,00	65	45	40

Starting from the 7 variables, we will try to identify 2 main components 2 (factors) to summarize most of the information held by those particular variables and to simplify the process of results interpretation.

### Main Results of the Interdependencies Analysis

The analysis of the main components was achieved by means of the SPSS systems, system that may provide solutions to complex problems that the decision-making personnel confront with, aiming at better understanding the researched phenomena and the substantiation of the decisions process (Jaba, 2004).

The analysis of the main components by means of the SPSS system implies choosing the sub-menu "Data Reduction" of the menu "Analyze" and selecting the option "Factor" (Constantin, 2006).

First of all, the system calculates the averages for each variable included in the model and as well the correlation coefficients between the studied variables, taken two by two. Out of the analysis of the matrix of the correlation coefficients between the variables chosen for the study (Lefter, 2004), we reach the conclusion that the value of the correlation coefficients on the diagonal is equal to 1, because each of the variables is correlated to itself and that the most powerful and direct connection is the one established between the variables *quality of the information provided* and the *opportunity of the provided information*, where the value of the coefficient is of **0.825**, at a signification degree of 0.003 (that is there are chances less than 1% to make a mistake if we state that between the two variables there is a significant correlation), between the *quality of the information provided* and the *lack of the qualified personnel*, the value of the coefficient being of **0.752**, and also between *the price of the provided service* and the **reduction of the salary expenses 0.717**. Small correlations are met between the assertions related to *the quality of the information provided* and *the increase of the liquidities by decreasing the VAT*, as well as between *the lack of qualified personnel* and *the reduction of the expenses with the consumable materials*.

After setting the correlation matrix of the variables, the factorial analysis method is chosen; the estimation of the factors is achieved on the basis of the common variance-communality. „The communality represents the variance part that a variable has in common with all the other analyzed variables. At the same time, this is the proportion of the explained variance of common factors” (Malhotra, 2004). For the factorial analysis to be adequate, technique that is part of the main components methods, the variables must be inter-correlated. There is a series of statistics for testing the adequacy degree of the factorial model. (Table 2).

**Table 2.** KMO and Bartlett's Test

KMO and Bartlett's Test			Communalities		
			Initial	Extraction	
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		,559	The price of the provided service	1,000	,964
Bartlett's Test of Sphericity	Approx. Chi-Square	77,532	Diminishing the salaries expenses/month	1,000	,748
	df	21	Diminishing the consumables expenses/month	1,000	,420
	Sig.	,000	Increase of liquidities by deducting the VAT	1,000	,963
			Lack of qualified personnel	1,000	,641
			Quality of the supplied information	1,000	,783
			Opportunity of the supplied information	1,000	,883

Extraction Method: Principal Component Analysis.

Bartlett's test of sphericity may be used to test the null hypothesis according to which the variables are not correlated at the level of the population; in other words, the correlation matrix of the population is an identity matrix (diagonal elements are 1 and all the non-diagonal elements are 0). A greater value of the test statistics will favor the rejection of the null hypothesis. If this hypothesis can not be rejected, then we must question the adequacy of the factorial analysis by means of the Kaiser-Meyer-Olkin method (KMO) (Malhotra, 2004). Obtaining small values within the KMO statistics, indicates the fact that the connections between the pairs of variables can not be explained through other variables and it is likely that the factorial analysis is not adequate. Generally, a smaller value than 0.5 of this index is aimed at. In the given circumstances, Bartlett's test of sphericity indicates the approximate statistics  $H_i\text{-square} = 77,532$  with  $df=21$  and  $Sig=0,000$ , and the value of the statistics  $KMO = 0.559$  (is also  $>0.5$ ). Consequently, the factorial analysis may be considered *an adequate technique for examining the correlation matrix*. The main component method is recommended when we want to determine the minimum number of responsible factors for a maximum variation within the data chosen to be studied.

Establishing the number of factors is achieved by a series of procedures that are based on own values (eigenvalue – the value of the variance associated to a factor), graphics of the slope (screen plots), the percentage represented by the variance, split-half fidelity test (bisection) and significance tests. Therefore, on the grounds of the own values, the factors with values greater than 1 are retained (the other are not included in the model).

**Table 3.** The own values of the components and the explained variety

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4,320	61,718	61,718	4,320	61,718	61,718	2,858	40,828	40,828
2	1,081	15,446	77,165	1,081	15,446	77,165	2,544	36,337	77,165
3	,987	14,095	91,259						
4	,394	5,630	96,889						
5	,196	2,805	99,695						
6	2,135E-02	,305	100,000						
7	1,418E-05	2,026E-04	100,000						

Extraction Method: Principal Component Analysis.

