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VALIDITY OF ACCOUNTING INFORMATION FOR MANAGEMENT IN THE PROCESS OF DECISION MAKING

Abstract

All the credits for the transformation of social and economic structure of the developed countries on the global level go to the corporate management, but we should bear in mind that corporate management as such has transformed itself, becoming modern and very powerful.³ Although there are various opinions on the factors that indicate the sources of power, the following processes have had a dominant influence: 1. expansion of the knowledge base 2. development of applied technologies 3. introduction of new concepts in the management of corporations. The sequence of these concepts is random but the process of introduction of new concepts in the corporation seems to have had the greatest influence. Serbia, as a developing country, did not follow the trend of the development in this area which, after the transformation from state into private ownership, had numerous negative economic and social indications such as: growth rate, unemployment, inflation, fiscal deficit, gross domestic income (GDP), trade balance, external debt, export, investments, etc.

This paper aims to point out the importance of the accounting information for the management in strengthening the competences of corporate management in the domestic economy.

Key words: *global competition, dynamic of change in the economic structure, managing reactions, creating a new value for the owners, accounting for management, corporate management transformation.*

JEL Classification: M4, M41

ВАЛИДНОСТ РАЧУНОВОДСТВЕНИХ ИНФОРМАЦИЈА ЗА МЕНАЏМЕНТ У ПРОЦЕСУ ДОНОШЕЊА ПОСЛОВНИХ ОДЛУКА

Апстракт

Заслуге за трансформацију друштвене и економске структуре развијених земаља света на глобалном нивоу припадају пре свега корпоративном меџименту, при чему треба имати у виду да се и сам корпоративни менаџмент

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³ Drucker, P.(2003). *My view of Management*, Adižes, Novi Sad, p.11

трансформисао, постао модеран и изузетно моћан.⁴ Иако постоје различита мишљења о факторима који указују одакле потичу извори моћи, доминантан утицај испољили су следећи процеси: (1) повећање фонда знања, (2) развој примењених технологија, и (3) увођење нових концепата у управљању корпорацијама. Не умањујући значај нити рангирајући редослед важности на ведених процеса, чини се да је највећи утицај, имао процес увођења нових концепата у управљању корпорацијама. Србија као земља у транзицији није пратила тренд развоја у овој области што је, после извршене трансформације друштвене у приватну имовину, имало бројне негативне економске и друштвене импликације исказане кроз битне индикаторе као што су: стопе раста, незапленост, инфлација, фискални дефицит, бруто друштвени производ (БДП), спољнотрговински биланс, спољни дуг, извоз, инвестиције и други.

Циљ рада је да укаже на значај информационе подршке рачуноводства за менаџмент у јачању компетентности корпоративног менаџмента у до мађој привреди.

Кључне речи: глобална конкуренција, динамичност промена у структури економије, управљачке реакције, стварање нове вредности за власнике, рачуноводство за менаџмент, трансформација корпоративног менаџмента.

Introduction

The opening of national borders by creating identical operating conditions for foreign companies in the domestic markets, reducing regulatory constraints, as well as the rapid development of financial attractiveness, transportation, consulting and health services, encouraging investment, the development of communication technologies, strengthening the service sector through creation of national public enterprises, such as telecommunications, energy and transport – all these are the processes that have largely marked the beginning of the third millennium. They have brought about many benefits to the users; all this proves that dynamic changes in the structure of the economy have been undertaken. This environment has directly produced three important consequences of the globalization of capital markets, goods and services, reflected in the following:

First of all, this is reflected in the strengthening of competition, characterized by continuously raising quality standards of products and services; further, in the improvement of the area of distribution, and in the challenges in terms of gaining competitive advantage. Second, we see improvements of the quality of corporate governance, as new shareholders coming from the developed capital markets possess the knowledge and abilities necessary to effectively control behavior and contribution of their managers. Third, companies that operate in the open market are continuously exposed to hostile takeovers, and this mostly applies to companies whose achievement is below their real potential, in which the increase of quality management (replacement of managers) can significantly improve performance and achieve high yields. In these conditions, the dynamic changes in the environment, specific characteristics of companies, not only between sectors but also within the same industry, and the diversity of management responses to the challenges of creating value for owners, all this has

⁴ Drucker, P. (2003). *Moj pogled na menadžment*, Adižes, Novi Sad, str.11.

almost excluded the possibility of finding equally good solutions for all companies and all business situations⁵, which directly points to the importance of the role of management accounting in the transformation of corporate management in the domestic economy.

