

THE REFLECTION IN THE DASHBOARD OF THE RESULTS OF PROCESSING THE INFORMATION PROVIDED BY THE FINANCIAL - ACCOUNTING INFORMATION SYSTEM

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Abstract

Starting from the idea that the improvement of managerial decisions coincides with the assumption of risks attached to the activities they coordinate, by using the Dashboard managers can base their decisions in order to adopt them, ensuring a coherent and complete management of the company they are in charge of. The dashboard is supplied with information provided by SIFC, and the results presented are directly influenced by the fundamental qualitative characteristics of the information used. Taking into account the current economic context, it is necessary to reduce the resistance to change both of the organization itself and of its management.

Keywords: financial information system - accounting, dashboard, piloting indicators

JEL Classification: G3; G32; G34

1. Introduction

The piloting of any organization's activity refers to the indicators derived from facts that can be modified in order to change their trajectory.

The dashboard, as a piloting instrument of the organization, allows managers to have a real-time synthetic view of the main indicators regarding the organization and the business environment in which it operates, in order to make informed decisions. The dashboard used in the management of the organization's activity is highlighted by the following characteristics:

- presents in a systematized form the most significant information on the development, influencing factors and partial or final results of the activity of the organization, its sectors or compartments, providing necessary elements for decision-making and control;
- combines, in proportions determined by the specifics of the activity, information on current activity with statistical and forecast information;
- highlights the existence of deviations from plans and programs, and the unwanted evolution of some phenomena within the organization;
- provides reference elements for outlining remedial solutions and forward-looking measures;
- it has a non-standardized form, established according to the specifics of the activity pursued, the needs and the way of informing the leader to whom it is intended.

From the perspective of using the Dashboard as a piloting instrument, it is defined as a set of the most significant information on the performance of the activity of an organization/structure, presented daily to management in a precisely established and constant form, corresponding to well-defined information needs.

2. The pilotage indicators, the basis for drawing up the dashboard

Piloting indicators are identified in order to measure the achievement of the objectives, in order to facilitate the adoption of managerial decisions that lead to the increase of performances and the presentation of reports that allow the comparison of achievements with the objectives of the strategies or with other references such as: norms, standards, reports.

Piloting indicators are elements or a set of information elements, representative in relation to a concern or an objective, resulting from the tangible measurement or observation of a state, a phenomenon or an achievement. In order to ensure the qualities of a measuring instrument, the indicators must meet certain characteristics, i.e. to be accurate and objective,

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to have a variation consistent with the phenomenon under measurement, to have identical meaning in time and space, to be obtained quickly and to be cumulative when moving to a higher hierarchical level.

Choosing the characteristic indicators for the development of the Dashboard as a synthesis tool must allow the action, and in order to be efficient, it must contain characteristic indicators in a limited number. In order to limit the number of indicators, the Dashboard must contain only the information that is likely to generate short-term administrative decisions corresponding to the key points in the management of the company.

The pilotage indicators used for the construction of the Dashboard are classified as follows:

- indicators used to measure the financial performance in order to achieve the objective of financial diagnosis: activity indicators (Turnover/Production of the exercise/Added value and added value rates) and profitability indicators (exploitation result and "potential" rates of return/"potential" rates of return/"actual" rates of return);
- indicators for assessing the financial balance and the risk of bankruptcy (Global net working capital/NFR coverage ratio from FRGN/The need for working capital and financial balance rates, bankruptcy risk rates, liquidity rates) to perform the financial diagnosis of the organization;
- the assessment of the financing policy is carried out on the basis of the structure of stable resources, the degree of their use and the structure of temporary resources;
- the assessment of the development strategy also participates in the financial diagnosis of the organization and is carried out through internal/external growth rates and treasury flows;
- specific indicators reflect the points of success in a certain sector or the elements that must be developed and mastered to become efficient.

3. The Dashboard, a coherent and complete instrument for measuring and managing the performance of the organization

The dashboard is made up of a set of indicators presented in a synthetic manner and with a correlated periodicity, which must allow the person in charge to react quickly in case there are any issues. Due to its structure, the Dashboard organizes minimal information and it is a symmetrical presentation instrument and generally contains figures or graphs without detailed explanations. It is absolutely necessary that the information presented in the Dashboard refers only to the area where the person in charge can act, that it can be easily understood, analyzed and used as quickly as possible. Also, the Dashboard is intended for each operational manager; contains a relatively small number of indicators; the information is both financial and qualitative. This information is systematically brought to the attention of the user of the Dashboard and mainly refers to production in physical units, collections and expenses.

The dashboard represents a system of indicators in absolute and relative sizes and it is used in the evaluation, control and improvement of decisions by both top management and line management, offering the possibility of setting immediate objectives and validating achievements against forecasts.

The dashboard is a flexible management instrument that can be used by both top management and line management. Among the types of dashboards described in specialized literature and used as instruments by managers in managing organizations, we mention: the prospective/balanced dashboard, the specialized dashboard and the benchmarking dashboard.

