The Change in Management Accounting from an Institutional and Contingency Perspective: A Case Study for a Romanian Company

Gabriel Jinga, Madalina Dumitru

Abstract—The objective of this paper is to present the process of change in management accounting in Romania, a former communist country from Eastern Europe. In order to explain this process, we used the contingency and institutional theories. We focused on the following directions: the presentation of the scientific context and motivation of this research and the case study. We presented the state of the art in the process of change in the management accounting from the international and national perspective. We also described the evolution of management accounting in Romania in the context of economic and political changes. An important moment was the fall of communism in 1989. This represents a starting point for a new economic environment and for new management accounting. Accordingly, we developed a case study which presented this evolution. The conclusion of our research was that the changes in the management accounting system of the company analysed occurred in the same time with the institutionalisation of some elements (e.g. degree of competition, training and competencies in management accounting). The management accounting system was modelled by the contingencies specific to this company (e.g. environment, industry, strategy).

Keywords—Management accounting, change, Romania, contingency and institutional theory.

I. INTRODUCTION

The changes in management accounting are a popular subject in international accounting researches. A specific interest is represented by the way in which this process occurred in the Eastern European countries, considering that, for a four decades period, they had a socialist accounting. Within this period, management accounting, in its present sense, did not exist. There was only a full cost computation process, which was used for the determination of the selling price. Knowing the fact that there was an alignment of all the prices at the level of the national economy, the prices having a fixed character, the role of the cost computation was limited. The passage to a market economy, at the beginning of the 90s, represented a change of economic paradigm for the countries in Eastern and Central Europe, with consequences on accounting, implicitly on management accounting, the change mechanism being a specific one. A representative case for the analysis of change at the level of management accounting, in the context of the change of the type of economy, is represented by Romania.

The last twenty years witnessed an unprecedented experiment in accounting policy-making in Romania. Even though the authorities emphasize the financial accounting, the offer of relevant management accounting information is as important. To analyse the change in management accounting in Romania, we started from the presentation of the main moments which generated changes in accounting.

The analysis of Romanian accounting should be made taking into account several reference points, such as the economic and political changes that occurred in time. A particular aspect is the fact that the change of economic (the transition to a socialist economic system in 1948 and its collapse in 1989) and political doctrine (the existence of a Communist regime in the same period) brought radical changes in the accounting field. These changes are correlated with the similar ones that occurred in other Central and Eastern European countries. Thus, in the twentieth century Romania was governed by several accounting systems in line with the existing economic and political systems. In this paper we will analyse the accounting systems in force after 1989.

Regarding the morocco industry, we can say that there is a tradition in Romania, recognized at international level. In addition, there is a Research Institute in the domain, dealing with the launch of new models for which, according to the production technology and the materials requested, the Institute computed the standard and actual production cost, as well as the selling price for the internal and external markets. The institute was working with a factory which assured the mass and small series production.

The remainder of this paper is organized as follows: first, we present the scientific context and motivation, relying on two coordinates: the state of the art in the process of change in the management accounting – the international perspective and the national perspective. Next, we describe the research methodology. In the next section we present the case study. The paper ends with our discussion and conclusions.

II. THE PRESENTATION OF THE SCIENTIFIC CONTEXT AND MOTIVATION

Romania represents a particular case, which is yet
representative for the Eastern European countries. This case is interesting from the perspective of studying the change in management accounting, from the following considerations: (i) from the historical point of view it is one of the ex-socialist countries, which leaded to a specific evolution, compared to other European countries; (ii) in the last two decades the economic environment was dynamic, evolving towards a market economy; (iii) the accounting system acknowledged several changes.

