Annals of "Valahia" University of Târgovişte. Agriculture

Volume 17, Issue 2, pp. 34-39, 2025

AGRICULTURE AND CULTURE: ACCOUNTING INFORMATION AND INTERNAL CONTROL IN DIFFERENT ORGANIZATIONAL CONTEXTS – ECONOMIC-INSTITUTIONAL LINKAGES

Cristina Gabriela Vasciuc (Săndulescu)[1], Silviu Stoica[1], Dumitru Săndulescu[2]
[1]Valahia University of Targoviste, 13, Sinaia Alley, Târgoviste, Romania
E-mail: crisabebe2005@yahoo.com, silviutgv@yahoo.com
[2]Colegiul Tehnologic Viaceslav Harnaj, Sector 1, București
E-mail: myty.sandulescu@yahoo.com

Abstract

Quality can be defined as the ability of a product or service to meet the expectations of its users efficiently, quickly and at a lower cost. Accounting information is considered a product whose main objective is to provide useful information that meets the needs of various users. In other words, it consists of processed data, derived from accounting records, prepared according to specific rules (accounting standards) to reflect the economic (or legal) situation of the company. It is important to emphasize that accounting information cannot be separated from financial information. Although financial information may differ from accounting information due to adjustments made from a financial perspective, its fundamental substance remains based on accounting. This information is used to assess the financial situation, performance and prospects of a company and is often intended for investors. Defining criteria for the quality of accounting and financial information is not an easy task, as it depends on the institutional, economic and legal framework in which it is standardized. Therefore, we aim to answer the following questions: What are the theoretical foundations underlying the production of high-quality accounting information? How is the quality of accounting information defined in the specialized literature? What is the relationship between the quality of accounting information and internal control in agricultural companies and economic links with cultural institutions? Thus, we focus on the organization of the company's accounting department through which we intend to evaluate the impact of the characteristics of the accounting department on the behavior of its managers in terms of producing and disseminating high-quality accounting information, so as to contribute to effective partnerships between the agricultural sector and cultural institutions. Given the "Quality of accounting information" that we want to explain, we prefaced its explanation by breaking it down into a second-order construct "Organization of the company's accounting department" associated with three first-order variables: "Department morphology", "Degrees of computerization" and "Accountant profile".

Keywords: agricultural sector, financial performance, financial and accounting information, internal control

1. INTRODUCTION

Companies in the agricultural sector should take into account the seasonal and regional specificities of the sector, as they can influence the development of production processes, the sale of the resulting products, and the reporting of financial information. In addition, the approach of specific policies, which take into account the SDGs, helps companies in the sector to achieve performance.

That once adaptive management principles are applied, the agricultural sector will improve even in unfavorable economic conditions, achieving positive financial results [6].

In particular, increased attention to environmental standards and the integration of monitoring technologies have allowed agricultural holdings to reduce negative environmental impacts and increase business efficiency.

Agricultural enterprises should take into account seasonal and regional specificities, as these aspects significantly affect the organization of production processes and market dynamics, thus implicitly also the reporting of financial information.

In addition, the approach of specific policies, which take into account the SDGs, includes environmental initiatives, social responsibility and efficient use of resources, which helps companies achieve success [6].

Correctly applied, environmental standards, as well as monitoring methods, have allowed the agricultural sector to significantly reduce the negative impact on the environment and increase the profitability of activities.

The study conducted by [7] noted that once adaptive management principles are applied, the agricultural sector will improve even in unfavorable economic conditions.

In particular, the agricultural sector adapts to the changes that have occurred, investing in automated processes, thus increasing the productivity of activities, by reducing labor costs, obtaining positive financial results.

Information science and management researchers have also contributed to this discussion. In the field of information science, shortly after the publication of the FASB conceptual framework, [1] highlighted relevance and cost-benefit as key qualitative characteristics of accounting information.

Similarly, in the field of management science, [2] identified honesty, value, and understandability as criteria that define the quality of accounting information.

