

STUDY ON MEASURING THE PERCEPTION OF ROMANIAN ENTREPRENEURS REGARDING THE ROLE OF ACCOUNTING INFORMATION IN DECISION MAKING

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Abstract

Accounting information plays a critical role in decision making in an organization by providing a solid data base on its financial performance. At the same time, information provided by accounting is vital for managers and entrepreneurs, who base their strategic and operational decisions on them. The use of detailed financial reports allows them to evaluate operational efficiency, manage resources and growth potential, but also monitor compliance with legal and fiscal standards, reducing the risks associated with non-compliance with regulations. In addition, this data helps to anticipate financial problems and implement timely corrective measures, which makes accounting an indispensable tool for entrepreneurs in planning and designing the future of their businesses. The aim of this study is to examine the perceptions of Romanian entrepreneurs about the significance of accounting information in decision-making processes. The research involved analyzing specialized literature on the application of accounting and its accessibility to various user categories, as well as conducting a case study using a questionnaire designed to measure entrepreneurs' perceptions of the importance of utilizing accounting data in business management. Accounting information is crucial in organizational decision-making, offering a robust foundation of data on financial performance. At the same time, the information provided by accounting is vital for managers and entrepreneurs, who set their strategic and operational decisions on it. The use of detailed financial reports allows them to assess operational efficiency, manage resources and growth potential, but also monitor compliance with legal and tax standards, reducing the risks associated with non-compliance with regulations. In addition, this data helps to anticipate financial problems and implement timely corrective measures, which makes accounting an indispensable tool for entrepreneurs in planning and designing the future of their businesses.

Key words: *accounting, decision, perceptions, entrepreneurs*

INTRODUCTION

Running a business requires knowing all the processes that take place within an economic entity, starting with supply, production, marketing, logistics activities, marketing, etc. Making decisions related to business modeling is based on economic aspects, which are influenced by the existence of restrictive factors, both material and financial, which is why accounting information is essential for an entrepreneur. Creating budgets, calculating costs, setting prices, calculating fees and taxes, etc. they are also influenced by the information recorded in the accounting of a company. The transformation of the way of management and the organization of a business, of the way in which entrepreneurs respond to the challenges

of the modern world in a continuous transformation, mean that, in turn, accounting must be adapted to the major changes brought by globalization [10], digitalization [14], of the paradigm changes [22], of its continued adaptation to the needs of information and reporting [7, 20].

Many specialists are of the opinion that accounting information is the most important source of existing data at the level of a company, because it is the one that provides information both to external users and to the management of the company [1, 15, 21]. The condition that the accounting information must fulfill in order to be correctly used in decision-making is that it be updated, be real, have a high level of accuracy, allow the realization of predictive analyses, allow the identification of

future trends and can provide the most valuable financial information [2, 17]. This improvement was facilitated by the swift advancement of information technology and its integration into decision-making systems, thereby enhancing the efficiency of accounting record systems. This integration has also helped to boost business efficiency and accelerate decision-making processes that significantly affect outcomes, especially in an environment of intensifying competition [3, 6, 9].

Moreover, the emergence of various information processing tools, the integration of artificial intelligence in the management of large volumes of data or in the taking over of repetitive tasks performed in classic accounting by accountants, were reasons that contributed to the modernization of accounting and the development of some directions of its improvement [13, 16]. On the other hand, the impact of accounting is not only one that is limited to its operational efficiency, but also involves making strategic decisions, informed decisions that allow both a better allocation of the resources that a company benefits from, as well as application of a strategic management so useful to entrepreneurs [11].

The manner in which entrepreneurs comprehend and utilize accounting information is another factor that impacts decision-making and the effectiveness of their business operations [5, 19]. Therefore, the manner and extent in which they adapt to legislative changes, the way in which they understand and adapt them to their own needs, represent important elements for the competitiveness of the businesses they run [12]. The versatility of these businesses, competitiveness, adaptation to global changes, to the emergence of new record systems ultimately depends on the correct understanding of this accounting information. Another aspect or another perspective could be represented by the transition from the use of accounting as a means of justifying the decisions taken by entrepreneurs, in another direction, namely, that of supporting decisions based on information, choosing some solutions optimal ones based on concrete calculations and data, and not intuitive, which could thus

have much better results and which could respond much more to the specific needs of each business.

Precisely for this reason, we consider it important to understand and measure the perception that entrepreneurs have regarding the role that accounting has in the running of their businesses, an aspect that is the subject of this work.