A. The State of the Art in the Process of Change in the Management Accounting – The International Perspective

Management accounting change in organizations has to be seen as an evolutionary, path dependent process in which existing ways of thinking (institutions), circuits of power and trust in accountants can all have an impact on the way in which the actors within the organization respond to external institutional and economic pressures. It is this complex process of inter-related influences which shapes management accounting practices and explains the diversity we see in the practices of individual companies. Understanding management accounting change requires an understanding of various organizational and historical contingencies [1]. In the last thirty years there has been a change in the management accounting research topics: from explaining the diversity of practices in a sample, to understanding the specific practices employed in individual companies. This process of change is reflected in the shift in the research methods too – from quantitative methods (surveys) to qualitative research (case studies) [2]. The main research topics used at management accounting at an international level nowadays are: the phenomenon of change, the implementation of management accounting (including environmental management accounting) tools in organizations, the construction and use of the control and performance measurement instruments, the challenges of the management accounting during the last ten years. Yet, the challenge for current (and future) work is to use the theoretical perspectives which academics developed to provide insights that are relevant and helpful for practitioners. This is the case especially when academic works theorize issues closer to managers’ daily lives such as the process of accounting change (e.g. [3]).

The success of the changes in the accounting system depends on the manner in which the behavioural and organizational implications are managed. The appropriate implementation of these changes is less successful if they are seen as simple technical innovations. Most of the studies were focused especially on the users’ perceptions (managers), while the perceptions of information providers (accountants) were often ignored [4].

The recent financial crisis and corporative scandals without precedent, the markets’ globalization and the competitiveness without precedent, the continuous change of the national and international regulations together with the opportunities offered by the advanced information technologies have forced the appearance of innovations in the management accounting. This problem was not studied only for the private companies, but also for the entities from the public sector.

The literature review on management accounting systems in developing economies testimonies for the very fragmented nature of the findings. This is the case of environment and political conditions, stage of development, orientation towards specific techniques [5].

The Central and Eastern European countries made social, political and economic reforms in the transition period. To assure the efficiency, the market economy needs a good accounting system, a right budgeting system and adequate institutions and fiscal structures. The changes in the accounting system need time. One of the success keys I the transition economy was the ability of each country to introduce the budgeting and the accounting reform [6]. Even though the authorities emphasized the financial accounting, relevant, timely and correct management accounting information is as important. The analysis of the process of change in management accounting in the Central and Eastern European countries shows a number of similarities.

The management accounting tools used in other Central and Eastern European countries are used in various degrees. Thus, the budgets are used extensively, the costing system is one of the foundations of the financial reports, the performance measurement systems are limitedly used [7], [8]. In Russia, for instance, the underdevelopment of the management accounting system was generated by the domination of the tax reporting and by the inadequate practices of financial accounting [9]-[10]. Even so, as years passed, a development in the use of the management accounting tools could be noticed [11]. This evolution was driven by the following contingent or institutional factors: increase in competition, the change in the form of capital, the change in the form of ownership of the companies, the use of the information technologies, the size of the companies, knowledge, the quest for efficiency, the change in the structure of the company, the changes in regulation, traditions, the economic crises [7], [8], [12], [13].

B. The State of the Art in the Process of Change in the Management Accounting – The National Perspective

In this article we adopt the vision that the change in management accounting has to be correlated with the changes in the economical-political context. In this regard, a few authors offered classifications for Romania [14]-[16]. In this paper we will start from the classification made by [15]. The criterion was “mutations in Romanian accounting literature or changes of the economic paradigm”. The author identified the stages enumerated in Table I.

<table>
<thead>
<tr>
<th>Period</th>
<th>Name of the stage</th>
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<tr>
<td>1837-1907</td>
<td>The double-entry popularization stage</td>
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<tr>
<td>1908-1948</td>
<td>The professional and scientific debates stage (the synergy effect stage)</td>
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<tr>
<td>1949-1989</td>
<td>The accounting hermetism stage</td>
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<tr>
<td>1990 - Present day</td>
<td>Opening up to international influences stage</td>
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In this paper we will only address the period 1990 – 2014, as our case company was established after 1990. The year 1990,
which saw the beginning of the economic, social and political reforms, brought along the first changes in the accounting system. Romania started the passage from a Soviet accounting system to a Western European one. The academics played an important role in the introduction of the new system. The Accounting Law no. 81 published in 1991 was inspired from the French accounting system. A dualist accounting system was introduced in Romania [17], like in other continental European countries. The accounting normalization is performed by Ministry of Finance. The primary user of the information produced by the accounting system of a company is the state [18]. The reform continued in 1997 with the Romanian Accountancy Development Programme. Ever since, Romania prepared the adoption of the IFRSs for the big companies. This actually occurred after the country joined the European Union (2007).

