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**ABSTRACT
DOCTORAL THESIS**

**THE USE OF ACCOUNTING
INFORMATION IN EVALUATING AND
REPORTING THE ACTIVITIES
PERFORMANCES OF
ARCHITECTURE, URBANISM AND
DESIGN**

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SYNTHESIS OF MAIN IDEAS OF THE DOCTORAL THESIS

ARGUMENTATION

The development of a flexible and durable system in order to meet the performance is a desideratum valid in all times.

The evaluation and the reporting way of the performance of a company are defined in a complex relational context, because of various actors which contribute to its establishment. The establishment process of the performance is different from a company to another, each of them having its own space for showing the performance, respectively the own levers. The building of the performance is made according to a specific informational system which is developed in the own informational space of each company. The sole element we consider common is represented by the measurement of the performance which is done according to objective financial-economic criteria, but whose informational capitalization is intersected with the valences of the own space of each company (market segment, differentiations and strategic contexts, culture etc.).

The idea according to which the performance shall not be only researched, but also managed and analyzed from the contextual point of view justifies our research axed in the direction of the contextual specificity of performance.

DELIMITATIONS AND THEORETICAL FOUNDATIONS REGARDING THE PERFORMANCE OF THE ENTERPRISE

In time, the term performance changed, becoming a polysemantic term, with varied meanings according to the fields in which it can be used.

The deeply understanding of the term performance, of criteria which a company shall meet in order to be performing opens new opportunities for the managers. Each criterion submits to the management a new area of interest, to which depends the maintenance on the market and the evolution of a company.

The three R „recognizance, reputation, recognition” which guide nowadays the business world, contributed to the uprising of the social responsibility to the rang of company policy and which emphasizes the universalism and the economic and social equity, high level of the standard of social services and the access of all the persons to these services.

As a consequence, the modern management of entities is nowadays dominated by two concepts, namely the value and the performance. To measure the performance means to appreciate the value and to know the causes of the value means “to translate” the performance.

The global approach of the organization’s performance from multidimensional perspective represents a redefinition of the relationship between financial, social and environment performances in the context of the social responsibility which shows the interdependences between the purposes of all holders of interests.

Current concerns of the managers and the investors aim the problematics of the analysis of global performance of the organization, reason for which we think that an incursion in its sphere can give practical solutions in order to solve unpredictable issues.

The procurement of information in respect to the main size of the global performance, respectively the economic-financial performance, is ensured through the

financial statement offered by the company. We consider that this approach is the most accessible and quantifiable from the point of view of the “performance”, aspect recognized even through the objectives of the financial statements, synthesized by IAS1 reviewed, as being the offering of “*information about the financial position, the performance and the flow cash*” of an economic entity, useful in taking decisions.

Herewith, the financial statements express the results of the management of resources handed to the company’s management; they directly and indirectly express the implications of the social and environment factor in the company’s performance.

The economic vortex in which the companies are entrained imposes a series of strategic skills in order to get out of the tumult of the events, respectively resiliency skills.

The theoretical and practical researches are axed on the past performance or on the present performance, but we think that it’s very important to maintain the performance in time of the company. The maintenance of the performance shall be associated to the future sphere of interest of the company.

Starting from the theory according to which “the capital used in business is productive”, we consider that the resiliency skills used in activity are also producers of durable or resilient performance.

The development plan of the resiliency in business can be synthesized in two words “remanent performance”.

We consider that we can talk about remanent performance when, on long term, the resonant performance tends to be equal with the induced performance.

The resonant performance is the reaction measured in tangible and intangible results, as an answer to the approaches undertaken by a company in the process for meeting the performance condition.

By induced performance we understand the quality of material and immaterial processes developed in order to get the resonant performance.

SPECIFIC ACCOUNTING PRACTICES IMPLEMENTED FOR THE INFORMATIONAL CHARTS AND MODELS REGARDING THE FINANCIAL PERFORMANCE

The new economic scenario, structured, at this beginning of 21st century, on the specificity generated by the human activities, as a whole and characterized through a complex network of inter-conditionings between the participants to the economic life, imposes the accession of a complex informational system, adequate to the economy based on knowledge and information.

Thus, it naturally appears the question: What is the informational support which, through an adequate integration process, can be transformed in the knowledge needed for the prediction of the processes in order to obtain and to evaluate the performance of a company?