MATERIALS AND METHODS

This research focuses on evaluating Romanian entrepreneurs' views on the importance of accounting information for decision-making. The study includes an analysis of specialized texts concerning the application of accounting and its availability to different user groups, along with a case study involving a specifically designed questionnaire. This questionnaire assesses entrepreneurs' opinions on the critical role of accounting data in managing businesses. Accounting information is essential in organizational decision-making, providing a solid base of financial performance data. To achieve this goal, we used a questionnaire composed of 15 questions, made with the help of the Google Forms platform and distributed among professional groups, a questionnaire to which 137 entrepreneurs answered.

The questionnaire was applied between January 15 and April 15, 2024. The questions allowed us to obtain both demographic information regarding the profile of the respondents, as well as information regarding the importance of accounting information for entrepreneurs.

The questions were as follows, and the respondents were asked to provide an answer starting from a scale of 1 to 5:

(6) *How crucial do you consider accounting information for managing your business?*

(7) *To what extent do you rely on accounting information for making strategic and planning decisions?*

(8) *How much do you believe accounting information assists in identifying your business's strengths and weaknesses?*

(9) To what extent do you trust the accuracy and relevance of the accounting information from your accountants or finance department?

(10) How frequently do you review financial reports and analyses to assess your business performance?

(11) To what extent do you believe that using accounting information enhances your business's profitability?

(12) How significantly do you think accounting information aids in making informed decisions regarding your business's future investments and expenditures?

(13) To what extent do you feel that accounting information helps in identifying opportunities for your business's growth and expansion?

(14) How would you assess the effectiveness of the accounting information in your business?

(15) To what extent do you think that accounting information assists you in identifying financial risks and formulating effective management strategies?

The use of the 5-point Likert scale allowed us to measure the attitude of entrepreneurs vis-à-vis the use of accounting in modeling their own decisions [8, 18]. Although it has certain limits, I chose this method of assessment due to its ability to capture fine nuances regarding respondents' perceptions, an aspect that would not have been possible in the case of formulating "yes" or "no" type questions [4]. In this way we managed to obtain a much more detailed picture of the attitudes and opinions of Romanian entrepreneurs regarding the analyzed subject.

The limits of the research were represented by:

- the fact that the information that was collected through the questionnaire was at the level of respondents' perceptions;
- we faced certain difficulties related to how the respondents attributed the effects
- the existence of certain weak points in data analysis, due to the use of descriptive statistical methods, which train, sometimes, supplemented by other methods
- in the study we did not use a control group

The group of respondents

To the questionnaire applied to Romanian entrepreneurs, although a number of 137 respondents answered, only 122 valid answers could be obtained.

To obtain the results and process the data, we used statistical methods. The analysis and interpretation of the results, as well as the formulation of the conclusions, was carried out starting from the centralized data through the tables and graphs resulting from the own processing, with the help of Excel.

RESULTS AND DISCUSSIONS

Out of the total of 15 questions in the questionnaire, the first 5 had a demographic character, the results being presented in Table 1.

Table 1. Socio-demographic characteristics of the respondents

	Frequency	Percentage
Gender		
Female	59	48.36
Man	63	51.63
Age		
20-29	34	27.86
30-44	62	50.81
45-65	22	18.03
over 65	4	3.30
Education level		
Gymnasium	2	1.65
High school	38	31.14
University	59	48.36
Master	23	18.85
Residence environment		
Urban	96	78.68
Rural	26	21.32
Form of organization of the owned entity		
SRL Ltd Company	68	55.73
PFA-Authorized Physical Person	13	10.65
II-Individual Enterprise	15	12.29
Other	26	21.33

Source: Own calculation.

As seen from Table 1, 48% of the respondents are female and 52% male. Out of the total of 122 respondents, 79% live in urban areas and 21% in rural areas. Regarding their distribution by age category, we found that 28% of respondents were between 20-29 years old,

51% were between 30-44 years old, 18% were between 44-65 years old years and 3% older than 65 years. Among the 122 respondents, 48% have university education, 31% have high school education, 19% have master's education and 2% have gymnasium education.

Of the total number of entrepreneurs, 56% own SRL, 11% PFA, 12% II and 22% own entities with other forms of organization (Table 1).

Next, the analysis was carried out based on the answers provided by the respondents to the following 10 questions.

To question no. 6: *On a scale of 1 to 5, how important do you think accounting information is in running your business?* (5 meaning very much, and 1 meaning very little) the answers highlighted the fact that for 71% of the entrepreneurs these are "very important", for 21% they are "important" and for 8% they are of "medium" importance. However, none of the entrepreneurs considered that accounting information would be "little important" or "unimportant", which proves that they are aware of the fact that running a business needs financial information.