Management accounting as information system in the process of business decision making

Regardless of the sector in which the company operates and regardless of its activity, every management must make economic decisions about the business activities at the beginning, during and at the end of the business period. At the beginning of the operations it is necessary to measure risks and their impact on the effects; during the ongoing activities management must take corrective decisions in order to undertake those activities that contribute to the planned performance and suspend those that do not. For example, management may decide to stop the manufacture and sale of unprofitable performance (products and / or services); further, management might in the future, due to the effects of competition and other circumstances, change the selling price, depending on the market environment in which it operates.

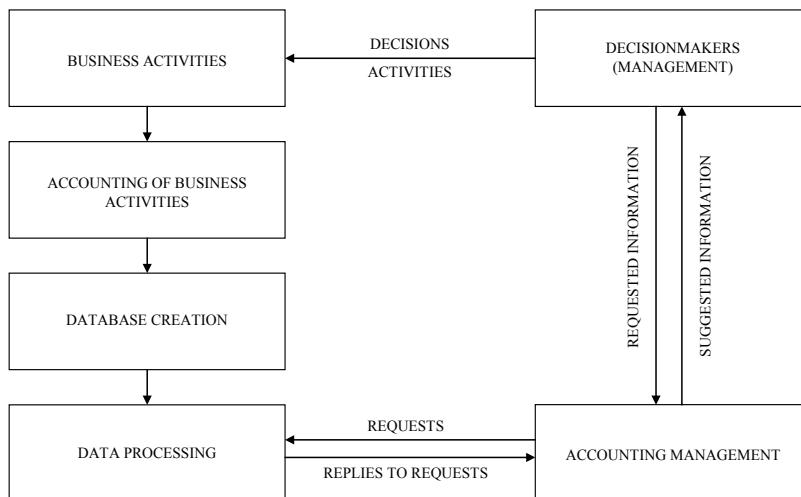
In modern conditions it is not possible to make business decisions about the future of the business entity or any business enterprise without the data and information that are the basis for making business management decisions. Within the business continuity, these data and information are to be provided by management accounting (cost and performance accounting).

Contemporary accounting for Management (*Management Accounting*) provides data and information that serve as a basis in making business decisions which are not based solely upon the accounting but upon a much wider inclusion of business activities, including planning and evaluation, as well as the internal and external (independent) control and audit. In modern terms management accounting must be focused on the future and not on the history, on the relations between companies and not just on one single entity. It must include both possible and existing activities, the must also be focused on the competition and not only on its own activities in production performance. Modern company must be proactive rather than reactive, it must be focused on strategic analysis using multiple models to improve the decision based on an estimate and not on the financial evaluation based on strict criteria in evaluating investments; it must also pay close attention to the profitability analysis based on effects, consumers and the market, not only on performance.

Preparation of information for decision making is carried out according to Diagram 1, where the following is clearly evident: first, accounting for business activities; second, the establishment of a database; third, the processing of data and information in order for management accounting to prepare necessary information as the basis for making business decisions.

⁵ Malinić, D., Miličević, V., & Stojanović, N.(2012). *Management Accounting*, Faculty of Economics in Belgrade, p. 30

Diagram 1. Management accounting as information system in the process of business decision making



In order for prepared information to be adequate for the set goal, it is decision for decision maker to define the following:

1. What are the goals to be achieved?
2. What resources are at disposal to achieve the goal?
3. What alternatives exist to undertake the best path towards achieving the set goal?
4. What actions should be taken?
5. What is the deadline set for the development of information?

Realization of management information needs within management accounting

Intense changes in the business environment have dramatically sharpened the problem of managing performances of economic entities. The imperative of creating competitiveness based on comparative advantage which would allow the creation of added value for owners requires the calculation of the cost as per new approaches and new concepts of managing revenues, expenses and results, by upgrading conventional approaches to formulation of costs.

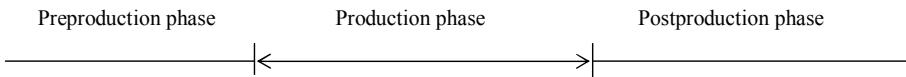
Globalization of the economy in the world, creation of new value for the owners depends not only on the internal efficiency but also on the ability of alignment of resources with demands. Respect for changes in the environment is not a matter of choice but a matter of strategic importance for the successful operation has resulted in the new information needs of management implemented within Management Accounting, which 'includes the processes and techniques that lead to financial and non-financial information relevant to business decision-making, in order to better manage business operations and achieve maximum financial success'⁶ because nothing but Financial Accounting could meet the emerging needs of the management for the above type of information.