The changes in management accounting after 1989 were not as important. This field was not covered by the Accounting Law No. 82/1991, which only included a few paragraphs mentioning management accounting. This field was wrongly understood by the managers of the companies with Romanian capital (which perceived it as being optional, when in fact only the way it was organized was optional according to the law), which led to its use in a small number of companies. The situation was maintained after the publication of Order 1826/2003.

Most of the studies published on Romanian management accounting topics are exploratory. Reference [19] identifies big discrepancies between the research methods and topics of the articles published in the top four accounting journals in Romania and the ones published in the Management Accounting Research in the same period (2000 – 2009). For instance the articles published on the topic Management and organisational control rank first in Management Accounting Research and fifth in Romania (out of eight topics). While the research settings for most of the articles published in Management Accounting Research are Specific countries, the setting for the articles published in Romania during the same period is Generic. At international level most of the studies employ the institutional theory (19% of the articles published in Management Accounting Research in the period 2000 – 2009), while no theory is used by most of the articles published in the top four academic accounting journals in Romania during the same period.

The empirical studies support our statement that the management accounting has limited use in the companies with Romanian capital. Reference [20] shows that the Romanian companies do not have any management accounting system. Reference [21] finds in an interview-based study that 66% of the managers use the financial accounting information as a primary source of information. Reference [22] conducts a survey-based study and provide evidence that the financial reporting system is the most used for the support of the decision making process. The management accounting systems are mostly used for monitoring costs, determining the selling price, making products decisions and, to a lower extent, for improving product quality and implementing the strategy [21]-[28]. The previously cited studies only identify the existence of management accounting systems, without investigating the factors which determine their adoption and use. Also, none of these papers studies the opinion of the accounting information providers.

Reference [5] indicates that the most important factors associated with the existence and use of management accounting techniques are the type of capital and size.

Reference [29] conducted a case study investigating the fabrication of the management accounting system in a Romanian construction company with several subsidiaries. The authors find that in time the management accounting system changed towards obtaining information for financial reporting and taxation, instead of being a support in the decision-making process.

The accountants’ perception on management accounting is strongly influenced by: taylorian mentality, lack of interest, motivation and initiative, the excessive focus on the financial and fiscal reporting [30]. Reference [31] applies the institutional theory in order to study the change in the accountant’s role. Their conclusion is that the accountant evolved since 1989 from “bean-counters” to “business consultants” and information providers. The role of the accountant changed from performing simple accounting treatments to offering support in complex decision-making processes.

III. THE DESCRIPTION OF THE RESEARCH METHODOLOGY

The suggested research is, on one side, of a fundamental type, questioning the knowledge limits in the domain of change in the management accounting at an international level and mostly at a national level. This implies an analysis of the theories regarding the management accounting. The present research follows the newest trend in the area, operating under the auspices of the institutional theory. This theory developed in three directions: old institutionalism, new institutionalism and the theory of archetypes.

The most used theoretical framework describing the change in management accounting using the old institutional theory is the one published by [3]. The framework deals with a few elements, such as: rules, routines, habits, culture and norms and their institutionalization in the organization’s realm. The institution is “a way of thought or action of some prevalence and permanence, which is embedded in the habits of a group or the customs of a people” [32]. According to [3], the rules are “formally recognized ways in which things should be done,” while routines are “patterns of thought and action which are habitually adopted by groups of individuals.” Reference [33] identifies different kinds of change: adaptation, adjustment, development, going backwards, innovation, shifting, replacement, reorganizing and redesigning. Reference [34] identifies two categories of cultural interventions: (1) primary interventions (e.g. the allocation of the critical resources by the top management), and (2) secondary tools (e.g. managerial practices).