In table 3 the own values are presented (“Initially Eigenvalues”) for each component and the percentage of the total value is explained by the respective component. The first factor has a variance of 4.320 namely 61.718% of the variance total and the second factor has 1.081 namely 15,438% of the variance total. Also, we notice that the first two components explain 77.165% of the total variance (Petcu, 2003), which means that we can use them to represent the number of points in the main plan, the last components explaining less and less this variance. We may also note that by the rotation of the axes, the variances explained by each of the first two main components do not substantially change.

After extracting the two factors representing the main component, the correlation coefficients are calculated among the analyzed variables and the main component. (Table 4).

**Table 4.** Correlations between the variables and the main components

**Component Matrix <sup>a</sup>**

	Component	
	1	2
The price of the provided service	,842	-,505
Diminishing the salaries expenses/month	,860	-9,69E-02
Diminishing the consumables expenses/month	,496	,417
Increase of liquidities by deducting the VAT	,839	-,509
Lack of qualified personnel	,800	3,593E-02
Quality of the supplied information	,764	,446
Opportunity of the supplied information	,836	,429

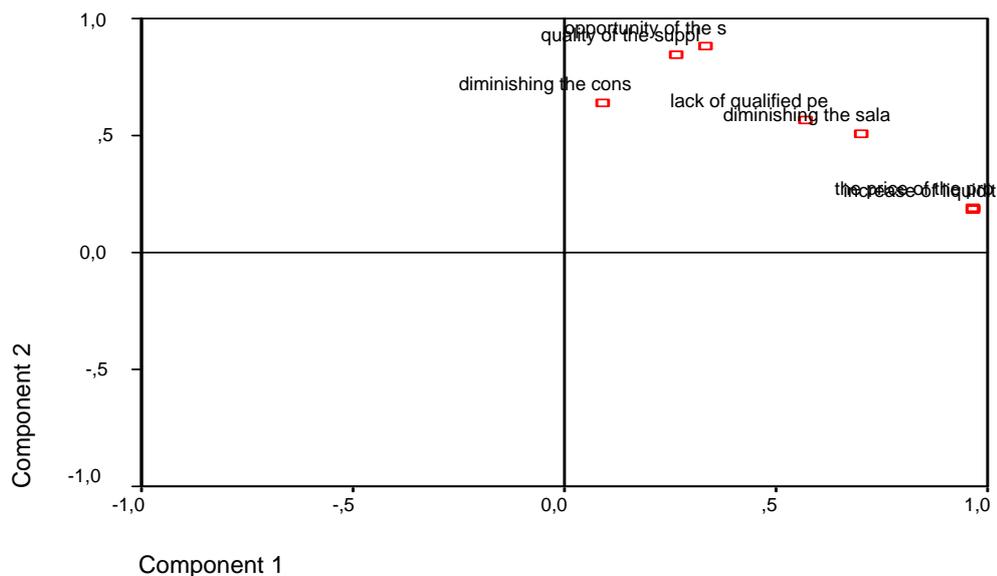
Extraction Method: Principal Component Analysis.

a. 2 components extracted.

It is noticeable that the variables related to the reduction of the salary expenses, the service price, increase of the liquidities by the VAT deduction and the information opportunity are strongly correlated with the first component, while the opportunity of the information provided and the quality of the information provided are correlated with the second component. In this situation, we may conclude that the first component is determined by the economic reasons, while the second component is especially determined by quality appreciations “quality of the provided information”.

The correlation coefficients between the analyzed variables and the two main components, obtained after rotating the axes according to the “Varimax” method, that aims at maximizing the coefficients of the variables strongly correlated with the factors, emphasizes that after the axes rotation, there is no substantial change of the correlation coefficients values compared to the initial situation presented in table 4 related to the correlations between the variables and the main components. The correlation coefficients obtained by means of the “Varimax” method represent the coordinates of the variables at the level of the two factors.

