

THE RELEVANCE OF ACCOUNTING INFORMATION IN MEASURING THE PERFORMANCE OF AN ENTITY

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Abstract: *In order to correctly appreciate the relevance of the accounting information, the users resort to the economic-financial analysis. The results of the analysis are important for managers in measuring the performance of the economic entities and in the decisions of exploitation, investment and financing. The study presented and developed at the level of an entity in the service sector, tries to put into practice the methods of calculating performance based on the information provided by the synthetic financial statements in order to constitute a relevant set of financial indicators that can be an information model, specifically a dashboard for managers. It is noticeable the presentation of the system of monitoring and reporting the performance of economic entities.*

Keywords: *accounting information, financial performance, financial position, relevance, financial statements, dashboard, monitoring system for performance.*

JEL Classification: *M41 - Accounting*

1. Introduction - The relevance of accounting information provided by financial accounting

Financial accounting provides a correlated and verified information system that does not leave room for subjectivism, instead promoting rigor and accuracy in reflecting economic-financial phenomena. **The supply**³ of accounting information is directed to **external users**, for the needs of which various standardized forms of financial statements are used, and to **internal users** through confidential reports adapted and customized to the current needs of business management. According to the conceptual framework⁴ for financial reporting, “**the purpose of financial reporting in general, is to provide financial information, regarding the reporting entity, that will be *useful* to existing and potential investors, borrowers and other**

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³ Mica, I.G., Importanța raportărilor financiare în managementul firmei, „Contabilitatea, expertiza și auditul afacerilor” Magazine, no. 10/2009, pag. 40

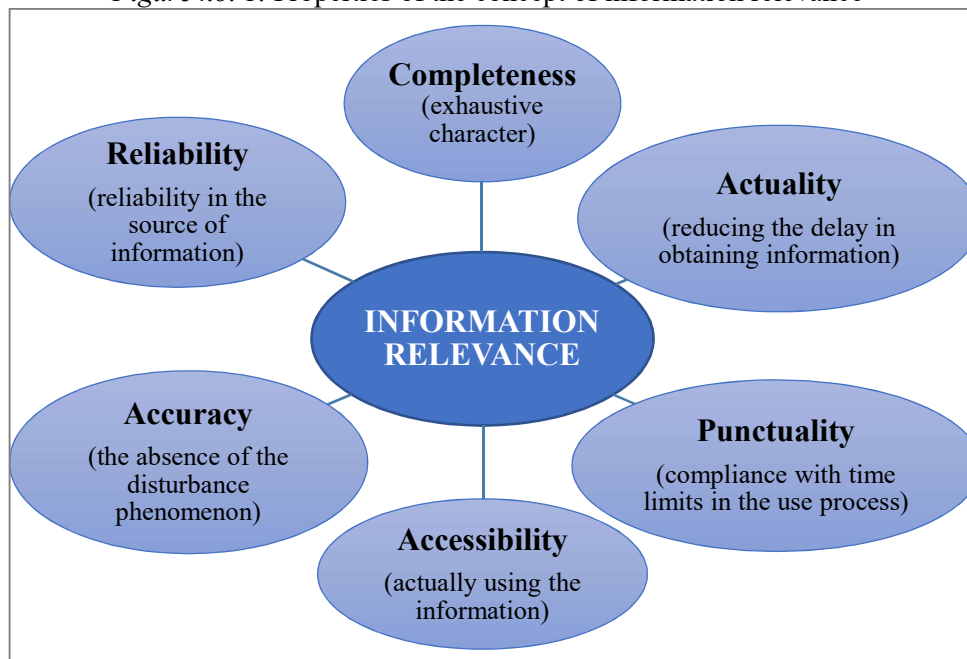
⁴ International Financial Reporting Standards, part A, Publishing House CECCAR, Bucharest, 2018, pag. A27

creditors in their decisions in providing resources to the entity ..., to help evaluate the prospects for net cash inflows for an entity.” An essential aspect to be noted, regarding the supply of accounting information, is the fact that the information provided by the economic entities to the users to help them in making relevant decisions are not always produced by them, but may be the result of the activity of some **companies that provide accounting services**. It can be stated that the **accounting information is and should always be the product of the professional accountants**, whether they are the employees of the entity, or they are the employees of a specialized company of quotable services, or freely professionals.

2. Literature review

In the information processes carried out in an economic entity, an important problem concerns the need to provide properties to information capable of conferring a maximum value of use on it. These properties define the **concept of information relevance**⁵ and are reflected in: the completeness, the accessibility, the actuality and the accuracy of the information (**figure no.1.**)

Figure no. 1. Properties of the concept of information relevance



Source: Radu, I., 2007, Informatică și management, Publishing House Universitară, Bucharest

⁵ Radu, I., et. all, 2007, Informatică și management, Publishing House Universitară, Bucharest, pag. 49

Economic information⁶, is a news/message, that contains new elements of knowledge of a state, situation, manifesting conditions of certain phenomena or economic processes. It is considered "raw material" at the disposal of a leader regarding the area in which it carries or the hierarchic level. With the help of economic information, one can promptly intervene in the organization and management of production, in its optimization and in the elaboration of decisions.