⁶ Wilson R., & Chua Fong W.(1993). *Management Accounting*, Chapman & Hall, UK, p. 16

New claims for processing and tracking of changes in the market, new claims to maintain market position, competitive skills and continuing liquidity and all other operational management needs require from accounting management to set new tasks and to bring about increased volume of information requests. Defining a new role for management accounting in the present circumstances is of particular importance for any organization, because the imperative of assisting management requires that we upgrade traditional costing systems and the effects of new approaches and concepts.

The main characteristic of traditional costing systems and performance is reflected in the fact that they are targeted towards the cost of the production phase of the effects i.e. in the book-keeping sense they comprise total or variable actual and / or planned (standard) costs of production. That is why the objections are that cost monitoring costs starts too late and ends too early. Late follow-up is reflected in the objection that the costs are not monitored in the preproduction phase; the objection to premature monitoring is reflected in the complaint that costs are not monitored in the sales phase, which can be summarized as follows:

Conventional cost and performance accounting systems
by total or variable real and / or
planning (standard) costs



The globalization of capital markets, goods and services, as well as the consequent global competition today represents reality⁷, and a process that shall continue to expand.

Companies are characterized by a high degree of flexibility, strengthening of horizontal at the expense of the vertical structure, profit decentralization, the establishment of multifunctional teams about process, problems or projects. Sometimes, in certain situations, it may be necessary to reduce the size and orient towards the core competence of the given enterprise, while in other situations the creation of strategic alliances can be a source of gaining competitive advantage. Creating special relations with suppliers, customer relationship management, joint ventures, improving the efficiency of internal business processes, and management costs as those that occur in a company as well as those that occur outside the company, create immense accounting challenges in the calculation of cost and performance.

Improvement of the production process through technical and technological advancements, as well as a range of other activities that can contribute to increasing the internal efficiency of enterprises, have become a necessity in the constant struggle for existing and new markets. 'The implementation of lean manufacturing is focused on raising product quality and production efficiency to the highest possible level, which, among other things, involves the identification and elimination of all the activities that fail to create value for customers. The integral part of the lean philosophy is the concept of *Just in time* -JIT production and supply whose essence lies in the fact that purchased material arrives in the company at the time when it should go into production, that semi-finished products are finished just when needed for the assembly of final products, and that final products are completed just in time to be shipped to customers.'⁸

Although many domestic enterprises will not manage to operate without keeping stocks, it is quite certain that they will indeed be able to reduce the cost of keeping

⁷ Burns, J., Baldvinsdottir.G.(2007). *The Changing of Management Accountants*, in: *Issues in Management Accounting*, ed. by Hooper, T., Horthcott, D., Scapens, R., Prentice Hall, London, p.119.

⁸ Garrison, R., Noreen, E.(2003). *Managerial Accounting*, Mc Graw-Hill, Inc., New York, p. 13-17.

stocks, free up huge storage areas for other purpose, unleash investments related to the coverage of the current production of high levels of inventories, and direct them to other areas of the business with a higher rate of return. Informational support for the concept of lean production comes in the form of the so-called Kaizen Costin, which should provide information on reducing costs in all stages of the production process.

Total Quality Management (TQM) has become the control concept that requires all the employees to be quality-oriented.