The answer to this question is given by the prediction of a complex informational system which gives the answer to the following questions:

- where have we been? – the information regarding the past performance of the company serves the element „to know how”;
- where are we? – the information regarding the current performance of the company serves the element “to know what” or “to know who”;
- where do we want to arrive? – the information regarding the estimated performance of the company serves the element “to know why”;
- when do we know that we have reached the purposes aimed? – the information regarding the meeting of the performance (validation of strategic objectives), serves the image, of a whole, and respectively the measuring system of the performance.

The mélange proposed has the role to capitalize, at maximum, the informational spectrum available for a company, process which transforms the information in knowledge, reason for which we can conclude that the performance shall not be only identified, but also managed.

In the management process of the performance, the accounting information has an essential role, given the fact that, in our opinion, the accounting information is a rate of the strategy, quality which derives from the emanation of the cumulus of processes with qualitative and quantitative effects, which it appropriates.

In quality of strategic rate, the accounting information is the resonance of the cooperation between all the factors and, as a result, the portfolio of customers, the appreciation and the recognition of any company, elements apparently non-palpable, will be illustrated in the financial results, because their role is that to correct the quantitative elements mentioned in the financial statements, situations which we consider the image of an engagement assumed on micro-level and of an impact validated on micro-level.

In order to improve the fair representation of the information from the financial statements, the International Standards highlighted the expression and the evaluation at fair value, way to reflect the financial position and the performance of the current entities.

The financial statements, in order to reflect in a correct way the company's position and performance, shall have as base correct and relevant information. Information is relevant when it influences the users' decisions. For this, is needed, at the same time, that information be current and, in the context of the presentation of financial statements, the accounting information shall be constituted from current data or values, unused from the moral or physical point of view. The final "audit", realized by the users, in respect to the actuality of a value, is performed through the granting of the credit, of the confidence that this value is current. Starting from this responsibility in mass, we can consider that a reliable value is the fair one.

The objective of financial statements is not only that to inform in respect to the past performances, but also to allow and to predict future performances. In this context, we align to those who ask the question: what is the capacity of the published income to predict the future performances? The researchers, the analysts and, especially, the accounting regulation bodies, IASB, FASB, ASB and others, were individually and then together concerned, trying to benefit from the advantages of the "synergy", to find solutions in respect to the improvement of the reporting process of financial performance. The central element of their debates was the global result – a new measure of the financial performance. The global result is an indicator more wider than the result showed by the Profit and loss account, because it includes, in addition, elements found in own capitals, but which don't transit the revenues and expenses accounts.

The assembly of regulations created in order to increase the comparability and the credibility of financial statements grounded their cultural and juridical framework on conservatism. Only the presentation of some real patrimonial elements, unchanged depending on the meeting of a desired result, synthesized in situations which reflect the economic reality, can create the premises of a correct competition.

IMPLICATIONS OF THE MANAGEMENT ACCORDING TO THE PROFIT CENTERS ON THE PERFORMANCE OF THE COMPANY ARHI URBPRO S.A.

From many years, the dominant tendency manifested on the organizational level is given by the orientation towards the customer and, implicitly, towards the change, aspect which characterizes, especially, the entities which act in the field of

architecture, urbanism and design. In this context, the organization of the activity on centers of responsibility becomes a premise for meeting the customers' requirements and also for registering the entities on the trajectory of the economic performance.

The management based on the responsibility centers is used on a large scale within the companies from developed countries, but, in Romania, referring to the general way, were found some reticence in respect to its application, particularly because of some aspects related to the managers' mentality.

The opportunity for the application of the management based on responsibility centers is supported by a series of arguments, such as:

- the possibility to establish the responsibility for the expenses made;
- the correct supervision and grounding of expenses on their places of formation;
- the delimitation of the expenses which don't depend strictly on the production/ services activity, on those which are conditioned by this process;
- the establishment of deviations from the default levels of these expenses;
- the institution of a system of rules which allows the illustration of the responsibilities of each performer;
- the introduction of a system for the allotment of resources and for the supervision of their way of use, through the elaboration of some budgets of expenses specific to each center of responsibility.

Starting from the idea that the management of an economic entity shall know how to describe and to present the information in the most proper way, how to improve the development of the activities for which they are responsible, but also to formulate the best conclusions according to the information obtained, we proposed to make an empiric study regarding the descriptive statistical analysis in order to establish if is justified or not the management of the activity on the profit and centers and which are its implications on the performance of the economic entities which act in the field of the activity of architecture, urbanism and design.