The new-institutional theory suggests that the changes within a company are generated by isomorphic pressures [35]. These
can be of three kinds: coercive (when the regulatory forces impose on the adoption of an innovation), normative (imposed by the profession) and mimetic (by copying another company).

The theory of archetypes [36] suggests that the process of change is different from one organization to another because the information is filtered differently by each entity.

In this article we apply the logic of the old institutional theory.

As we considered that the institutional theory is not offering a complete picture of the company, we also analysed the contingencies affecting our company. The essence of the contingency theory is that the organizational structure of the entity is determined by the external environment and other organizational factors [37].

The institutional factors reported by other studies are: the source of capital, the stock exchange listing, the degree of competition, the relation with taxation, the training and competencies in management accounting, the shareholder value, while the contingency variables are: the characteristics of the environment (competition, uncertainty), the industry, the size of the company, the entity’s technology and structure, the strategy used, the cultural and structural arrangements [38].

From the research methodology point of view, we used the pluralism/pragmatism, which supposes using a mix of methods (such as historiography and fundamental research), both qualitative and quantitative. As research method we used the case study and interviews. We collected the data from the research site through direct observation, interviews, informal discussions, internal or public documents. The leading author is working for the company, so he directly noticed the management activities since July 2002.

In order to understand the managers’ reasons for changes in management accounting inside the organization, the interviews and the researcher’s general interaction with the rest of the company’s staff were very useful. Interviews were conducted with managers from various departments, including the marketing, production, creation and financial departments. The interviews were directed especially to cost management issues and the researcher’s general interaction with the rest of the management accounting inside the organization, the interviews were directed especially to cost management issues and the researcher’s general interaction with the rest of the management activities since July 2002. Interview questions during each interview, and the interviewer’s reactions and any cross-referencing of similar points were noted as well. The leading author had access to all the financial data, such as costing and pricing details.

IV. THE CASE STUDY

The research site of this article is the Company A (anonymous here) and is 100% a family business (husband-wife). It uses 100% Romanian capital. About 60% of the profit is reinvested each year. Nowadays, it is one of the top three companies in its domain in Romania. It produces morocco goods (mostly shoes for women, but also bags, belts and other products). This is a Romanian brand; however, one of the biggest disappointments of the owners is that there are no connected industries in Romania anymore and everything is imported (raw materials, packaging materials etc.). In Romania, the economy is mostly financed by the banking system, not by the stock exchange. This is the case of Company A as well, as it is not listed on the stock exchange.

Our analysis is split into the following periods of time:
- 2000 – 2007;
- 2008 – present.

The periods were determined according to the characteristics of the economic environment and to the main changes that the company undergone.

The company was established in 1992. Regarding the economic environment, Romania faced many difficulties during that period (e.g. excessive taxes – the tax on profit, for instance, was 38%, the lack of bank funding for the businesses, a high inflation rate and reduced prospects for development). There was no opportunity to avoid the taxes. These difficulties affected the business environment. There were pressures to maintain low costs and avoid significant investments, a reduced consumption power and only a few foreign investments. Yet, the competition was reduced. “Back then, you could do anything, because almost everything was missing, we were part of the beginning of a new economy,” remembers the artistic manager and one of the funding owners of the company. Nobody had any knowledge about how to run a business or about management accounting. The company lacked technology. The strategy was to buy cheap and resell at a low margin. This assured a big turnover. The company started with 700 dollars in the retail domain with haute-couture fabrics and with five employees it succeeded in gaining capital to get to a new phase, namely the development of a network of personal shops. Company A had two departments: Selling and Administrative, one shop for retail sales and en-gross sales.

In 1996 they became the biggest fabrics reseller in the country (representing in Romania the leading European producer). The company got in touch with the fashion world. In the beginning, they were importing shoes and other leather products from Italy. However, “the ever late deliveries, the quality below expectations, the relatively high prices,” made them start to produce shoes and bags (morocco leather goods). One of the owners’ states: “We felt the need to create added value, the trade was not enough anymore.”