The management structures within the economic entities are subject to an accelerated renewal rate of the economic information due to an increasingly complex environment characterized by a high degree of uncertainty.. In this context, the manager must be able to define the type of information he requests and needs, and the information system must be able to provide it. In practice, things are not exactly the same, the manager being obliged by circumstances to use the available information that comes from available sources.. Peter Druker stated⁷: *"the manager will never be able to take on all the facts he needs. Most decisions are based on incomplete knowledge - both because the information is not available and because it costs too much time or money. There is nothing more treacherous or painful, more common than the presumption of waiting for the precise substantiation of decisions, based on coarse and incomplete information.."*

For this study, particular importance is given to the **accounting information**⁸ that can be defined as a specific *economic information resulting from processing methods, procedures and tools of the accounting data*. It must be real, precise, complete, being considered the support of the managerial process. It can be stated unequivocally that most decisions made in the management process are based on accounting information.

3. Research methodology

The scientific research is based on a correlative approach of the financial-accounting information aspects with those regarding the performance, financial decisions, managerial decisions and good governance.

The research methods used represent a combination of longitudinal and transversal methods, these being used to lay the foundations of a descriptive research, substantiating at a theoretical and conceptual level aspects of financial accounting by calculating performance indicators based on information supply, ways to capitalize on information and their usefulness in the decision-making process, to then move on to empirical research, studying the opinion of managers from economic entities on how useful and helpful is the information provided by

⁶ Surcel, Tr., 2004, Bazele informaticii economice, Publishing House ASE, Bucharest, pag 152

⁷ Taking over Peter Druker, text found in Sorin Briciu, 2004, *Contabilitatea managerială - aspecte teoretice și practice*, Publishing House Economică, Bucharest, pag. 13

⁸ Mihalcu, C., 2008, Informația contabilă – suport pentru determinarea rentabilității întreprinderii, *Analele Universității "1 Decembrie 1918"*, Economic series

the accounting information system in making decisions that contribute to improving performance. Due to the transition from theory to practice, the study falls into the category of research that is based on a **deductive** approach in achieving the set objectives.

The information sources used to carry out this research include: literature both national and international; specialized articles published in renowned journals, recognized at national or international level; legislative acts; regulations of national and international professional bodies; studies and research conducted by various professional bodies.

4. The objectives of financial accounting information supply

- The activities carried out within the economic entities are too numerous and diverse to be reported individually to persons or institutions from outside so that at present it is considered impossible to represent all activities for each user, the solution being the preparation of official financial statements to meet external requirements⁹.

- Financial statements are a basic element of the accounting information system because they represent the channels of communication of information to users. According to the regulations in our country, the information in the financial statements is aiming at:

- *assets*, resources controlled by the firm as a result of past events and which are expected to generate future economic benefits for the enterprise;
- *debts*, current obligations of the company arising from past events, and the settlement of which is expected to result in an outflow of resources that incorporate economic benefits;
- *equity*, the residual interest of the owners in the assets of the enterprise, after deducting all its debts;
- *income and expenses, including gains and losses*;
- *cash flow*, represented by cash inflows and outflows and cash equivalents of the enterprise.

According to the international accounting standards, more precisely IAS 1 "Presentation of financial statements", the objective¹⁰ of the financial statements is to provide information on the financial position, financial performance and cash flows of an entity, useful for a wide range of users in making economic decisions.

⁹ Balteș, N., Ciuhureanu, A.T., 2003, Obiectivele situațiilor financiare în contextul globalizării economice, published in the session volume "The Challenges of Science in the 21st Century", Management section, Publishing House Academiei Forțelor Terestre "Nicolae Bălcescu", Sibiu, pag. 201-206