After the analysis of the accounting information of a number of 36 companies from the field of the activity of architecture, urbanism and design by the help of the program SPSS, we reached to the conclusion that the activity sector analyzed knew a de-capitalization once with the manifestation of the economic-financial crisis. Extending the analysis, we used the linear regression in order to establish what influence is determined the expenses and the revenues (independent variables), considered separately, on the results (dependent variable). The result of the analysis highlighted that both the expenses and the revenues produce approximately the same influence on the results, fact which justifies the bringing forward for discussion of the management according to the profit centers.

In order to illustrate the need and the opportunity of managing the profit centers, we proposed two strict cases which intercept the specificity of the architecture, urbanism and design activities.

The first case aims the optimization of the decision which has as central elements the supplementation with personnel or the externalization.

In the first case, the strategic option had in view the following considerations:

- to maintain an acceptable level of the performance indicators during the "difficult" months;
- to maintain an acceptable level for motivating the personnel in the months less generating of cash-flow;
- the capitalization of "unproductive" months through the participation on auctions – the elaboration of technical and financial offers implies the entire staff – technical, financial – accounting, the direction;
- a good management of the risk generated by the global financial crisis, with strong resonances on national level;

- to maintain the economic-financial equilibrium on long term.

The second case had as central element the capitalization of the qualities of the profit centers, strategic engine which allowed us to structure a program aimed to give solutions for the blockages from the market. This supposes the getting over 5 phases: prediction phase, decisions grounding phase, human resources implication phase, human resources stimulation and motivation phase and the performances evaluation phase.

Translating the significance of the responsibility center from the management accounting in relation to the financial accountancy, it results that the human factor is the most important asset of the company. The flexibility of this asset transforms him in the engine of the changing.

PERFORMANCE OPTIMIZATION - “SOMETIMES” THE RESULT OF CREATIVITY

The accountancy considered by many authors as a contextual product, under the mark of the creativity, inclines to become an influence factor of the environment through the role it plays in the decisional and strategic process of the company.

The diversity of opinions regarding the definition of the creative accountancy and its various forms, as well as “the essential complexity” it shows makes these to become the proper land of strategic and tactic approaches, initiated and carried out from the consideration of one objective, that of the creation of a deforming image on the company’s performance.

The performance of a company, in primary sense, is evaluated through the positive financial results obtained by the company. The deformation of the performance image can be done only by the manager, by the leader (“the force”) who has the control. In time, researches deliberated, on a large scale, “the run after power”, identifying two actors of the power’s scene: the ones who posed (shareholders) and the ones who have the control (managers).

The managers’ capacity to control comes from the holding of the information “in pure form” (information perspective), information which gives them power of decision, which can be or cannot be in consent with the expectations of the company’s shareholders.

On the level of the company, the hierarchical characteristics of the “extremities” involved in the management act (managers and shareholdings of the company) dictate the “quality” of the transfer of information and the direction (“granted” to his own interest). In order to meet the “targets”, the managers can “filter” the public information in an opportunist way.

The association of immediate advantages, generate by the “negative” effects of the creative accountancy with the obtainment of a favorable image on short time on the financial statements, made us to identify the declick which generates positive effects of the creative accountancy practices.

For this, we analyzed the results from the decisional context, reason for which we proposed the indicator – the net value for showing the strategy.

Through the net value for showing the strategy we understand the difference between the benefits obtained from the implementation of the decisions and the costs or the risks resulting from the manifestation of this decision.

Thus, the costs which result from the manifestation of a deforming professional ethics are:

- image costs – the exposure of the creative accountancy practices used for non-deontological purposes marks, in a negative way, the notoriety of the company and dilutes the credibility from the market;
- liquidity costs – the creation of some financial image advantages, without base, doesn't find the correspondent in the cash flow, reason for which the shareholders' expectations, correlated with the image created by the manager, cannot be remunerated in a corresponding way.

The gross manifestation forms of the creative accountancy techniques are generating only image benefits, immaterial. Their inclusion in the practices of an efficient management will determine an assembly of levers through which one can act on the material, human, financial factors with an impact in the creation of the benefit perceived in terms of continuity and assurance of the cash flow without any company can capitalize its image potential.

MODELS FOR MEASURING AND REPORTING THE PERFORMANCE OF THE ARCHITECTURE, URBANISM AND DESIGN ACTIVITIES

The practical reality proves the managers' tendency to concentrate themselves on the technical side of the activity, ignoring, for many times, the financial management and the accounting aspects of the processes coordinated.

The measurement of the results in report with the objectives of the organization registered a considerable evolution on the international plan, fact which contributed to the realization of a bound from the simple collection and reporting of the organizational performance indicators to the performance management and which combines the aspects related to the strategic planning, financial planning and budgeting, performances measurement and monitoring, human resources management, projects and programs management, business processes optimization, knowledge, reporting management, risk management, instrument board, performance indicators, in an integrated framework.