In his 1985 article, Vickrey argues that the analysis of normative information qualities (NIQs), as defined by the FASB in SFAC No. 2, should be based on the relationship between the characteristics of information systems and their individual utility.

DOI: 10.2478/agr-2025-0017 eISSN: 2537-3137 ISSN: 2065-2720

The hierarchy of normative information qualities proposed by [1] fits within the framework of information economics, as defined by [3].

Vickrey, as an information economics theorist, emphasizes the economic efficiency of information by focusing on individuality and utility maximization.

The individual is viewed as a decision maker who seeks to maximize expected utility. The author proposes a hierarchy of information quality criteria and their interrelationships, assessing their effectiveness in helping individuals make informed economic decisions. According to Vickrey, utility is considered the highest quality of information, followed by relevance.

Relevance is related to the ability to make choices and help with predictions, within cost constraints. At the top of this hierarchy is the criterion of reliability: before being relevant and useful, information must first be reliable. We identify three main characteristics: value, sincerity, and intelligibility.

FASB Conceptual Framework: The Anglo-Saxon accounting model, as illustrated by the FASB Conceptual Framework, explicitly states that financial statements are designed to meet the information needs of investors by providing details about the company's financial performance and position, essential elements for decision-making.

The FASB Conceptual Framework consists of six studies called "Statements of Financial Accounting Concepts", also known by the acronym "SFAC Statements of Financial Accounting Concepts".

The first SFAC published in November 1978, entitled "Objectives of Financial Reporting", introduced the concept of usefulness of accounting information, defined as follows: The financial information reported must be useful to stakeholders in making decisions of any kind.

It must be accessible and understandable to all interested parties. [4]. Thus, the first quality of financial information according to the FASB is its usefulness for decision-making.

This is the second study (SFAC no. 2) published in 1980, which defines the quality of accounting information as a census of a set of hierarchically ordered characteristics that allow achieving the objective attributed to accounting information, namely that of helping the investor make an informed investment decision. SFAC no. 2 defines a hierarchy of the qualities of accounting information, emphasizing the usefulness of the information for decision-making as the most important quality.

The next quality in this hierarchy is comprehensibility, because, according to the [17], information cannot be considered useful if it is not easy to understand by the user.

The study highlights two fundamental qualities of information: relevance and reliability. Information is relevant if it is likely to change the decision, while it is considered reliable if it can be verified, if it is neutral, and if it is true and accurate.

The IASB (FASB) framework served as a model for other Anglo-Saxon accounting standard-setting bodies, notably the IASC, which published its own conceptual framework in 1989, entitled “Framework for the Preparation and Presentation of Financial Statements.”

This document identifies four essential qualitative characteristics of financial information: relevance, reliability, comparability, and understandability. [5].

In April 2001, the International Accounting Standards Board (IASB), the successor to the IASB, formally adopted this framework [8]. Subsequently, in a trend towards convergence, the IASB and FASB began collaborating in 2010 to develop a conceptual framework aimed at improving the foundations and concepts underlying financial reporting.

This framework will serve more effectively as a guide for the development of comprehensive financial reporting standards. In September 2010, the IASB published a revised version of its framework entitled Conceptual Framework for Financial Reporting [16], replacing the previous title Framework for the Preparation and Presentation of Financial Statements.

In 2018, the two bodies, the IASB and the FASB, revised their respective frameworks [16, 17].

The FASB Conceptual Framework was published jointly with the IASB in 2018. The Conceptual Framework [18], jointly developed by the FASB and the IASB, defines the quality of financial information based on the needs of recipients when making economic decisions, particularly financial or investment decisions.

The revised version of the framework, published in August 2018, distinguishes the qualitative characteristics of financial information into two groups, emphasizing their usefulness for decision-making.

- The first group includes the so-called fundamental or primary qualitative characteristics: financial information must be relevant and must faithfully represent the facts it presents.
- The second group includes the qualities of accounting information, considered either essential or secondary: Financial information must be comparable, verifiable, disseminated promptly and easily understood.