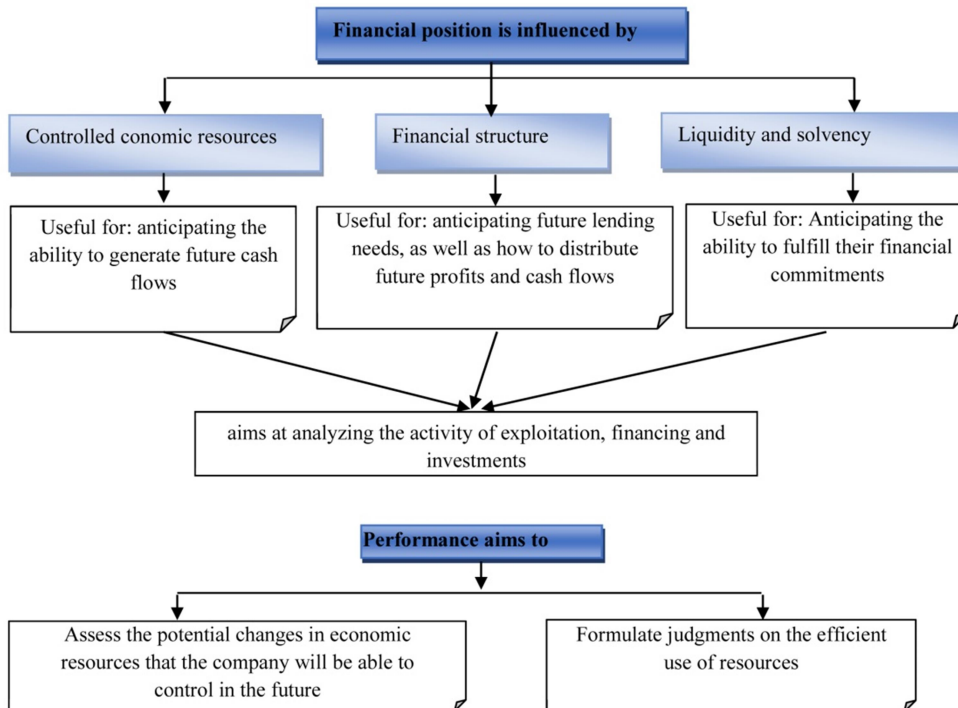
¹⁰ ***, International Financial Reporting Standards issued on January 1, 2018, part A, Publishing House. CECCAR, Bucharest, 2018.

From this desideratum, the finality of the financial statements can be deduced, which must satisfy the needs of the users of financial-accounting information regarding the:

- **financial position** aims at anticipating the ability of the company to generate future cash flows, anticipating future credit needs and the possibility of obtaining these credits; how to distribute future profits and cash flows; anticipating the company's ability to meet its due financial commitments;
- **financial performance** aims to assess the potential changes in economic resources that the economic entity will be able to control in the future; formulating reasoning regarding the efficiency of using some resources;
- **change of financial position** aims at analyzing the exploitation, financing and investment activity.

The graphical illustration of the objectives of the financial statements is made in **figure no.2.**

Figure no.2: Objectives of the financial statements



Source: adaptation after Ciuhureanu, A.T., Balteş, N., Aspects regarding the accounting Information offer through the financial statements, Studia Universitatis „Vasile Goldiș din Arad”, no. 1/2009

In Romania, the republished Accounting Law no. 82/1991, makes a direct reference to this concept as follows: *"the official documents presenting the economic-financial situation (...) are the annual financial statements, which must give a true image of the financial position, financial performance and the other information regarding the activity carried out "*.

The general framework for the preparation and presentation of financial statements specifies that *"financial statements must accurately present the financial position, financial performance and cash flow of an entity. A fair presentation provides an accurate representation of the effects of transactions, other events and conditions, in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses."*¹¹

5. Practical highlighting of the relevance of financial - accounting information

The main indicators extracted from the profit and loss account of the analyzed entity are presented in **table no. 1**.

Table no.1 The main indicators in the profit and loss account

Indicators	Financial exercise		
	2017	2018	2019
Turnover	10,358,934	7,844,239	8,590,022
Operating income	11,092,865	8,156,207	8,756,658
Operating expenses	10,064,322	7,106,381	7,926,872
Operating result	1,028,543	1,049,826	829,786
The financial result	0	-32,069	-54,226
The current result	1,055,880	1,017,757	775,560
Total income	11,213,799	8,206,551	8,800,665
Total expenses	10,157,919	7,188,794	8,025,105
The gross result	1,055,880	1,017,757	775,560
The net result	886,745	853,207	649,466

Source: own processing of data from an entity's profit and loss account

Knowing only the absolute size of the indicators in the profit and loss account is not sufficient for the manager of the economic entity. He asks the accounting department to perform various analysis with the help of graphs that highlight the relevant information to support the managerial decision. Based on the information

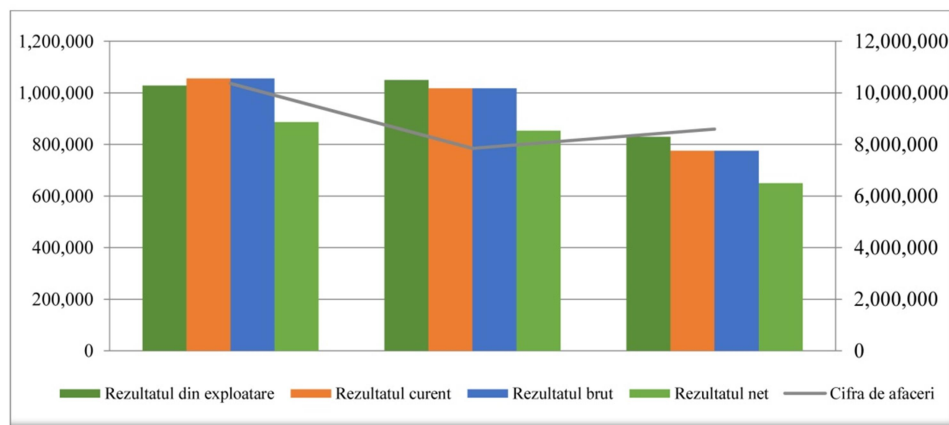
¹¹ ***, International Financial Reporting Standards issued on January 1, 2018, part A, Publishing House. CECCAR, Bucharest, 2018, p. A387