The measurement of the performance starting from the available information and the abilities of the users to capitalize them impose a development of the analysis depending on time, because according to the data from the financial statements, is obtained information in respect to the past performance, the current comparative analysis on the bearing defined by the activity field of the company (benchmarking) gives information about the present performance of the company and the administrator's report predicts where one wants to arrive, the predicted performance.

The appreciation of the performance only by means of the indicators calculated according to the information obtained from the financial accountancy is partial. The development of financial markets and also of the financial communication exigencies imply the anticipation of future performances of the company, fact which needs the measurement of the performance in dynamics.

The use of the benchmarking as instrument for the management of the present performance allows the integration of managerial and executive capacities of a company, in programs feed by "the desire to be the best". These programs aim the continuous monitoring of the business environment, the identification and the analysis of possible niches of action, the action planning, and the execution of the strategy and the continuous improvement of the strategic algorithm outlined.

The opened way and the vision shaped, from the implementation process of the benchmarking program in a company which provides architecture, urbanism and design services, showed innovation, strategic optimization and especially

performance, aspect which allowed us to conclude that the benchmarking can connect the culture of the performance of a company with the concept of constructive innovation.

We think that the culture of the performance of a company represents the immaterial space where the managerial vision interlocks with the executive vision and gives the premises of the management of durable performance.

The benchmarking, in its quality of changing factor, shall consider the creation of a surplus and, correlating this hypothesis with the specificity of the improvement process of the performance, we can consider that the joint between the performance culture and the innovation culture aims the cooperation and the maintenance, always connected, of the vision with the innovation and of the strategy with the proposed purpose, and the benchmarking can be the instrument for the manifestation of this connection.

The balanced scorecard ensures the relation with the past from the financial perspective, the connection with the validating element from the customers perspective, is a way of meeting the objectives from the perspective of the internal processes and ensures the relation between vision and action, by designing the functions of the perspective “learn and increase”. In our opinion, the omnipresent and originality element, in the assembly of balances scorecard process, is the “focusing”. Balanced scorecard proposes an equilibrated way to focus and dose the managerial act, with the purpose to take only decisions based on an equilibrated cumulus of elements:

- the benefits resulting from meeting the short time and long time objectives;
- the use of financial and non-financial indicators in determining the performance;
- the indicators of results and the indicators of means;
- the perspectives from the internal environment (processes, innovation, increase and development) and those from the external environment (customers, suppliers and financial sector).

The capacity of the strategy to meet the purpose is given by the balanced scorecard phenomenon, and its materialization in the scorecard objectives is a conditioning given by the way in which the balanced scorecard instrument inosculates with the managerial and the executive visionary.

In order to emphasize the way in which the vision can create performance through the balanced scorecard “effect”, we integrated a series of hypothesis cause-effect in a practical example, respectively we illustrated the way in which the individual vision becomes the team’s vision in the learning process, the team’s vision is materialized, within the internal processes perspective, through the implementation of the strategy, the team’s vision becomes the company’s vision through the effects of the financial perspective, and the company’s vision becomes the customer’s vision through the inosculation of the interests of the parties in the relation earning – earning.

The way made from vision to performance illustrates the following balances scorecard effects:

- opportunity – each idea is taken into account;
- integration – any individual idea, with potential, can become the vision of the unit;
- synergy – together we capitalize the vision into reality;
- value – the key man who understands his mission and brings a creative emulation in the activity of the company, gives value to the entire team from which he is part and to the company;
- image – a company with a culture of the performance declared creates a brand.

The panoramic view on the balanced scorecard effects illustrates one of its main qualities – balanced scorecard is an immaterial investment on long term.

APPRECIATIONS ON THE CONTRIBUTIONS AND ON THE LIMITS OF THE RESEARCH MADE

Starting from the premise that, through its nature, the evaluation and the measuring of the performance of a company is an open subject and always living given the fact that the partnership it made, it makes and it will make in the future with the company's evolution, we consider that one can talk about performance only in a precise economic context, and its theoretical evolution will be always based on the conditionings described by the environment to which it is subordinated.

Without having the claim that the problematic approached be treated in an exhaustive way, we consider that the research regarding the use of accounting information in the evaluation and the reporting of the performance can continue in terms of a new approach or in terms of the detailed approach of various strategies used in order to ensure the remaining performance.

Herewith, since our research brought into discussion the identification of some strategic instruments which generate performance, we consider that this subject can represent a starting point for other future researches.