2. RESEARCH METHODOLOGY

The methodology adopted in this article is based on both a thorough documentary analysis of international accounting standards and a literature review. To this end, we first identified the documentation to be studied. Once this stage was completed, an analysis of regulatory texts and official publications was carried out to identify perceptions regarding the quality of IAS.

These documents aim to define the main fundamental principles governing the presentation of financial statements. One of the key objectives of the SFAC is to establish a conceptual framework to facilitate the development of accounting standards. SFAC No. 2, published in 1980, which addresses the qualitative characteristics of accounting information, was the first SFAC to address the quality of accounting information;

The FASB and IASB conceptual frameworks for financial reporting, which comprise a set of principles, rules and

methods designed to guide the accounting treatment of information intended for external users.
These frameworks provide fundamental guidance for the preparation and presentation of financial statements. Their primary objective is to assist the IASB in developing and reviewing IFRSs, while supporting national standard-setting bodies in developing their own standards.
Accurate and transparent information allows shareholders to assess the company's financial situation, monitor the decisions made by managers, and strengthen their confidence in the organization's governance [19].
Epistemological position: positivism, constructivism or adjusted paradigms? Let us recall here that the perception of reality and the production of related knowledge are generally part of two main epistemological perspectives in economic sciences: positivism and constructivism. As far as we are concerned, the question we deal with and especially its opacity oblige us to position our research in a post-positivist paradigm. This is a moderate version of positivism that perceives reality as an existing truth, but still accepts incompleteness and falsification in validating the knowledge produced.
The theoretical segment of the study covered the analysis of research works on transparency and efficiency in the agricultural sector, which through collaboration with cultural institutions can develop partnerships for the conservation of the rural cultural landscape, the organization of traditional fairs, gastronomic festivals, etc.
Some European or national programs (PNDR, AFCN) finance cultural projects with an agricultural theme – exhibitions, craft workshops, the promotion of traditional products.
Accounting information and internal control are relevant for both types of institutions, as they manage public funds and must ensure financial performance and transparency.

Analysis of factors embedded in the company's internal contingencies

We identify the characteristics of the company's accounting department, likely to have an impact on the quality of the information disclosed, both in companies in the agricultural sector and in cultural institutions:

- Morphology of the accounting department;
- Degree of computerization of the accounting department;
- The effect of the morphology of a company's accounting department on the quality of accounting information: the impact that the organization of the entity responsible for accounting production can have on the quality of accounting information.
- The quality of accounting information is positively correlated with the size of the entity that produces it.
- The effect of the degree of computerization of a company's accounting department on the quality of its accounting information
- The impact of computerization on the optimization of accounting services is indicative of the significant benefits offered by IT tools in terms of accessibility and efficiency of procedures.

Thus, companies, even small ones, are able to prepare their financial statements using accounting software packages installed on computers.

3. LITERATURE REVIEW

The effect of accountant profile on accounting information quality

The analysis of accounting information quality has gone beyond the framework of structural contingency theory to consider the possible influence of the actors involved in the production of accounting information [10].
Behavioral contingency theory is the one that addresses the shortcomings of structural contingency theory.
In one way or another, the quality of a company's accounting information is at the discretion of the person, generally the company's accountant, who prepares and publishes it. Moreover, the accountant's profile is considered a determining cornerstone of information quality. Starting from this, several authors have explored the different possible ways to establish an operations room to facilitate the measurement of the impact of the accountant's profile on the quality of a company's accounting information [11].
Previous research has sought to identify the factors influencing the quality of accounting information systems, focusing on structural contingency variables such as company size, legal status, and the organization of the accounting department [12,13].