extracted from the profit and loss account, corresponding to the period 2017 - 2019, the accounting department performed the following analysis in dynamics highlighted in **chart no. 1**.

The main relevant information from the situations provided by the accounting department, which contributes to the achievement of an overview of the performance, are:

- **Turnover (cifra de afaceri)** in absolute terms registers comparable levels in all years under analysis. After 2017 it recorded a record value due to economic prosperity in 2013-2017, 2018 is marked by a reduction of 24% due to the difficulties of the current period characterized by economic stagnation and caution from customers. Starting with 2018, there is a resumption of growth (10%) until this year;
- **The operating result (rezultat din exploatare)**, independent of the financial, dividend and fiscal policies, is materialized in profit in each of the analyzed periods;
- **The current result (rezultat curent)** registers the same trend as the turnover, having a reduction tendency starting with 2018 as a result of the cumulation of the negative effects of the financial expenses from the same year;
- **The net result of the exercise (rezultat net)** is positive and follows the evolution of the **current result** indicator.

Chart no.1 Dynamics of the main results



(Source: own processing of data from an entity's profit and loss account)

The possibilities of interpretation being limited, this analysis does not provide information relevant to the management of the economic entity. Precisely for this reason, it is necessary to carry out detailed analysis that highlight the stages of formation of the result of the exercise. The economic presentation of the profit and

loss account is made through the **intermediate management balances**, representing indicators, in the form of margins, which highlight the stages of formation of the result of the year, in close connection with the structure of income and expenses related to the enterprise. Their necessity is imposed both by the economic-financial analysis of the enterprise and by the preparation of national accounts.

A schematic¹² illustration of the formation of intermediate management balances for entities operating in the fields of trade and production is made in **figure no. 3**.

Figure no.3 SIG for trade and manufacturing activities

Commercial enterprises		Manufacturing enterprises	
Sales of goods	Production sold	Production stored	Capitalized production
Cost of goods sold	Trade margin	Production	
	Trade margin	Added value	Intermediate consumption
	Added value		
	Taxes	Staff expenses	Operating subsidies
	The gross result of the exercise		
Income from provisions	Other operating expenses	Other operating income	
	Operating result		
Financial expenses	Financial income		
	Financial result		
	Current result		
	Taxable income		
	Tax profit		
	The result of the exercise		

Source:adaptation after Crecană, C., 2000, Ghidul afacerilor mici, Publishing House Economică, Bucharest

The calculation of the partial profitability indicators for the analyzed entity is performed in the **table no.2**.

¹² Crecană, C., 2000, Ghidul afacerilor mici, Publishing House Economică, Bucharest, pag. 158

Table no.2 Calculation of SIG indicators

No. Crt.	Intermediate Management Balances	Financial exercise		
		2017	2018	2019
1	Sales of goods	8.908.524	6.481.388	7.410.098
2	The cost of goods sold	7.522.851	5.237.232	6.099.222
3	Trade margin (1-2)	1.385.673	1.244.156	1.310.876
4	Production sold	1.450.410	1.362.851	1.179.924
5	Stored production - debit balance	0	0	0
6	Stored production - credit balance	0	0	0
7	Capitalized production	0	0	0
8	Exercise production	1.450.410	1.362.851	1.179.924
9	Raw materials and consumables	338.986	211.032	247.010
10	Other material expenses	95.189	139.810	76.768
11	Energy and water expenses	51.196	66.418	77.841
12	Expenditure on external services	489.428	418.017	479.471
13	Added value	1.861.284	1.771.730	1.609.710
14	Operating subsidies	0	0	0
15	Taxes, fees and assimilated payments	14.275	19.140	23.316
16	Staff expenses	518.615	543.327	581.851
17	Gross operating surplus (GOS)	1.328.394	1.209.263	1.004.543
18	Other operating income	733.931	311.968	166.636
19	Revenue from adjustments and provisions related to the operating activity	0	0	0
20	Other operating expenses	722.059	225.707	148.944
21	Operating expenses with depreciation, value adjustments	311.723	321.980	433.255
22	Operating result	1.028.543	973.544	588.980
23	Financial income	120.934	50.344	44.007
24	Financial expenses	93.597	82.413	98.233
25	Current result	1.055.880	941.475	534.754
26	Income tax expenses	169.135	164.550	126.094
27	Net result for the year	886.745	776.925	408.660

(Source: own processing of data from profit and loss account)

Based on the indicators obtained in the table of management balances, in order to increase the **relevance** of the information provided to managers and other users of accounting information, various rates can be calculated which express in a much clearer way the **performance** of the analyzed company. This information is highlighted in **table no. 3**.