From the answers to question no. 7: *On a scale of 1 to 5, to what extent do you use accounting information to make decisions regarding business strategy and planning?* (5 meaning very much, and 1 meaning very little), the result was that 77% of the entrepreneurs answered that this information is "very important" for them when they decide the course or business strategies, 17% appreciated that the information provided by accounting or financial statements are "important", and 6% considered that this information has an "average" importance for them.

Again, none of the respondents considered accounting information as "little important" or "unimportant" when it comes to making decisions related to business management or development (Fig. 1).

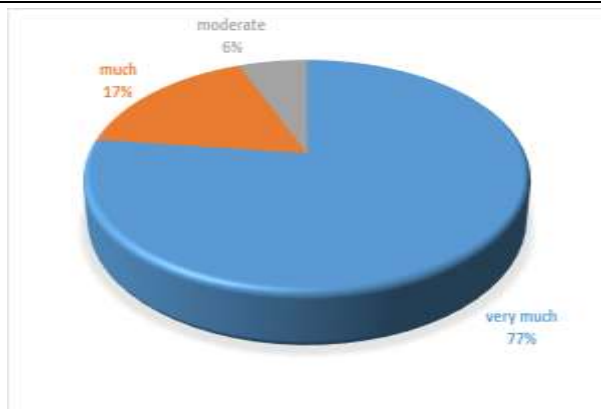


Fig. 1. The weight of the use of accounting information in decision-making

Source: own processing.

To question no. 8: *On a scale of 1 to 5, to what extent do you think accounting information helps you identify the strengths and weaknesses of your business?* (5 meaning very much, and 1 meaning very little), 78% of the respondents considered that accounting helps them "very much", 14% considered that it helps them "a lot", 7% considered that it helps them "moderately", and 1% of the entrepreneurs considered that it helps them "a little" in identifying important aspects or those that hinder their business development (Fig. 2).

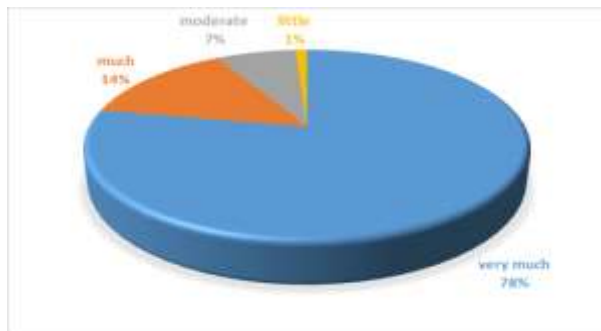


Fig. 2. The importance of using accounting information in identifying the strengths and weaknesses of the business

Source: own processing.

Thus, we find that the entrepreneurs analyze both the financial statements and the other accounting statements, so that they can obtain the most synthetic and relevant information regarding the way of doing business.

To question no. 9: *On a scale of 1 to 5, how confident are you in the accuracy and relevance of the accounting information provided by your accountants or finance*

department? (5 meaning very much, and 1 meaning very little), through the answers provided, we found that the entrepreneurs trust the information received and the sources of this information. Thus, 74% of them have "very much" confidence in what is presented to them by accounting specialists and they consult with them when making decisions or when making investments, 19% appreciate that they rely "a lot" on these, and 7% "quite a lot" (Fig. 3).

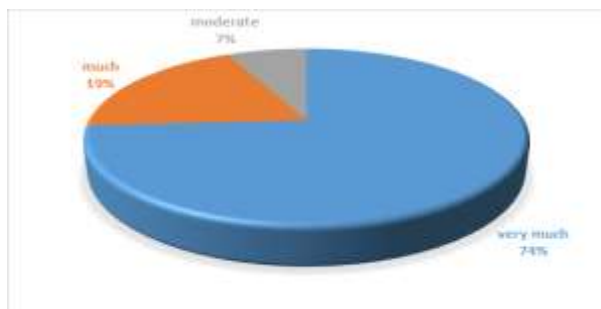


Fig. 3. The share of entrepreneurs' confidence in the accuracy and relevance of accounting information
 Source: own processing.

The answers given to question no. 10: *How often do you refer to financial reports and analyzes to assess your business performance?* (5 meaning very much, and 1 meaning very little) demonstrates the fact that entrepreneurs, although they are aware of the importance of accounting information, rely quite a lot on the data resulting from accounting analyses. Thus, from the total of 122 respondents, 36% "always" consult financial reports and analyses, 41% of them consult them "frequently", 18% consult them "occasionally", 3% consult them "rarely" and only 2% "never" (Fig. 4).