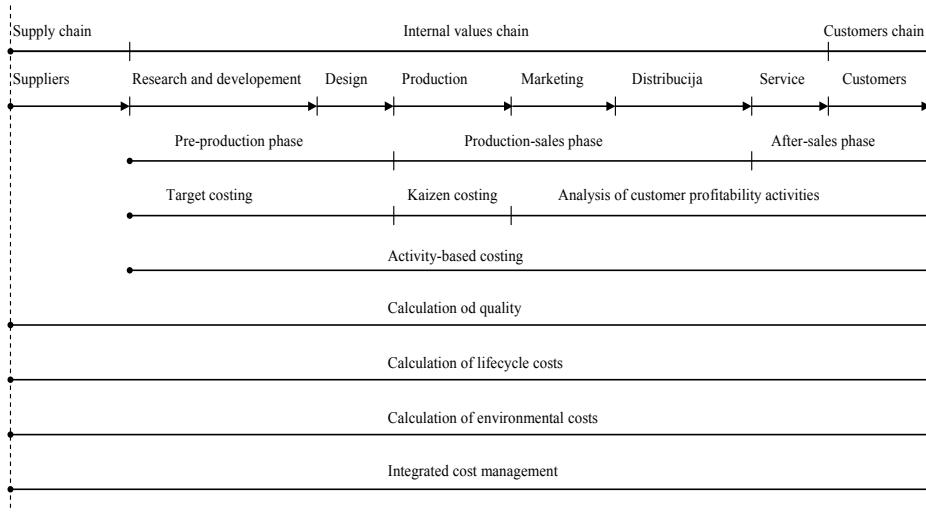
It involves a comprehensive approach to being focused on total quality and long-term success, where everyone in the company is involved in the creation and improvement of quality in the performance of their duties and where attention is directed to continuous improvement, product reliability and manufacturing standards by the customer, where the assumptions for the above are generated in design and construction phases.

Measurement of quality costs truly causes a lot of attention. They are not monitored within accounting as the government Chart of Accounts does not prescribe such an obligation. This means that they are hidden (latent) and that they are itemized as long-term costs. Successful implementation of the quality management system must meet the following basic requirement: that total annual costs are significantly reduced, much more compared to the amount of the cost of implementation of quality management systems. In these circumstances, redesigned support management information for decision-making appears as necessity, based on new approaches and concepts of cost and performance.

Traditional cost accounting systems as a long-term basis for the operational management decisions have included only the costs within the internal value chain. Costs within the external value chain remained beyond their reach.

There are some modern cost accounting systems, such as costing according to activities, costing based on target costs, according to life-cycle stages, costing through the value chain, costing based on continual savings, Kaizen Costing, costing according to the characteristics of products, cost of quality, cost protection environment, integrated cost management, etc. All this can be illustrated as follows:⁹

Cost management through the value chain



⁹ Lale, V., *Accounting* (2014). Faculty for business studies and law, University "Union-Nikola Tesla", Belgrade, p.602.

Domestic companies have no experience nor do they apply modern accounting systems or concepts of cost management, which are used in developed countries. They have no charts of accounts or analytic chart of accounts developed for these purposes. In order for these to be applied it is necessary to have more engaged relations between corporate and accounting management professions in the transfer of the necessary knowledge, skills and experience from countries that have successfully been using these concepts for prolonged periods of time.

This would raise the level of knowledge in the use of modern accounting concepts and techniques in the management and reduction of costs and hence profit ability and competitiveness. In the opinion of expert authorities in our country in this field¹⁰, the presence and influence of many foreign companies in our country, with billions of euros of invested capital, may bring along implementation of new, market-oriented concepts and accounting systems into our businesses, too.

Valorization of accounting management information

The validity of accounting information for management as the basis for decision making in the decision-making process is valorized according to real terms. There is a problem in evaluation of the provided information because they are often not directly expressed through the degree of usefulness. For these reasons, benefit is measured by the amount of damage that would be suffered by the company should management accounting fail to present data in the first place.

Here it is very important that we immediately determine the starting position of the scientific approach to this matter, because it is the duty of each author to the reader of the given paper to state from the beginning which scientific views he represents, for the simple reason to save time and effort for the reader of the text which he otherwise would not read in other circumstances. The entire access philosophy that we advocate in this paper is based on the dynamics of costs, revenues and financial outcome, as follows:

Business processes of marketing and sales are primarily aimed at pushing the income dynamics upwards, not in the way that they should aggressive approach promote false values, but the values of quality performance (products and / or services) for all users. Most certainly, the stated goal is not at all easy, especially in terms of domination of supply regarding production programs, methods and sales channels.

Management Accounting is supposed to support the information, which means that a variety of methods and concepts turn the focus on the scope and schedule of costs in order to move them down, in cooperation with business processes through a chain of internal and external value chain, which is also highly complex and responsible task, as it collects, processes, presents and interprets information that may be relevant to¹¹:

- formulation and implementation of corporate strategy and business units, which include projections of the feasibility of investing in capacity expansion, new product development, information on competition, customers, suppliers and other partners;
- decision-making regarding the allocation of internal resources to integral parts of the company, its programs and individual products, including reports

¹⁰ Malinić, S.(2008). *Management Accounting*, Faculty of Economics, University of Kragujevac, p. 244