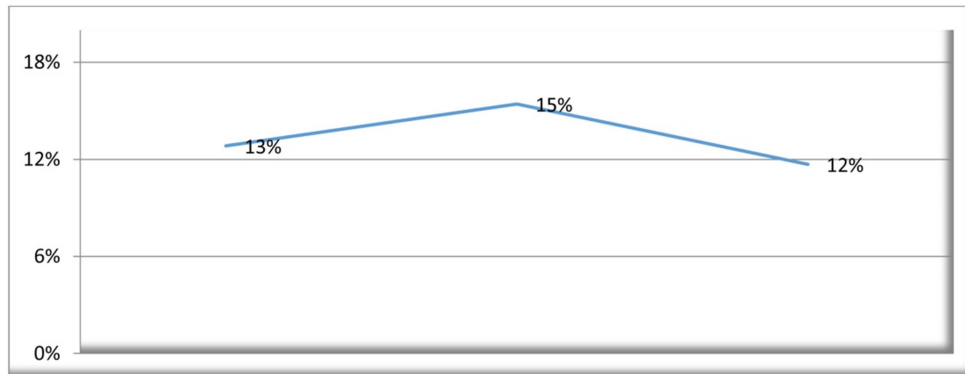
Table no.3 Performance rates calculated on the basis of SIG

No. crt.	Complementary calculations	2017	2018	2019
1	Turnover	10.358.934	7.844.239	8.590.022
2	Added value	1.861.284	1.771.730	1.609.710
3	Value added rate (%)	18%	23%	19%
Different GOS rates, as effect				
1	Gross operating margin rate (GOS /Turnover) %	13%	15%	12%
2	Development capacity rate (GOS/Added value) %	71%	68%	62%
3	The rate of wealth creation towards employees (GOS/salaries)	2,4	2,2	1,7

(Source: own processing of SIG data)

The manager of the analyzed entity can observe that the value-added rate has a downward evolution in 2018, a year characterized by a fall in the auto market. Also, the rate of development capacity has a downward evolution, starting with 2017, which is an alarm signal for the manager to change the commercial policy and to come up with new offers for the service side. Based on the absolute amount data, various graphs can be drawn to illustrate the evolution trend of some significant indicators from the profit and loss account. In the **chart no. 2** it is illustrated the evolution of the gross operating margin.

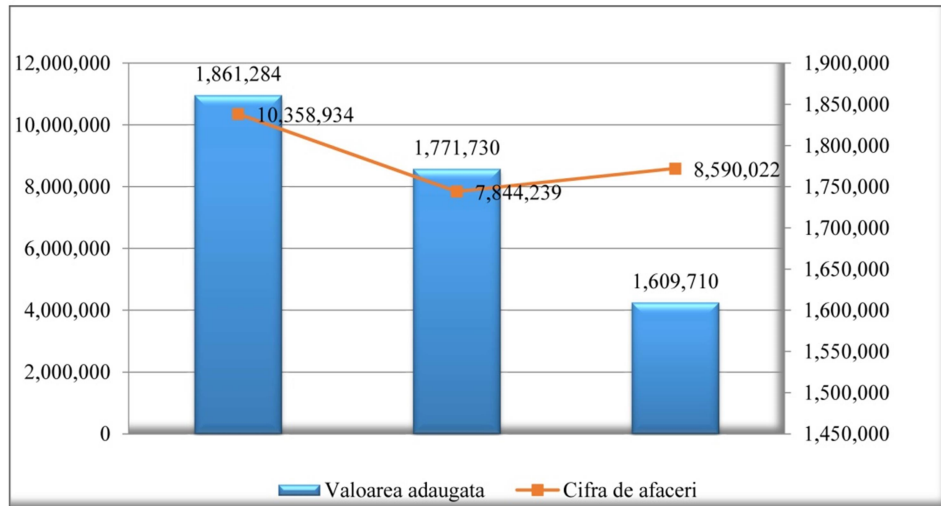
Chart no.2 - The dynamics of the gross operating margin rate



Source: Graphical processing of Turnover data

Chart no. 3 illustrates the dynamics of added value and turnover for the analyzed company.

Chart no.3 Comparative evolution of turnover and added value



Source: author's data processing

As mentioned, the profit and loss account is the main source of information in analyzing the performance of the company. Due to the fact that the elements are classified in this report according to their nature, managers make all analysis by reference to the basic function of the entity: trade, services, production, not taking into account the general administrative expenses or sales expenses.

