Investigation Aspects of Accounting in Organizations and its Problems

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Abstract: The main purpose of this paper is investigation aspects of accounting in organizations and its problem by considering theoretical and practical aspects of accounting. Accounting is an information system and managers should obtain high-quality and suitable information from formal and informal channels for decision-making. Accounting information system (AIS) is a part of this system that registers and summarized financial events. Then it reports information as accounting information to support managers in decision-making the question is that whether AIS affects relevance of accounting information in financial statements. It was found that accounting information systems and software's highly effect on relevance of financial statement, but they lowly effect on reliability.
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1. Introduction

Accountancy, or accounting, is the process of communicating financial information about a business entity to users such as shareholders and managers. The communication is generally in the form of financial statements that show in money terms the economic resources under the control of management; the art lies in selecting the information that is relevant to the user and is reliable. The principles of accountancy are applied to business entities in three divisions of practical art, named accounting, bookkeeping, and auditing.

All lines of activity of the accounting entity are exposed to administering with the certain level of specialization; and the administering principles shall be adapted for each element of organization structure of the enterprise management.

Administrative approach application to the accountancy organization is stipulated by the legislative machine of the accountancy regulation in the nation-wide scale, its adaptation to the specific characteristics of economic entity, as well as by the level of proficiency and the accountancy service personnel qualification.

Most part of information in organizations include accounting information. Accounting is an information system and managers should obtain high-quality and suitable information from formal and informal channels for decision-making.

Since at first, people appeal to multiple information sources, and because of increasing trend of information volume and its production speed, a system must be produced to refine, store, and transfer this information. This forms management information system.

Most economical decisions and strategies to maximize profits and minimize costs conclude to accounting information. Since accounting measures economical information and offers it to users and we know it as an information system, therefore, managers need high-quality information for success of organizations. On the other hand, information technology (IT) are key elements for removal of location and time limitations, better and rapid access to information, up to date information, etc.

The unity of direction principle, as the most important principle of business administering, is realized in practice in the economic entity executive officer and the chief accountant duties of accounting records maintenance. The economic entity executive administratively approves the accountancy office status in the organizational structure of management, determines the accounting service status, and establishes its functions in the information support of organization management. The formation process of chief accountant's authorities is based on the legislatively established adaptation of common scientific-methodological requirements towards the functional feature of the economic entity. The executive is empowered to select independently the organization structure of the accounting service depending on the economic entity's activity type, its organization-legal form, accounting work volume and automation level of economic information processing.

Administrative activity of the chief accountant of the economic entity is realized through the fulfillment of the following management principles: duties and responsibility, division of labor. The chief accountant's authorities in the system of economic entity resources management objectively determine the character and the limits of his responsibilities for accounting organization and management. The role of the internal administering instrument is traditionally played by the accountability for assets of the employee for the property at his disposal, and in case of the damage or loss of the said property the administrative and criminal responsibility come into effect.

Standard specifications are applied if meeting the definite organization-technical criteria serving the basis for their development. In this respect, standard specifications characterize labor input indexes based on the research results and developed under centralized control. They serve the economic entity as basis for internal labor rating development adapted for the definite conditions.

Interbank enlarged time standards for work fulfillment in accounting and financial activity are recommended for determination and substantiation of the necessary number of workers, specification of job duties and labor division between the staff. Professional accountants' practical activity, experts' evaluation, as well as current accounting and reports serve as the basis for the time standards development results analysis.

Literature Review:

In a research titled "Concepts of accounting information value", Theodore J. Mack emphasized on recognition of value of information and suggested that information value requires using suitable AIS.

Ashback, Johnson, and Warfield studies significant changes in financial statements in internet, especially well-timed information. Graham & Baldwin (2014) suggested that using information in financial statements affect judgment trend. In other words, it affects relevance of information. In Iran, there are several essays about information systems and role of accounting software in changing traditional space, registration of events, and reporting by students and professors.

Arab Mazar and Pajuhi (2013) in an essay titled "Study of application of computer and software packages in provision of financial information by Iranian companies".

Manian (2014) in an essay titled "Study of effective factors in satisfaction of final users and official planning to use application softwares and literacy of users.