¹¹ Horngren,C., Bhimani, A., Datar, S., Foster, G.(2002). *Management and Cost Accounting*, Prentice Hill, London, p.5.

on the profitability of the parts, products, current and potential customers, distribution channels, etc.;

- strategic and operational systematic periodic planning and control of performance parts and the company as a whole, which includes projections of revenue, expenses, results, assets, liabilities and equity in the form of strategic and operational budget;
- the need to appraise the performance of the parts of the company, of profit and investment centers and sub-accounting responsibility centers and their managers, using financial and non-financial measures;
- cost - benefit analysis for the implementation of each strategic, operational, business and financial decision (to produce or acquire, to sell semi-product or to finalize it, leave or keep the product, introduce a new product);
- design motivation strategy which means establishing relations between compensations and performance;
- creation of a healthy financial structure and early warning signals regarding risks to which enterprises is exposed.

Dynamics of revenue and cost dynamics are aimed at increasing the financial effects shown by profit zone and loss zone. In this regard, maximizing business performance and thus overall financial results over the long term represents one of the supreme goals of each company, which is why managers in the business activities feel that there main problems arise from the management of revenues and expenditures, and within that short term results viewed by individual business segments have the role of planning control points that managers must achieve on the way to maximize the business and overall financial results.

Operating result as the net value of careful combining of the volume of activity, income and expenses is under the direct impact of management decisions, which is why it must be subject to careful planning, measurement and control that is implemented over the whole enterprise, both vertically and horizontally in the management pyramid. That is why performance management presumes proper management information, in which accounting management in the field of IT can continuously provide support:

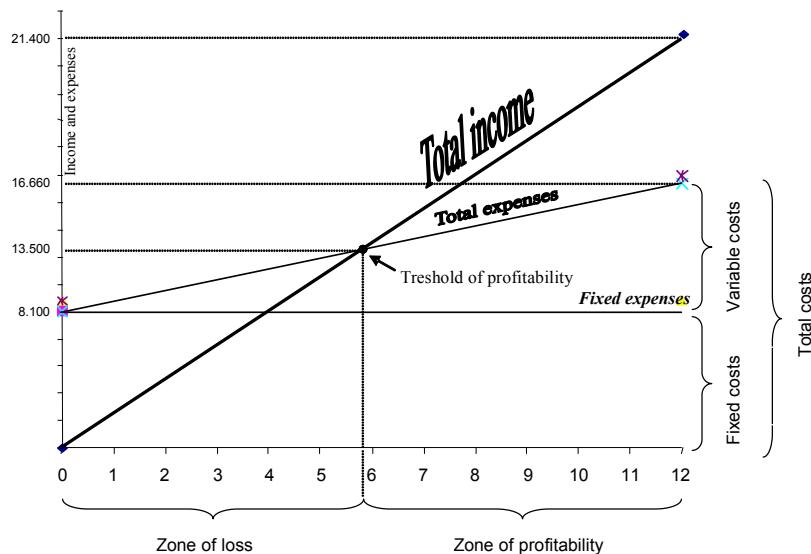
- Analysis of break-even points, i.e. analysis of the profitability threshold or cost, volume, profitability of CVP analysis, which represents a systematic method of relations that exist between the volume of activity on the one hand, total revenue and total cost broken down to variable and fixed costs, on the other hand.

The analysis of break-even point displayed in diagram in a very clear way of shows the financial impact resulting from dynamic interrelations between costs, revenues and financial results, as well as the difference compared to the extent of economic activities in the accounting period, which explains the philosophy advocated in this paper, as the following example from the aviation sector of the domestic economy clearly shows:

Table 1. Realized revenues, expenditures and financial results during the accounting period

REALIZED REVENUES, EXPENDITURES AND FINANCIAL RESULTS IN THE ACCOUNTING PERIOD	AMOUNT IN 10^3 MONETARY UNITS (MU)	
	Pre-column	Main column
1	2	3
1. Total revenues		21.400,00
2. Variable costs (2.1. до 2.4)		8.560,00
2.1. Costs of raw materials	3.861,00	
2.2. Energy costs in manufacturing	640,20	
2.3. Production services	420,80	
2.4. Salaries in manufacturing	3.638,00	
3. Contribution (marginal) profit (1-2)		12.840,00
4. Fixed costs (4.1 до 4.5)		8.100,00
4.1. Cost of office materials	1.040,00	
4.2. Overhead costs	560,00	
4.3. Non-production services	120,00	
4.4. Depreciation and amortization	3.314,00	
4.5. Salaries – overhead costs (gross)	3.066,00	
5. Total costs (2+4)		16.660,00
6. Gross profit (3-4) или (1-5)		4.740,00
6.1. Profit tax 10% ($6 \cdot 10\%$)		474,00
6.2. Net profit ($6 - 6.1$)		4.266,00
7. Rate of contribution (marginal) profit ($3/1$) • 100		60%
8. Break-even point i.e. profitability threshold (4/7)		13.500,00