A situation that highlights the operating result calculated taking into account the functions of the entity (basic function, commercial function, administrative function) is illustrated in **table no.4.**

Table no. 4. Presentation of the profit and loss account by functions

Name of the indicator	Fiscal year						Variation 2018-2019
	2017	%	2018	%	2019	%	
Net turnover	10.358.934	100,00%	7.844.239	100,00%	8.590.022	100%	745.783
The cost of goods sold and services provided	8.838.560	85,32%	6.443.517	82,14%	7.275.140	84,6%	831.623
Basic activity expenses	8.838.560	85,32%	6.443.517	82,14%	7.275.140	84,6%	831.623
Expenditure on auxiliary activities	0	-	-	-	-	-	-
Indirect production costs	0	-	-	-	-	-	-

Name of the indicator	Fiscal year						Variation
	2017	%	2018	%	2019	%	2018-2019
Gross net income	1.520.374	14,68%	1.400.722	17,86%	1.314.882	15,3%	(85.,840)
Sales expenses	-	-	-	-	-	-	-
General administrative expenses	1.225.762	11,83%	662,864	8,45%	651,731	7,5%	(11.133)
Other operating revenues	733.931	7,09%	311,968	3,98%	166,636	1,9%	(145.,332)
Operating result	1.028.543	9,93%	1.049.826	13,38%	829,787	9,6%	(220.039)

Source: author's data processing

Regarding the period 2018 - 2019, it can be seen that although the turnover increased with 745.783, the operating result decreased by 3.72%. This decrease is generated by the decrease of the gross margin of 2.55% as a result of the increase of the expenses with the depreciation of the constructed building and the interest paid on the contracted credits.

The way of presenting the profit and loss account by functions responds better to the information needed by users and especially managers, because it directly provides useful information in the management of the company, but has the disadvantage that it can present a high degree of subjectivity; as expenses can be made on the basis of arbitrary criteria, which involve professional reasoning.

6. Tools for monitoring the performance of economic entities

There are few economic entities that have implemented **performance monitoring and reporting systems**. In most cases, these companies have outsourced the accounting service so that the only possibility to monitor performance is by directly consulting the data in the financial statements. At the same time, companies that have their own accounting service do not have applications that include performance monitoring modules. For the analyzed company, the accounting is kept using a commercial software that provides an option of Management Statements in which values can be obtained in the form of graphs for the following indicators: profit, income, expenses, receipts, payments.

In literature¹³, the verification of the achievement of the objectives defined by the management of the company is done through a system of performance monitoring and reporting that aims to solve the following problems:

- Establishing the organizational subdivisions that must receive information regarding the achieved performances;

¹³ Caraiani C., Dumitrana M., (coord.), 2008, Contabilitatea de gestiune & Control de gestiune, the second publishing, Publishing House Universitară, Bucharest, pag. 391

- Specifying the decision centers and the ways of presenting the information regarding the activities lead;
- Coordination of the organizational subdivisions that receive information on the performances achieved in the operational subsystem.

Finding solutions to previously exposed problems, highlighting relevant information to enable the operational and decision-making system to achieve its objectives is facilitated by the existence of the following tools for monitoring and reporting performance: **Dashboard and Scorecard Balance**.

The **dashboard** consists of a set of indicators presented in a concise manner and with a correlated periodicity, which should allow the person in charge to react quickly in case of problems.

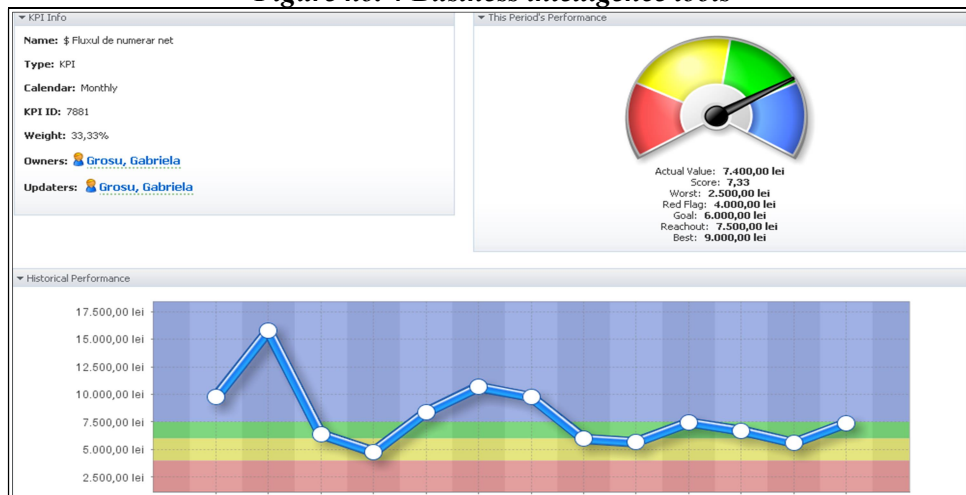
Table no. 5 Conceptual aspects regarding performance monitoring and reporting