Khadem (2010) from University of Tehran, in his thesis titled "Effect of accounting information on decisions of managers of companies accepted in Tehran Stock Exchange.

Jadidi (2012) from University of Esfahan, in his thesis titled "Effect of features of AIS on improvement of decisions of managers of Bahman Group" suggested importance of information systems and their role in improvement of decision-making by managers, investors,

Accounting Profit

Accounting profit is from the bookkeeping results in the balance sheet. But just to make this matter clear, an accounting profit is the excess of business income over the business expenses. The business earns money after selling their goods or services. If the money they earn is more than the money they spend for making/providing the goods/services, it is said that the business has made an accounting profit.

Accounting expenses don't only include the tangible money that was spent by the business, but also includes any provision for losses or depreciation that the business makes over an accounting period. So once all these costs are reduced from the total income earned by a business enterprise, if the remaining amount is positive, it is an accounting profit. If the remaining amount is negative, it is known as an accounting loss, which means that the business has spent beyond its earning capacity in the accounting period. Thus we can say that an accounting profit is the excess of accounting income over accounting expenses. Accounting Profit = Total Income - Total Expenses.

Software and its role in accounting systems

Software is an insensible part of a computer system. In other words, if a thing in not hardware, it is software. Software includes programs, documents, and instructions. All documents including flowcharts and gathered data for designing are part of software.

Accountants and auditors must be skillful about computer systems that is required to play their roles from creating relationship between managers and analysts to designing and execution of AIS and maintenance of systems.

Computer soft wares have two categories:

a) Basic soft wares or operating systems.

b) Application soft wares.

Unsolved problems

In applying the first group of rating methods necessary time input on specific work can be identified either by pre-established time standards and norms, or by direct study of working time input using the research methods of relevant data processing.

When using the rating methods of the second group based on statistical analysis, the norms under specific conditions are set by existing normative materials (quantity standards, service and controllability), developed on the basis of mathematical methods of relevant data processing.

Business situation at present in the field of labor rating for accounting personnel shows that the budget organizations are practically on the same normative level as commercial ones, for which the similar interbank standard specifications for accounting personnel labor have been neither developed nor approved. Hence, labor rating for accounting personnel needs development and approval directly on the level of internal standards of the economic entity.

The modern management practice usually applies two groups of methods for employees' labor rating. The first group is basing of the work time input research, and the second group of rating methods is basing on the statistical analysis.

Rating by methods of the first group is often called in literature direct rating unlike indirect rating carried out using the second group methods. The choice of the particular employees' labor rating method is determined by the nature of their fulfilled work.

Currently, quite a number of enterprises of small and medium-size businesses possess the implemented information systems, either domestic or western-style, covering all activities of the organization in different lines, or more often covering the activities of the finance departments. Information system allows optimizing and automating part of some accounting transactions, and therefore decreases the time for their fulfillment.

Accounting process generally involves the presence of such components as: legislative and local rules and regulations, incoming and outgoing information and the results in the form of statements; that is why it is not unique. In the absence of normative materials rating the labor of the accounting staff, it is necessary to fulfill labor rating through the research data of work time processing methods, which means to use the first group methods of rating.

Conclusion

All legal aspects shall be complied with in the economic entity by the development and introduction of the local labor standards determined by the Labor Code of Russia. Let us consider the obligatory requirements to the approval and alteration procedure of the local labor standards. Labor standards must be determined by the economic entity with opinion consideration of the worker's representation body or specified in the collective labor agreement.

Accounting personnel must be notified at least two months prior to the new labor standards introduction. The economic entity must provide an employee with normal working conditions for performing of the approved labor standards. It should be noted that the labor code reveals the essence of the term "normal operating conditions" with respect to the implementation of production standards.

Accounting entity is empowered to amend and alter labor standards, introduce new norms in the process of improvement or introduction of new technology, production and labor organization. It is noteworthy, that the basis for the current labor standards amendment is the objective circumstances allowing the real increase of the labor productivity. For the accounting department such circumstances will be the following facts: installation of new equipment, information processing technology alteration, certain operations elimination.

Labor standards alteration must be fulfilled within the same procedure as their approval, which means with due consideration given to the opinion of the workers' representation body or by way of alterations introduction into the collective labor agreement.

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