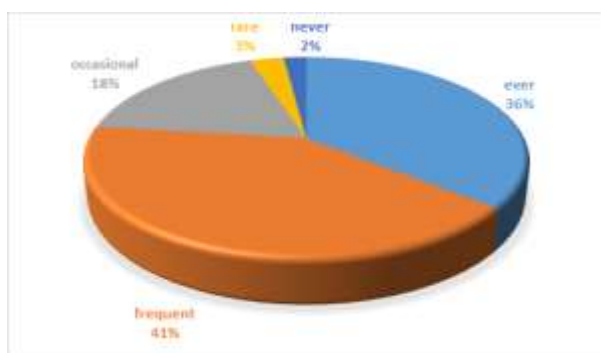


Fig. 4. The share of consultation by entrepreneurs of the information provided by accounting
 Source: own processing.

To question no. 11: *On a scale of 1 to 5, to what extent do you consider that the use of accounting information contributes to increasing the profitability of your business?* (5 meaning very much, and 1 meaning very little), 74% of the respondents considered this information to be "very useful", 22% considered it "useful", 3% appreciated it as "moderately" useful, and only 1% of the respondents considered that this information is not "at all" useful to them (Fig. 5).

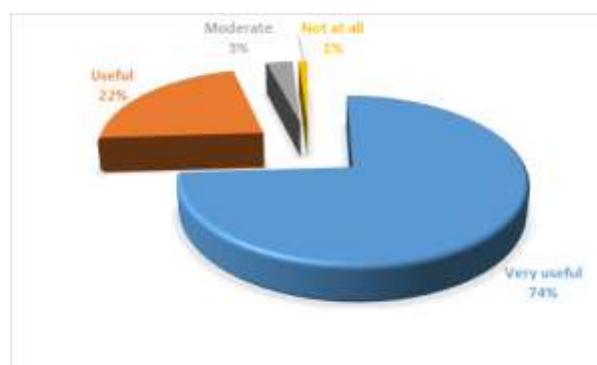


Fig. 5. The share in which the use of accounting information in decision-making contributes to increasing profitability
 Source: own processing.

To question no. 12: *On a scale of 1 to 5, to what extent do you think accounting information helps you make more informed decisions about your business's future investments and expenditures?* (5 meaning very much, and 1 meaning very little). The results are displayed in Fig. 6.

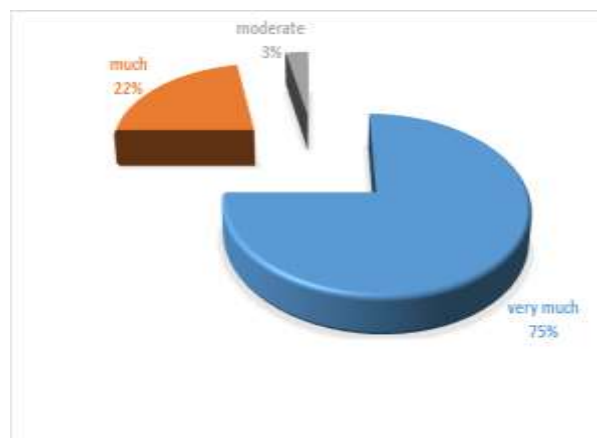


Fig. 6. The share in which the use of accounting information helps entrepreneurs in managing investments and costs
 Source: own processing

The answers highlighted the fact that most of the respondents make informed decisions. Thus, 75% of them use accounting information "very much" in making the investment, and 22% use it "a lot". Only 3% of entrepreneurs take decisions being influenced to an "average" extent by the information provided by accounting (Fig. 6).

Question no. 13: *On a scale of 1 to 5, to what extent do you think accounting information helps you identify opportunities for growth and expansion of your business?* (5 meaning very much, and 1 meaning very little), the answers showed that 63% of the entrepreneurs manage to manage their businesses based on this kind of information to a "very large" extent, and 25% of them in a "big" measure. However, there are 12% of the respondents who consider that accounting information helps them to an "average" (8%), "small" (2%) or "not at all" (2%) extent in identifying possible development directions for their own businesses (Fig. 7).