**Component Plot in Rotated Space**



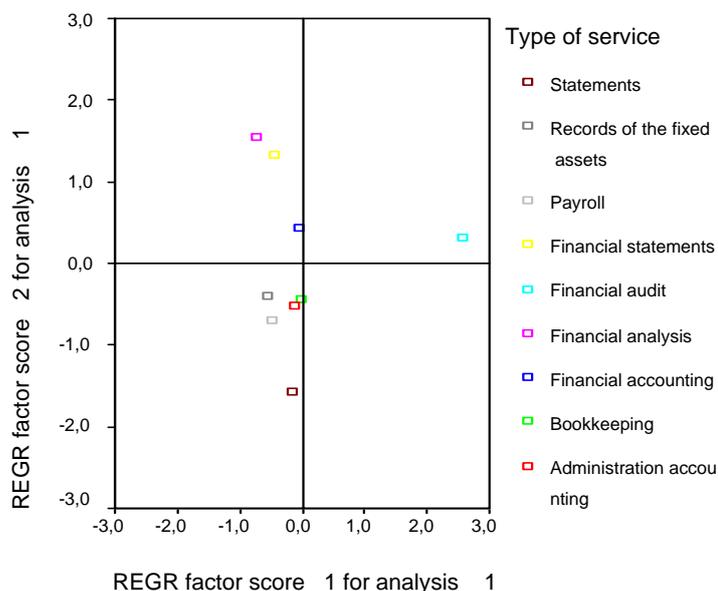
**Figure 1.** Graphical representation of the association between the variables and the factors

The graphic in figure 1 presents the influence of the variables “*opportunity of the provided information*” and „*the quality of the provided information*” of the component 2, while the component 1 is influenced by *the reduction of the salary expenses, price of the service and the increase of the liquidities by deducting the VAT*.

We may notice that that the first component is especially determined by *the economic variables*, while the second component is especially determined, by *the quality variables*.

In conclusion, from the financial point of view, the externalization of the financial-accounting services allows the entity not to invest too much in the human capital (qualified personnel) nor in the assets (informatic equipment and soft products for the processing of the accounting information). On the other hand, the process permits the entity an efficient orientation of its basic objectives and as well, an improvement of the quality of the financial-accounting works.

In order to picture the attitudes of financial-accounting services clients concerning the two categories of factors, expressed by main components, we made a graphical representation of the types of financial-accounting services in the plan formed by the two components (figure no. 2).



**Figure 2.** Representation of the types of financial-accounting services at the level of the two factors

The interpretation of the graphic leads to the formulation of an image of the analyzed position of the financial-accounting services, according to the two components identified in the analyzed variables.

If we superpose the graphic of the individuals to the one of the correlations, we notice an approach to the first component, concerning the *reduction of the salary expenses, the price of the service and the increase of the liquidities by the reduction of VAT* of the services related to drawing up the financial statements, the financial analysis, financial audit, and the second component related to “*the opportunity of the provided information*” and „*the quality of the information provided*”, of the types of services related to the administration accountancy, the general accountancy, bookkeeping and the payrolls.

The component reflecting the economic information is strongly connected to the types of financial-accounting services necessary to the companies **yearly**, within the administration reports to the shareholders, imposed by the capital market regulations and the reports to the monitoring authorities of the financial market. The other component aims at the financial-accounting services, that provide the necessary information in the process of administration and **daily management** of business, substantiation of the decisions related to the costs implied by the development of the activity object, useful services for the small and middle companies whose share, in the private sector of business, is rather large.

These results are significantly important to adopt the decisions related to the promotion of the types of services provided by the financial-accounting companies within the economic agents, but also considering the identification and characterization of the potential clients segment for new products.

## Conclusions

The goals of the management of the financial-accounting services company are numerous and beside the ones related to the sale and benefit, the ones related to the efficiency of the provided financial-accounting information must be also mentioned, reflected through their degree of use by new clients in achieving previsions, as an instrument of coordination and control of the activity, of substantiating the decision of economic decision related to the minimization of the effort (expenses) and maximizing the effects (result). To these goals, we also add the continuous preoccupation for the permanent update of the information, for the simple and most suggestive possible presentation by using graphics and tables, flexibility in processing, according to the needs of the users and their language, but also the permanent completion with administration accountancy data. We conclude that the orientation of the financial-accounting companies must be especially made in relation with providing accountancy organization services that offer opportune, analytical, relevant information, necessary to the daily activity, reinforcing the trust of the clients in their utility.

In addition, the results of the analysis allow us to assent to the famous specialists opinions, who through their studies, contribute to setting certain characteristics (Țugui, 2003) of the informational accounting system of the modern world and its putting into practice.

1. The complexity of the economic phenomena determines the need of a complex and dynamic accounting informational system, with multiple components, with various possibilities of providing the information to every user with different connections interactive with the complementary informational systems, so that to allow the managers the coordination and the control of the business.

2. The accounting informational system must be an open and interactive system that records facts of the daily reality within the company and makes the connection between the interior and the exterior entity, proving the interactive character.

3. Also, the accounting informational system *must be a real-time system*, which supposes that both the management accountancy and the financial one permit the use of the new informational technologies and modern communications.

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