Instrument	Comparative approaches			
	Goal	Information portfolio	Mode of expression	Orientation
Dashboard	The manager's quick reaction in case of a problem	Financial	Corporate piloting tool	Anticipation and action
Balance Scorecard	Assessment of corporate performance	Financial and non-financial	Performance tracking tool	Anticipation and action

Source: Caraiani C., 2010, *Contabilitate managerială. Tehnologii contabile integrate de raportare și decizie*, Publishing House ASE, Bucharest

The illustration by way of example of a dashboard provided by a specialized company that implements Business Intelligence projects is made in **figure no.4**:

Figure no. 4 Business intelligence tools

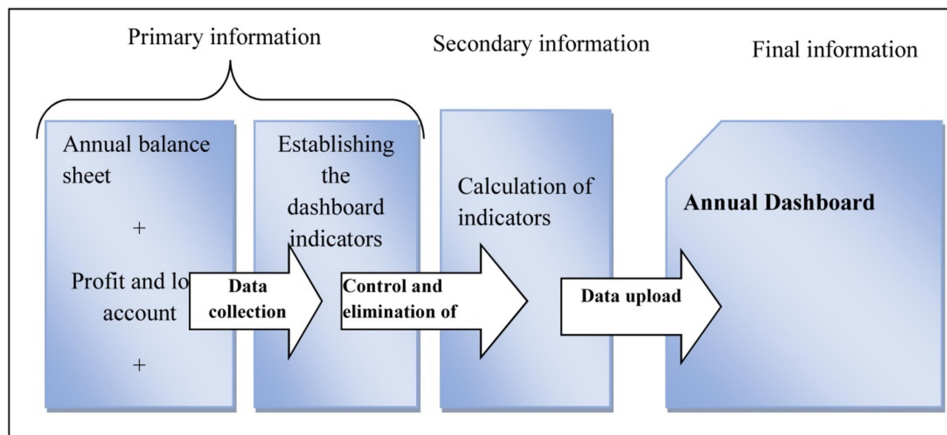


Source: <http://www.indicatori de performanta.ro/software-managementul-performantei>

For the analyzed entity the use of the Microsoft Excel table processor has been tried to build such a tool, until the management's decision to implement a performance monitoring and reporting system that will provide the manager with the necessary information in a timely manner. The product used is notable for its ease of use but has the disadvantage that it cannot provide the necessary information in a short time, because is not integrated within existing applications of the company

The process of constructing a dashboard starting from the primary information is illustrated in **figure no.5**.

Figure no. 5 Stages of building a dashboard



Source: author's own processing

The literature recommends that the number of key success indicators should not exceed the range of 10-20, given that in this way, the information can be efficiently exploited. A comparative situation¹⁴ of the relevant indicators for entities from different sectors of activity can be seen in **table no. 6**.

For the analyzed company we selected the following relevant indicators that we highlighted in a dashboard: Turnover, Added value, Result of the year, Immediate Liquidity Indicator, Gross sales margin, Self-financing capacity, Taxes, Staff costs.

¹⁴ Albu, N., Albu C., 2003, Instrumente de management al performanței, Vol. II, Control de gestiune, Publishing House Economică, pag. 129-130

Table no. 6 - List of relevant indicators in various sectors of activity

Key performance indicators	Commerce	Services	Manufacturing
Turnover	X	X	X
Quantity sold	X		
Gross margin	X	X	X
No. of complaints received	X		
Credit customers	X		
Average payment period	X		
Stock rotation	X		
Expenditures of the period (direct, indirect)		X	
Number of Employees		X	
Net result		X	
Rotation rates customers, suppliers		X	X
The planned / obtained production achievement index			X
Production costs (%Turnover)			X
Staff productivity			X
Productivity of machines			

The implementation of the dashboard with the help of the facilities provided by the information technology can be done with the help of spreadsheets that are intended to work with economic information..

A new approach to strategic management was developed in the early 1990s by Robert Kaplan and David Norton of Harvard University through the **Balance Scorecard**¹⁵ method, which has evolved over time, being constantly improved, and has become a method practiced by many economic entities. Balance Scorecard can be translated as a **balanced dashboard** (BD).

The new system starts from the premise that the management approach practiced can have weaknesses and is not very well structured. With the help of DB, management can obtain a recipe through which the company can identify and measure strategic objectives in real time and through which they can put them into practice.

The Balance Scorecard concept supports strategic planning and implementation by coordinating the activities of all parts of the organization around common goals by creating a way to evaluate and improve strategy, it answers a series of questions

¹⁵ Robert S. Kaplan et David P. Norton, 2001, Comment utiliser le tableau de bord prospectif, Éditions d'Organisations, Paris

about the economic future of the company and establishes coherent links between components of particular relevance in initiating their vision, strategies and tools for implementation.