Accounting department morphology

The organization of the company's accounting department would have a positive and significant impact on the quality of accounting information.
Through the morphology of department variables, we attempt to assess the impact that the organization of the entity responsible for accounting production can have on the quality of accounting information.
Degree of computerization of the accounting department
The degree of computerization would have a positive and significant impact on the organization of the company's accounting department.
Clearly, the digitalization of company services is starting to gain momentum. The number of studies currently focusing on the impact of computerization on the optimization of accounting services reveals the significant interest that IT tools offer in terms of accessibility and efficiency of procedures [14].
Thus, companies, even small ones, are able to prepare their financial statements using accounting software packages installed on computers. In fact, it should be emphasized that the computerization of accounting information requires mastery of IT tools. However, the computerization of the accounting department is dependent on several advantages:

- It offers the possibility of simultaneous access to information by multiple users;
- Facilitates the control of operations and;

DOI: 10.2478/agr-2025-0017 eISSN: 2537-3137 ISSN: 2065-2720

- Approves the reliability and veracity of the information.

For all these reasons, it is observed that companies that have equipped their accounting departments with the IT tool have had to sacrifice the old organizational structure of the department in order to benefit from a significant rehabilitation of the quality of the information prepared.

Therefore, they benefit from flexibility in terms of the decision-making process, largely justified by accounting indicators. Moreover, the IT tool that debuted in the most structured organizations has demonstrated its utilitarianism in shortening processing times for large volumes of information. As a result, there has been a consolidation of the conditions for making managerial decisions. Following the integration of the IT tool in the management of the accounting department, the quality of accounting information is not constantly favored. The computerization of accounting information is limited to the complacency of using information, while the quality of the latter is mainly the responsibility of managers. In our work, we considered it beneficial to measure the possible impact that the presence of computer processing of information can have within the accounting department.

The accountant's profile

The accountant's professional profile has a positive and significant influence on the structure and efficiency of the company's accounting department. The analysis of the quality of accounting information has gone beyond the framework of structural contingency theory, to consider the possible influence of the actors involved in the production of accounting information [10].

In particular, it is about introducing the traits of the manager and the accountant in explaining the disparities in the results obtained during the study of the quality of accounting information in two services.

The behavioral contingency theory is the one that addresses the deficiencies of the structural contingency theory. In one way or another, the quality of a company's accounting information is at the mercy of the person, generally the company's accountant, who prepares and publishes.

Moreover, the accountant's profile is considered a determining cornerstone of the quality of information. Starting from this, several authors have explored the different ways that could be considered in order to establish an operational block to facilitate the measurement of the impact of the accountant's profile on the quality of a company's accounting information [10].

Information theory states that, within any organizational system, the various components or functions act as both transmitters and receivers, simultaneously engaged in the transmission and reception of input and output information [15].

This theory highlights the importance of collecting, quantifying, processing, storing, managing, and disseminating information.

In a collaborative channel such as a supply chain, where multiple parties cooperate to meet customer needs, the flow of information is essential—just as the flow of oxygen is vital to the human body—since any distortion can lead to serious dysfunctions.

However, the flow of information and the interactions between firms within a network pass through structures specific to their operational environments. In this regard, institutional theorists argue that organizations operate within a broader social network (including elements such as culture, laws, and regulations), and their behaviors are not confined to dyadic relationships[16]. This implies that the substantial motivational or compliance force behind firm behavior is based on social relationships and is embedded in interconnected organizational institutions and networks.

4. RESULTS

Fundamental qualitative characteristics of accounting information

a. Relevance of financial and accounting information

The FASB considers information relevant if it is capable of influencing the decisions that its recipient must make; in other words, if it is likely to change their behavior. Information that does not have an impact on a decision is not relevant. The relevance of information encompasses two fundamental qualities:

- Accounting information has predictive value if it constitutes a useful contribution to the predictive processes used by investors to formulate their own expectations about the future of the company. Financial information is not necessarily a prediction or forecast in itself to have predictive value, but when it is used by investors to make their own predictions, it then has predictive value;
- Financial information has confirmatory value when it allows for the validation or revision of previously made assessments.

b. Faithful representation

Financial information is considered to provide a faithful representation if it reflects the underlying reality of an economic phenomenon. [16] this faithful representation is based on three aspects:

- Completeness means that the information must include all the elements necessary for an understanding of the phenomenon represented. This includes, in particular, details of the valuation methods used;
- The absence of errors implies that the description of the phenomenon is free from inaccuracies or omissions and that the procedures used to generate the information have been appropriately selected and applied;
- A neutral presentation corresponds to a presentation made without the deliberate intention of influencing users. According to the IASB, this implies exercising a certain degree of caution in the event of uncertainty.