The economic environment in Romania in 2000 was characterized by economic growth and the creation of many new companies. Most of the firms were involved in trading activities. The tax on profit was 25% from 2001 to 2004. The owners tried to transfer a part of the profit to microenterprises (which had a tax of 1 to 3% of the revenues). In 2000, company A shifted from the fabrics trade to the production of shoes and other leather objects. A new department was added to the structure of the company – the Production Department. The first shoe factory (of almost 600 square meters) is built with almost 200,000 EUR. There they will produce manually for the beginning, because of the lack of equipment. They use second hand production equipment, purchased from other companies. The production of shoes, bags and other products was made in
the same factory. In 2002 they exit almost entirely from the fabrics business and they open the second factory (of 1,500 square meters). In the same year they close the first factory. The company had 2 shoes shops. In 2004 the company invests in equipment, such as computerized cutting machines, production lines. The first bag model was sold for almost four years. In 2006 the brother of the owner, a former employee of a multinational company, with training in competences in management accounting, starts getting involved in the firm, coming with new, corporate ideas; he will become an associate of the company in 2011. He starts asking for new information from the accounting department to support the decision-making process. The competition becomes bigger.

In 2007 a new factory is open in a Romanian town with tradition in the leather industry. The option for this town was determined because qualified personnel could be hired in the area. The factory produced at the beginning 450 articles a day, but the production grew progressively. The consolidation of the company’s position on Bucharest’s market followed, by opening new shops in big commercial centres, but also the expansion to other cities in Romania. At the end of 2007 the company had 8 shops.

In 1999 (before starting the production of shoes) the company had on average 15 employees, a turnover of about RON 12,000,000 and equity of about RON (400,000). In 2007 the company had on average 186 employees, turnover of about RON 18,000,000 and owner’s equity of about RON 37,000,000.

In 2008, the Romanian economy faced a slowdown, and the effects of the economic crisis started to be visible. The most significant negative effects were visible in 2009, while in 2010 and especially 2011 the signs of an economic growth started to become visible (www.mediafax.ro). The taxation was more stable than in the previous periods. Thus, the tax on profit was 16%. The VAT increased from 19% to 24%. For company A 2008 was the year when the managers started making changes in the decision-making process. In 2008-2009 the company had to close a few stores. Until 2008 the company used an IT system especially created for it. One of the positive consequences of the involvement of the new associate was that, starting with the year 2007, the firm started to implement an ERP created by a world class producer, which brought to the organization a better logistics for the shops, the inventories can be tracked, a bookkeeping of the suppliers, customers, cash flow is available. However, only a few changes were made regarding the costing system.

According to the owners, “for the company A, the crisis also bought a number of opportunities: the Italian raw material, equipment, such as computerized cutting machines, production lines. The first bag model was sold for almost four years. In 2006 the brother of the owner, a former employee of a multinational company, with training in competences in management accounting, starts getting involved in the firm, coming with new, corporate ideas; he will become an associate of the company in 2011. He starts asking for new information from the accounting department to support the decision-making process. The competition becomes bigger.

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According to the owners, “for the company A, the crisis also bought a number of opportunities: the Italian raw material, previously difficult to access from the perspective of the delivery terms, is now more accessible, the suppliers are more flexible, the negotiations more fruitful. The more the company grew, the easier it was for it to maintain the quality/price report, buying and selling directly and being a strong group, with the possibility to negotiate well.” So, the crisis accelerated the evolution of the company.

The models were initially created by the owner. Since 2006 Italian and French designers and plastic artists are hired. The creation activity is made only in Italy. For the coordination of the production activity, Italian specialists were brought, as “the Romanian managers focused only on the quantity, without considering the quality,” considers the production manager.