Diagram 1. Break-even points, i.e. thresholds of profitability



After analyzing the break-even point, we then perform the dynamic sensitivity analysis, which means that we recalculate the break-even point with the changing positions of income and expenses, with three possible outcomes:

(1) Break-even point is not moving, i.e. it remains the same, if at the same extent of realization neither total revenues nor total costs change. When the break-even point does not move, with the same extent of realization neither the loss zone nor the profit zone change.

(2) Break-even point moves upward, if with the same volume of realization the total costs (expenses) keep growing, and revenues remain the same. Total costs (expenses) may increase with the increase of fixed and hence total costs, with variable costs remaining the same, or through the increase in variable and thus total costs, with fixed costs remaining the same. When the break-even point moves upwards, with the same extent of realization, the loss zone increases and the profit zone decreases.

(3) Break-even point moves lower, if with the same volume of realization revenues increase and total costs (expenses) remain the same. With the same extent of realization, revenues can grow at the level of increase in the physical volume of effects (products and / or services) with the selling prices remaining the same, or this can happen through the increase in selling prices with the physical extent of realization remaining the same. When the break-even point moves downwards, the loss zone increases and the profit zone increases.

The break-even point is the moment where realized volume, costs and revenues are leveled, i.e. equal. In the above-mentioned example, the break-even point is 13,500 MU i.e. the point where the volume of 12,617 produced pieces the cost and revenues are at 13,500 MU (12,617 pcs • 1,070 MU).

At the realized volume that is lower than 12,617 pieces (products), the company is in the loss zone; at the realized volume that is higher than 12,617 pieces (products), the company is in the profit zone, assuming that with the realized volume the company's position at the supplies market and sales market remains the same. In case there is change of the company's position in the supply and sales markets, the position of the break-even point would change, thus changing the profit and loss zones.

As business activities are regularly planned in the business plan, it is necessary to determine the deviation of realized vs. planned extent of realization, and just how much of this discrepancy is due to physical volume and to sales price, as evident from the following table:

Table 2. Planned and realized extent of realization

DESCRIPTION	REALIZED (AMOUNT)	
	Planned	Realized
1	2	3
1. Extent of realization in physical unites	19	20
2. Sales price in 10^3 MU	980.00	1,070.00
3. Extent of realization in 10^3 MU (1x2)	18,620.00	21,400.00

Determination of impact of the physical volume of realization and actual selling prices compared to their size in the planned business plan should be performed by the method of causation as follows:

$$(\text{Realized volume in physical units} \times \text{realized selling price}) / (\text{Planned volume of realization in ph. units} \times \text{planned selling price}) = (\text{Realized volume in physical units} \times$$

realized selling price)/(Realized volume in ph units x planned selling price) x (Realized volume in physical units x planned selling price)/(Planned volume of realization in physical units x planned selling price)

$$(20 \times 1.070,00) / (19 \times 980,00) = (20 \times 1.070,00) / (20 \times 980,00) \times (20 \times 980,00) / (19 \times 980,00)$$

$$(21.400 / 18.620) = (21.400 / 19.600) \times (19.600 / 18.620)$$

$$1,1493 \cdot 100 = (1,091836 \cdot 1,05263) \times 100$$

$$114,93\% = 109,184\% \cdot 105,263\%$$

Using the method of causation, it was discovered that the actual volume exceeded the planned volume of production by 14,93% (about 15%), which was created by the impact of realized selling prices by 9.18% and due to the impact of realized physical volume by 5.26%, which means that the realized volume, shown as value, was predominantly influenced by the actual selling prices, not the physical volume.