Qualitative characteristics that improve the quality of accounting information

According to the conceptual framework [18], developed in collaboration with the IASB, the qualitative characteristics that improve the quality of information are comparability, verifiability, timeliness and understandability.

These characteristics contribute to strengthening the usefulness of financial information that is already relevant and accurately represented. These characteristics cannot compensate for information that is not relevant or that does not accurately reflect economic reality.

- Information is useful if it can be compared with that of other entities or with that of the same entity at a different point in time and space.
- Verifiability ensures that the information accurately represents the economic phenomena that it is intended to describe;
- Understandability is the quality of information that allows users to understand its significance;
- Timeliness means that the information must be available to users in a timely manner to influence their decisions. Useful financial information is limited by two general constraints: materiality and cost. Information is considered material if its absence or inaccuracy could influence the decisions made by users.

Therefore, the benefits of providing the information must justify the costs necessary to produce it.

In order to allow centralized monitoring of the management of risks related to accounting and financial information, the team performs the following main missions:

- Defining the policy on the internal accounting control system. This system provides for the implementation by the entities of the principles that organize the internal accounting control environment and the key controls designed to ensure the reliability of the information included in their consolidation report.

In this regard, internal accounting control standards are issued for the use of consolidated entities, as well as a standard accounting control plan that lists the main controls that must be implemented to cover accounting risk;

- Centralized monitoring of these recommendations allows the Finance Department to identify areas for improvement of the internal accounting control system within the consolidated entities, to identify, where appropriate, cross-functional problems and, if necessary, to develop procedures and instructions.
- Ensure that the internal accounting control system allows the entity's Finance Department to have adequate visibility over the process of preparing the summaries.

For all these reasons, it is observed that companies that have equipped their accounting departments with the information tool have had to sacrifice the old organizational structure of the service in order to benefit from a significant rehabilitation of the quality of the information prepared. Consequently, they benefit from flexibility in terms of the decision-making process, largely justified by accounting indicators. Moreover, the information tool that debuted in the most structured organizations has demonstrated its utilitarianism in shortening the processing times of large volumes of information.

In fact, it must be emphasized that the computerization of accounting information requires mastery of IT tools. However, the computerization of the accounting department is dependent on several advantages:

- It offers the possibility of simultaneous access to information by multiple users;
- Facilitates the control of operations;
- Approves the reliability and veracity of the information.

5. CONCLUSIONS

We identify three major characteristics of information quality: value, defined as the objective and subjective utility attributed to the information in relation to the object it represents (reality), and the function it must fulfill. It is essential that accounting information convey a representation of the company's reality in order to fulfill its practical function. Consequently, it must meet the expectations of its users and allow them to understand the economic reality of the company.

The second characteristic is honesty, defined as the faithful representation of reality (truth) without trying to deceive anyone in any way.

The honesty of accounting information is conditioned by:

- Objectivity: the issuer must demonstrate neutrality in selecting the information to be disseminated. To do this, it is necessary to take into account the completeness and relative importance of the information;
- Regularity: this implies the rigorous application of applicable accounting rules, principles and standards.

Finally, the third characteristic is understandability, which refers to the ease of understanding of the information presented.

This depends on the clarity of presentation and the accessibility of the information to all types of users.

Quality of accounting information according to international standards.

The main function of a conceptual framework is to define the users and objectives of the financial statements; the quality of accounting information necessarily follows from this.

We conducted a thorough document review and a literature review. We examined the qualitative characteristics of accounting information, as defined by international standard-setting bodies, in particular through the conceptual frameworks of the FASB and IASB.

Defining the quality of accounting and financial information is not easy, as it depends on the accounting framework used to guide its preparation. Each accounting framework is based on specific objectives, principles and users.

Three qualitative characteristics of accounting information have been explicitly captured: relevance, reliability and comparability. However, differences arise in the definition of these qualities, mainly due to differences in the primary recipients of the information and the fundamental accounting principles on which the respective frameworks are based.