This concept of strategic management built on a balanced system of financial and non-financial indicators is useful for the internal information needs of managers by providing in a synoptic table all relevant information in business management.

Essentially two seemingly simple ideas form the basis of this method:

- For organizations to be successful in the long run, the expectations of three must be met. In 1992, authors Kaplan and Norton defined the balanced dashboard as: “*a set of measures that give top managers a quick but complete view of the business.*”.

The experience of the first companies that used the balanced scorecard demonstrated that it satisfies some important managerial needs:

- **the balanced dashboard** brings together, in a single report, many seemingly different elements of an organization's competitive plan: customer orientation, reduced response time, teamwork promotion, reduced launch times for new products, commitment to long term development, etc.;
- **the balanced dashboard protects against under-optimization** by forcing top managers to consider all important operational measures simultaneously, BD allows them to observe whether improvements in one area have not taken place to the detriment of other areas.

The balanced scorecard allows managers to look at the business under four important issues, providing answers to four fundamental questions:

- How do consumers see us? (*customers' perspective*)
- In what must we excel? (*internal perspective*)
- Can we improve and add value? (*the perspective of innovation and learning*)
- How much are we worth for shareholders? (*financial perspective*)

Although it provides managers with information from four different perspectives, the balanced Scoreboard at the same time minimizes the degree of information loading, limiting the number of performance measures used. The balanced scorecard forces managers to focus on a set of measures that prove to be ethical.

Within the economic entities, the balanced scorecard is not a common practice, it is used only by the companies characterized by a high degree of innovation and have a quality management that is willing to invest time and money for the permanent construction and updating of such an instrument.

For the envisaged enterprise, a balanced dashboard was further developed by completing all perspectives with relevant indicators, starting from the dashboard.

In table no. 7 a balanced scoreboard is presented for the analyzed service company.

Table no. 7 Balanced scoreboard applied to the entity under analysis

Financial				
Objective	Indicator	Target	Current state	Initiative
Turnover	CA (mii lei)	180000	150.863	Diversifying the product package
Increase addition	Addition	70%	60%	
Increase profit	lei	168,690	180000	
Increasing market share	Number of clients	Over 200 new clients /year	150 new clients/year	Adapting the supply to the individual needs of the clients
Client				
Objective	Indicator	Target	Current state	Initiative
Increasing customer satisfaction	Grades obtained in the satisfaction questionnaires	8	7	Transposition of the conclusions of the analysis of the questionnaire into actions
Competitive prices	lei	Discounts with 10%	Discounts with 5%	Initiating new attractive promotions
Efficient delivery	Minutes/order	30 min	45-60 min	
Internal processes				
Objective	Indicator	Target	Current state	Initiative
Faster development of new products	No. of new products / quarter	over 3/quarter	2/quarter	Product promotion through various events
Improving the quality of services	Availability for processing complaints	12/24 (7 days)	8/24 (7 days)	Mailbox for complaints
Order receipt and processing time	minutes	6-7 minutes	Over 10 minutes	Improving the layout of the software for receiving orders
Growth and improvement				
Objective	Indicator	Target	Current state	Initiative
Supporting and encouraging skills	No. of trainings	More than 3/year	2/year/employee	Change of position with the acquisition of skills

Employee motivation	% salary bonuses depending on the performance achieved	20% salary increase	10% salary increase	Awarding cash prizes for holidays
Improving customer relationships	No. of complaints/year	Under 8/year	9-10 complaints/year	

Source: author's own processing

7. Conclusions

The production of financial accounting information aims to inform users about the **performance** of the entity. The analysis and interpretation of **performance indicators** is an essential part of business success and must be accessible to any party interested in achieving them. The quality of the analysis results must be judged by management according to its clarity, even if the phenomena are seemingly complex and complicated, impossible to decipher, they must be presented in a simplistic way without losing accuracy, avoiding overloading with numbers that make it difficult to read the text.

The success of **performance** analysis and evaluation will never be real if the results are not followed by immediate decisions on the implementation of the results. The results obtained from the interpretation of the **performance evaluation indicators** must be brought to the attention of those involved in this process, in due time, which will allow their subsequent use, and the permanent completion of the dashboard with performance indicators will create the premises for unsuspected possibilities in updating decisions.

Monitoring the performance of economic entities takes various forms: direct consultation of information on the result for the year, gross operating result, turnover, various rates of return, until their inclusion, and other non-financial indicators, in sophisticated instruments such as the **dashboard** which aim to provide management with an overview of the relevant aspects of the business. The dashboard concept supports strategic planning and its implementation by coordinating the activities of the economic entity around common objectives, by creating a way to evaluate and improve the strategy, answering a series of questions about the economic future of the entity and establishing coherent links between the components with special relevance in initiating the vision. The dashboard tool was used for the selected entity to analyze and **monitor the performance** of the five basic elements that make up performance: revenue, turnover, quality, customers and employees.

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