The prospective/balanced dashboard constitutes one of the pillars of the management system through which the balance of the performance dimensions of an organization can be verified. Moreover, it groups a set of financial and non-financial indicators, which presents the construction of the organization's performance by balancing and interconditioning four forces, respectively general objective, specific objectives, key success factors and action plans, using the organization's breakdown based on processes and activities.

The non-financial nature of some indicators is a specific feature of the Dashboard, which allows the managers to dispose of data other than the financial-accounting one. Non-financial information allows a quick reaction of the decision-makers to unexpected or important changes in the business environment, given that operational managers circulate quantitative and qualitative data rather than monetary ones.

The specialized dashboard is made based on the indicators and the systematization of the specific parameters of the activity sector to which it is addressed and allows the tracking and understanding of the performance as well as the causes that led to the failure to achieve the expected performance. Consequently, specialized Dashboards must illustrate the overall picture of the identified phenomenon and allow access to details such as:

- identify facts and elaborate perspective; identify trends and exceptions;
- to be critical and reactive so as to allow the quick and timely adoption of a decision;
- to provide clear feed-back.

Specialized dashboards take over indicators of the results, link them to objectives, strategies up to the activity level.

The benchmarking dashboard resides through the concept of benchmarking which refers to a form of competitive analysis, a method to determine, systematically and continuously, how and by what means one can reach the same performance as the best ones, using the same measurement system. It is necessary that the processes, the product or the service to be measured comparatively with the best at international level and not necessarily with the best in the same field of activity. The benchmarking dashboard includes the list of indicators created at EU level, in order to benchmark performance based on key indicators of the organization's policy.

4. Stages of designing the Dashboard

The design of the Dashboard is the fundamental step in ensuring its successful use as a piloting instrument or managerial instrument. The development of the Dashboard is done according to a rigorous methodology. First, a project is drawn up, i.e. the organizational context is determined and the usefulness of drawing up a Dashboard for a specific manager of a management center is evaluated.

The procedure for developing the Dashboard can be staged as follows:

Determining the objectives: constitutes the determining aspect in justifying the development of a dashboard. Any objective must be quantifiable and determined over a certain period of time, the distinction between an objective and a mission being necessary. In order to be realistic, the objectives must be set in a reasonable manner and preferably discussed or negotiated with the general manager.

Establishing an action plan to achieve the objectives is done by identifying the parameters that have an influence on the objective.

The identification of the indicators is carried out by the manager who must choose as performance indicators the ones he considers the most relevant for assessing the result of his actions.

The Dashboard is designed by using methods that allow the best visualization of the indicators to be followed, such as: absolute values, deviations (+/-), rates, graphs, icons, tables, etc.

The development of a Dashboard refers to the elements that define it, being absolutely necessary that its editing terms take into consideration and receive information through relevant analyses, based on three important aspects: the key points of the decision; the variety of characteristic indicators; the way of presentation and the norms used. By following these requirements, the dashboard is supplied in a short and efficient time. Also, when developing the Dashboard, it will be taken into account that it meets the minimum requirements that its form and content must satisfy as follows: to refer in a balanced way to all the functions of the organization or the activity of the field involved; to contain information with a higher level of

processing and presented in the most accessible form; to ensure the rapid formation of an overview of the operation of the respective unit, activity or department and to facilitate the obtaining of conclusions; to be regularly presented to management.

5. Opportunities and limits in using the Dashboard

The improvement of SIFC by building and using the prospective/balanced Dashboard as a tool for measuring global performance induces a series of opportunities and limits on the organization.

Generically, using the Dashboard creates opportunities such as:

- favors the construction and consolidation of integrated systems through the opportunity to initiate communication between managers who ensure line management;
- allows the introduction of non-financial performance measures in performance measurement systems and favors the development of performance measures that improve reactivity, thus taking on a predictive character;
- provides permanent information to the manager on the level of achievement of the general and specific objectives;
- allows the rapid establishment of deviations in relation to the intended results, being able to be oriented towards the various activities carried out in the organization;
- it offers to the sectors of the activity management and to the general manager, the opportunity to focus their attention on the areas of activity considered a priority and to establish objectives that can be entrusted to responsibility centers;
- refers to establishing and analyzing a periodicity and procedures, which from the moment they are taken into account become integral parts of the information management system. The periodicity of the Dashboard is fixed for the duration of a financial year, at intervals less than one trimester, the resulting variations being determined by the way in which management is carried out in the respective organization.

Also, the use of the Dashboard induces, in general, on SIFC and on the organization limits as follows:

- ◆ one of the limits of the Dashboard refers to the fact that it *"...presupposes an explicit communication of the strategy and a structured content throughout the organization"*
- ◆ contains performance indicators determined after the action has taken place;
- ◆ it is quite difficult to put into practice as there is no theoretical model that holds the four specific conceptual levels that must be followed: the general objective, the specific objectives, the key success factors and the action plans. Of course, this limitation can be turned into an advantage, allowing the possibility of approaching the Dashboard from any perspective favorable to the organization.

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