The complexity of the collections, design, components and accessories quality, as well as the high manufacture standard specific to the products determined a real fashion tendency. The company creates now four collections per year – of which two basic collections and two pronto-moda collections, plus the collections for the special events. A basic collection includes 25,000 bags and 40,000 pairs of shoes. Their brand is defined by the production of high quality and still comfortable shoes. In the opinion of its owners, the company is “an example of luxury that you can afford”, with a good quality/price report. About 70% of the employees are involved in the production. The future strategy of the company is “to maintain a concept with which the business woman, always careful about the fashion, who knows what is buying, can more and more identify herself and that can allow her a selection, from a large range of models”, says the marketing manager. The strategy is implemented in two steps: the first, to consolidate the item that is the most important for the business – the products, so that it differentiates them from other competitors, “to be better in front of a competition that is more and more aggressive.” The second step is to increase its local presence and the offer, by entering new segments, the ones of shoes for men and children. Nowadays, the company invests a lot in promoting the products on the basis of catalogue and loyalty cards.

On a market covered 90% by imports, they succeeded in promoting their own trademark beyond the invasion of the Chinese, Turkish or Indian products. They had to reinvent the company permanently. In 2013, the company had on average 373 employees, owner’s equity of more than RON 29,000,000 and turnover of about RON 47,000,000 (with 22% higher than the one in 2012), 28 shops in Romania and seven other countries.

The structure of the company changed. The Technological design was added to the Production Department and the Online and the Outlet segments were added to the Commercial Department.

Before the economic crisis (2008), the company opened shops without an efficiency analysis, making big contracts with clauses in favour of the owner (for instance, in the shopping malls the contracts were for a period of fifteen years, with clauses that represented big penalties for cancelling the contract). After the appearance of the crisis and the decrease in the turnover, management analyses using financial and non-financial information were made.

In the year 2008 they stopped the development on the Romanian market (the owners consider that “the 12 shops that the company has in Romania are constant and mature, with all the points profitable, and the further development is pointless”) and they started to open and franchise the business abroad. They opened stores in Tel Aviv, New York, Ulan Bator, Sofia, Paris, Hungary, Luxemburg and they have a development plan for Europe, wishing to open stores in London, Greece, Russia, Poland, Ukraine or Vienna, according to one of the owners. In
In 2011, they also started developing a platform for online selling. Their objective for the next five years is to open one hundred points of presentation at international level (general manager). In 2010 their sales abroad were about 20% of the total turnover.

In 2012 they doubled the production capacity of the factory established outside of Bucharest. The owners say that they don’t think about opening a third factory as the investments are very important. Yet, if they did, they would consider Bulgaria or Moldavia as a location because of the lower taxes.

According to the financial manager, the production cost is computed by adding a percentage of labour expenses and other overheads (for instance, rents, utilities) to the raw materials costs. This cost is computed at the beginning of the collection, twice a year. The standard cost is established as a percentage (30%) of the selling price. The differences are computed as to the actual cost only at a global level. The financial manager says: “In this industry, everything depends on the collection, not on the cost. It’s the collection that matters.”

Starting with the year 2007 special orders appeared. For instance, there are companies that want equipment for the employees (shoes, bags etc.). This imposed making decisions of accepting or rejecting an order and the analysis of the order’s profitability. Regarding this issue, the financial manager (who is also responsible with the management accounting) states that they are using the decision-making model for establishing the minimum price of the order.

According to the financial manager, the most used ratio for the analysis of the profitability is EBITDA. This is computed per total or per cost centres. The cost centres the company is split in are: shoes, bags, administrative, car park, distribution, the last one being also split into: shops, deposit, logistics.

In terms of budgets and planning, only the short-term budgets are used after the introduction of the ERP. In Company A the following items regarding the raw materials are identified at the beginning of a collection: the purchase price and the quantity required.

The commercial manager reveals that “the entrance on the men footwear market with the products manufactured within the company was a failure; thus, the company outsourced this segment, selling products bought from other companies.” In 2012 they started to produce a part of the men shoes again.

Talking about the cost computation, the financial manager says that “the expenses were not separated into fixed and variable, but the management wishes to implement this in order to be able to make scenarios. There was an idea to allocate, on the basis of an informatics system, the labour directly to the products. The workers were supposed to use a card for clocking the execution of each production operation. After cost-benefit analysis the management concluded that the practical constraints would be too large.”