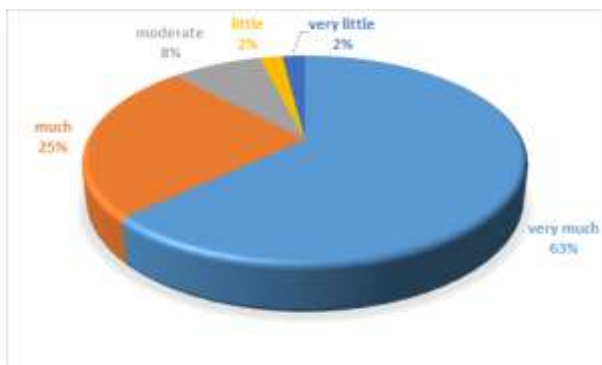


Fig. 7. The share in which the use of accounting information contributes to business development
 Source: own processing.

By applying question no. 14 we wanted to find out from the respondents how they appreciate the degree of efficiency of the accounting information provided within their own businesses. We thus found that 45% of them consider them "very effective", 44% consider them "effective" and 11% "moderately" effective. Entrepreneurs are aware of the need to use accounting information in managing their businesses, so none of them consider the efficiency to be "low" or "very low" (Fig. 8).

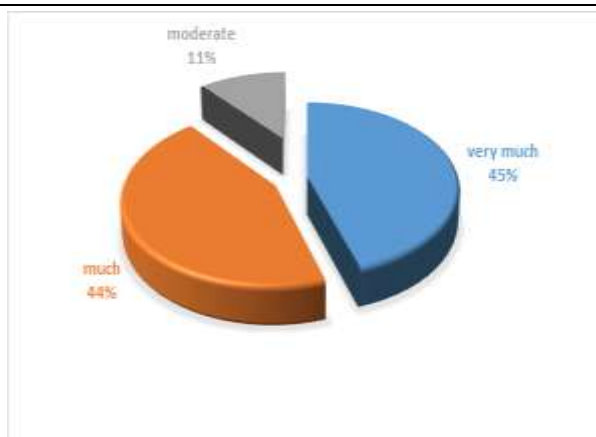


Fig. 8. The weight of the efficiency of the use of accounting information in decision-making
 Source: own processing.

To question no. 15: *On a scale of 1 to 5, to what extent do you think that accounting information helps you identify financial risks and implement appropriate strategies to manage them?* (5 meaning very much, and 1 meaning very little), 68% of the respondents considered that this information allows them to a "very large" extent to choose effective strategies and identify risks, while 20% considered that in a "great extent". However, there is a percentage of 6% of respondents who appreciate that the efficiency of using this information is "average" when it comes to risk management, and 3% who appreciate that the information helps them "to a small extent" or "not at all" (Fig. 9).

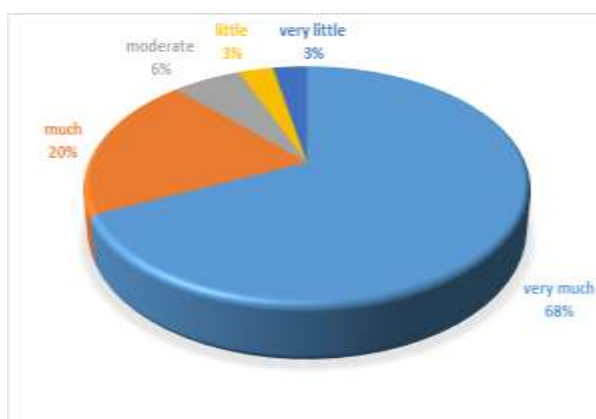


Fig. 9. The share in which the use of accounting information contributes to the identification of business risks
 Source: own processing.

We can thus state that accounting information is appreciated by most entrepreneurs and is present in their decisions.

CONCLUSIONS

In conclusion, it is evident that entrepreneurs' understanding of accounting or their mere utilization of accounting information in business management are key factors in achieving entrepreneurial excellence. The implementation of financial management techniques by entrepreneurs not only contributes to the success of businesses but also ensures their long-term sustainability. The knowledge and use of accounting information ensures the background of the business, and the current study has shown us the fact that an overwhelming majority of Romanian entrepreneurs consult, analyze and use the information provided by accounting through various reports, when they make decisions regarding their own their business. Therefore, accounting is not only a legal necessity, but also a strategic tool that contributes directly to the efficiency, growth and sustainability of the business. Additionally, the entrepreneurs surveyed have shown that they comprehend and effectively leverage this tool, which significantly enhances their long-term success prospects. On the other hand, to be truly useful to entrepreneurs, accounting information must be organized in a way that is as clear, accessible and relevant as possible to meet their specific needs. The automation of data collection and processing processes, their advanced analysis, the creation of personalized reports, the taking of fraud identification measures, automated compliance are measures that can significantly contribute to the efficiency of the use of accounting information in decision-making.

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