Indeed, according to the FASB, the primary quality of information is its usefulness, primarily to current and potential investors.
The adoption of international accounting standards aims to improve the comparability, transparency and relevance of published financial statements to international investors.
Simplified IFRS, considered a simplified version of the full IFRS, were developed by the IASB to create an internationally recognized financial reporting framework applicable to SMEs.
Therefore, a future research direction could be to analyze the relevance of adopting IFRS for SMEs.

6. REFERENCES

[1]. Vickrey, D. W. (1985). Normative Information Qualities: A Contrast Between Information-Economics and FASB Perspectives. Abacus, 21(2), 115-130.
[2]. Michaïlesco, C. (1998). Contribution à l'étude des déterminants de la qualité de l'information comptable diffusée par les entreprises françaises (Doctoral dissertation, Paris 9)
[3]. Demski, J. S. (1973). The general impossibility of normative accounting standards. The Accounting Review, 48(4), 718-723.
[4]. Lennon, N. J. J. (2013). Accounting qualities in practice: Rhizomatic stories of representational faithfulness, decision making and control. Frederiksberg: Copenhagen Business School (CBS).
[5]. Michaïlesco, C. (2009). Qualité de l'information comptable. Encyclopédie de comptabilité, contrôle de gestion et audit, pp-1023.
[6]. Boiko, V., Lyzak, M., Vasyltsiv, T., Lupak, R., & Ohinok, S. (2024). Financial and economic performance of agricultural enterprises: Analysis and policy improvement. Agricultural and Resource Economics, 10(4), 129-155.
[7]. Ahmad, H.H.B., Shaari, M.S.B.M., & Ishak, M.A.F.B. (2024). Corporate governance structure and corporate risktaking: Evidence of Malaysian agriculture sector. Global Business and Finance Review, 29(1), 1-17.
[8]. Zeff, S. A. (2012). The evolution of the IASC into the IASB, and the challenges it faces. The accounting review, 87(3), 807-837.
[9]. Iasb 2010 https://www.ifrs.org/projects/completed-projects/2010/conceptual-framework-2010/
[10]. Chapellier, P. (1997). Profils de dirigeants et données comptables de gestion en PME. Revue internationale PME Économie et gestion de la petite et moyenne entreprise, 10(1), 9-41
[11]. Holmes, S., et Nicholls, D. (1989). Modelling the accounting information requirements of small businesses. Accounting and Business Research, 19(74), 143-150
[12]. Michailesco, C. (1998). Contribution à l'étude des déterminants de la qualité de l'information comptable diffusée par les entreprises françaises (Doctoral dissertation, Paris 9).
[13]. Michaïlesco, C. (1999). Une étude empirique des déterminants de la qualité de l'information diffusée par les entreprises françaises au cours de la période 1991-1995. Comptabilité-Contrôle-Audit, 5(1), pp-83.
[14]. Azhari A. (2021). Essai d'analyse des déterminants de la qualité de l'information comptable des entreprises agricoles : Cas de la région Souss-Massa. (thèse)
[15]. Desouza, K. C., Chattaraj, A., & Kraft, G. (2003). Supply chain perspectives to knowledge management: Research propositions. Journal of Knowledge Management, 7(3), 129–138.
[16]. IASB 2018 https://www.ifrs.org/projects/completed-projects/2018/conceptual-framework/
[17]. FASB https://www.fasb.org/page/document?pdf=ASU+2018-19.pdf&title=Accounting%20Standards%20Update%202018-
[18]. SFAC no 8/2018 https://storage.fasb.org/Concepts_Statement_No._8_%28As_Amended%29.pdf
[19]. Alsmady, A. A. (2023). Accounting information quality, tax avoidance and companies' performance: the moderate role of political connection. International Journal of Professional Business Review: Int. J. Prof. Bus. Rev., 8(1), 1.

DOI: 10.2478/agr-2025-0017 eISSN: 2537-3137 ISSN: 2065-2720