In the opinion of the financial manager, “a problem of the present system is the inventories level. There are inventories poorly purchased or finished goods produced without a marketing forecast and without knowing if a model will be sold in 100 or 500 pieces. The purchases are not efficient.” To overcome this, the financial manager says that they want to improve the production planning, starting from marketing prospects on a focus group type, knowing the quantity estimated to be sold for each collection. For the raw materials, they want to negotiate with the supplier the raw inventories to be returned, in order to pay only for the quantity used in fact.

V. DISCUSSION AND CONCLUSIONS

The present research analyses the change in management accounting in Romanian. After the research conducted, the authors reached the conclusion that the organization of the management accounting depended on the economic and political environment in the country. A special case was represented by the period 1948-1989, when the management accounting was only used for statistical purpose and not for decision-making. After the fall of the communism in 1989, as the country turned to a market economy, accounting changed its role, being used now as a decision-making instrument. We can talk about modern management accounting systems. Our assumptions are sustained by a case study on a Romanian company.

At the beginning of the business, the management of the company didn’t grant any importance to the information offered by the management accounting in order to obtain competitive advantage and implicitly to develop the business. During this period, the necessary information for decision-making was not obtained from accounting, but from other sources (e.g. personal notes); accounting was considered a necessary evil in the relationship with the state authorities.

In the context of the economic crisis, when the demand of products and services decreased significantly and the competition became stronger and stronger, management can fulfil its performance objectives established, using strategies for the cost control and reduction. In order to successfully apply such strategies, the management of the economic entity acknowledged the importance of the information offered by the management accounting, and had to adopt urgent measures to organize this type of accounting. The objective of this measure was to obtain pertinent managerial information in a reasonable time frame and with costs as reduced as possible. In order to do this, the company implemented the bookkeeping of the expenses on cost centres and a periodic reporting for the management relying on EBITDA and on the contribution of each cost centre to improving this ratio. The need of using scenarios during that period relying on the separation of the expenses on fixed and variable, determined the management to seriously consider developing the management accounting system.

A weak point of the present management accounting is that cost calculation is still made globally, on cost centres, without computing and analysing the profitability at the product’s level.

One of the contributions of our paper is that we find evidence about the institutional and contingency variables which affect a Romanian company. Another contribution is that we analyse a company along the period of transition from the communism to the market economy. Our period covers the financial crisis, as well, showing that this had a major impact on the behaviour of the important actors.
In conclusion, the most important institutional factors which affected the development of the management accounting system in Company A were the source of capital and the training and competencies in management accounting. Thus, the company has 100% Romanian capital. In line with previous studies, we note that in Romania the companies which use national capital have a poorly developed management accounting system. In our case company, the situation started to improve after a new manager, with a solid experience, started to get involved.

The most important contingency variables affecting the Company A were: the characteristics of the environment, the industry, the entity’s technology and structure, the strategy used. Our study emphasized that the changes in management accounting were produced in the same time as the changes in the economic environment. Thus, during the first period (1992 – 1999), characterized by economic instability, the company grew rapidly and changed its activity domain. The managers didn’t ask for any information generated by the management accounting. As the company developed and the economic environment became better organized (period 2000 – 2007) the owners realized that they needed new tools in order to control the company. Thus, they hired a new chief accountant, with background in tax and management accounting. The economic crisis started in Romania in 2008. The presence of a new owner led to more formal management system. It is generally acknowledged that the management accounting tools can be classified into the following categories: costing, planning and budgeting, and performance measurement. In our opinion, the reason for the underdevelopment of the costing system is the industry in which the company operates. As stated above, in this industry the cost/price comes third in the buyers’ decision making process, after the design and the quality of the finished goods. As the entity’s technology and structure evolved, we could notice an evolution of the management accounting system as well. We can say that the latter was determined by the first. The strategy used which became more sophisticated from one period to another, required more information and determined the evolution of the management accounting system too.

One of the limits of our research is that we only used the example of one company. Future work could refer to the situation encountered in other companies, as well. Also, other theories could be used (for instance, the Actor-Network Theory).

REFERENCES


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