In addition to the relative share of the realized selling price and the actual physical volume in relation to the planned volume of realization presented in%, it is also necessary to determine the total deviation of the realized volume in relation to the planned volume of production in MU. Further, it is necessary to determine to what extent this deviation is influenced by the realized volume expressed in physical pieces. The determination of these discrepancies is performed by using the method of elimination through conditional size, as follows:

Table 3. Planned and realized extent of implementation and deviations due to price impact and influence of the physical volume

PLANNED EXTENT OF REALIZATION IN 10^3 MU	CONDITIONAL SIZE IN 10^3 MU	REALIZED EXTENT OF REALIZATION IN 10^3 MU	DEVIATION IN 10^3 MU		
			Total deviation	Price impact	Impact of ph. volume
Planned extent x Plan. sell. price	Realized extent x Plan. sales price	Realized extent x Realized sales price	4=3-1 (5+6)	5=3-2	6=2-1
1	2	3			
18,620 (100%)	19,600	21,400,00 (114,93%)	2,780 (14.93%)	1,800 (9.18%)	980 (5.26%)

In the above example, the deviation, i.e. the excess of realized in relation to the planned scope of realization is 2,780 MU (monetary units) or 14.93%, due to the substantial impact of the realized sales price in the amount of 1,800 MU or 9.18%, and to a lesser extent due to the actual physical volume amounting to 980 MU or 5.26% (1,800 MU + 980 = 2780 MU), and (105.263% * 109.184 - 100% = 14.93%).

Conclusion

In order to acquire higher professional rating and confidence from the owners, modern management must possess knowledge that is not limited by a single profession. Partial knowledge does not provide the ability to see whole position with all its aspects that can be – through professional attitude - relatively quickly remedied.

It is for these reasons value of the informational support for management accounting in business decision-making process can be measured only on the basis of its usefulness. This support stems from the analytical results of accounting forwarded to

management; these results serve as the basis in the enactment of business decisions at the highest point of the vertical control.

Domestic companies fail to apply modern accounting system and the concepts of cost management, which are used in developed countries. In order to be able to apply the following concepts, it is necessary to provide for a more engaged attitude, both in corporate and accounting management profession, in the transfer of the necessary knowledge, skills and expertise from countries that have been successfully using these concepts for extended periods of time. This would raise the level of knowledge in the use of modern accounting concepts and techniques in the management and reduction of costs and hence profit ability and competitiveness.

That it is necessary, among other things, to introduce a higher level of IT support for management accounting in strengthening the management structure of competence of local companies, we are relentlessly warned by the following comparative effects of the countries that emerged from the ex Socialist Federal Republic of Yugoslavia (SFRY):

The effects of the transition to the states of the SFRY in 2001 - 2010

EFFECTS	BIH	CRO	MAC	MNG	SLO	SRB
1. GDP growth rate (%)	4,5	2,8	2,2	3,5	2,8	4,3
2. Industrial production- growth rate (%)	5,0	2,6	0,8	-0,1	4,0	0,6
3. The share of industry in GDP (%)	18,3	17,9	20,5	/	24,2	22,7
4. Unemployment (%)	36,6	12,2	34,5	26,9	6,0	30,1
5. Inflation (%)	2,0	2,8	2,1	6,7	3,9	13,5
6. Fiscal Deficit (%)	-0,8	-3,9	-1,8	-0,9	-2,7	-2,4
7. The ratio of public debt to GDP (%)	30,7	32,0	33,0	37,5	28,5	59,1
8. GDP per capita (USD)	3.318	10.227	3.057	3.992	18.117	3.824
9. The ratio of trade balance to GDP (%)	-13,1	-6,0	-6,4	-20,1	-1,9	-9,1
10. The ratio of external debt to GDP (%)	47,8	72,4	49,2	55,3	75,9	70,2
11. The ratio of external debt to exports (%)	154	156	114	/	110	256
12. Exports per capita (USD)	731	2.202	1.077	785	9.444	758
13. FDI per capita (USD)	179	509	166	683	59	236
14. Debt per capita (USD)	1.516	8.084	1.544	2.746	14.883	2.745

(Source: Savic, Lj, professor at the Faculty of Economics, Belgrade, *Politika*, 4 Jan 2013)

These effects indicate that Serbia as a country in transition is in a rather complex economic situation, and in the second decade of the third millennium it must do everything possible to achieve much better effects in strengthening and developing its economy. Without strengthening professionalization and managerial competence this will not be possible. It seems that times of unprofessional management and wrong choices are gone, in both the private and especially in the public sector. Most certainly, in all of the above, in accordance with the objectives and measures that the government wants to achieve, role and importance of IT support steadily grows in making business decisions based on accounting management, application of modern concepts and management costs implemented in the developed countries of the world.

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