

WHY ACCOUNTANT MORE ATTRACTIVE IN FINANCIAL ACCOUNTING

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Abstrak - The aim of this research is to find out the reasons or factors from accountant's perception in choosing to focus in financial accounting instead of management accounting. The method used is qualitative research, and the researcher used two samples of companies from different business entities. The researcher did interview to the accountants from two companies with some questions related with the research. The result of research shows that there are three factors why companies more focus with financial accounting. First is the size of the company and people who manage the company. Second is because financial accounting has standard, but for management accounting, companies make their own policies to arrange it. Last is because management accounting is mostly optional.

Key words: Financial Accounting, Management Accounting, Accountant Perception

INTRODUCTION

From the article by Eiler and Cucuzza (2013), they discussed that the accounting profession has undergone tremendous turmoil and change. Most of the concern of accounting profession has been focused on financial accounting issues, such as financial accounting rules and the ethics of profession. Much less attention is being given to the role of management accounting in the wake of the recent crisis or to management accounting's ability to report and provide information on, and insight to, the goings-on in and around the business organization. Then, they argue that the completion between crisis in financial accounting and crisis in the management accounting should be balanced. This research will explore further about the factors that affecting accounting profession more focuses in financial accounting rather than management accounting.

From the journal by Hejazi and Bazrafshan (2013), they gave questionnaire to 75 graduated students in Universities of Iran, and asked about their interest in accounting field. Then, they make conclusion that

“This study investigates the interest of accounting students in management accounting in universities of Iran. The results of this study show that students prefer financial accounting and auditing to management accounting. Moreover, the current findings indicate that students believe that the shortage of appropriate text books about management accounting, unawareness of management accounting certificates, the shortage of seminars and workshops about management accounting, the existed limitations and barriers to research in the field of management ac-counting, firms’ disinterest in implementing management accounting new techniques, engaging universities in merely theoretical matters, the absence of sufficient courses about management accounting in universities, journals’ ignorance of management accounting, the absence of sufficient curriculum in universities about management accounting lead to a decrease in students’ interest in management accounting. While they believe low income and the absence of interest of family and friends do not affect their interest. Finally, using factor analysis, we found three factors of education, profession and re-search influencing the students’ interest.

But, does the result of graduated students that more interested in financial accounting rather than management accounting will affect their perception on more focusing financial accounting rather than management accounting in the company.

In the ideal condition, companies need financial accounting and management accounting in running the business. Professional accountant should have balance consideration in their daily practice between financial accounting and management accounting. Management accounting and financial accounting both serve important roles within a business. But, the problem is not every company should perform management accounting. From Caplan, explains that

“Financial accounting is mandatory for most companies. Financial reporting is required by U.S. securities laws for public companies. Private

companies with debt are often required by lenders to prepared audited financial statements in accordance with GAAP. While, management accounting is mostly optional. However, it is inconceivable that a large company could operate without sophisticated management accounting system. Also, legislation such as the Sarbanes-Oxley Act 2002 sets minimum standards for public companies for their internal financial reporting.”

From the issue and the ideal condition, there is dissimilarity condition. In the issue from the article, accounting profession more focuses in the financial accounting of the company. While in the ideal condition, financial accounting and management accounting mutually support each other, means that accounting profession should focus in both of accounting major. Both financial accounting and management accounting are used to support the performance and goal of the company. In this research, the researcher will analyze and discuss about the standards, ethics, and the importance of financial accounting and management accounting for the company, and also the perception of accounting profession in handle the financial accounting and management accounting.

METHODOLY RESEARCH

In answering the research, there are many kinds of data sources in research method which are used by the researcher. These are the explanation of research design from four research questions, which are:

1. In answering the first mini research question about what are the standards used in financial accounting and policies used in management accounting by the company, the researcher uses source of data from the accounting profession in the two companies with semi structured interview method, which the researcher will prepare the list of questions first, then the question can evolve and increase according to the needs of interview. The questions which are given to the interviewee will be used to answer the problem and obtain the ideas. The time for interview will be done in the evening with more or less one to two hours at 5.00-7.00 p.m. WIB. The researcher will use paper and pen as the media in interview, and then the information will be transferred to the computer.

2. In answering the second mini research question how the perception of accounting professions in doing financial accounting and management accounting in the company. The researcher will use semi structured interview method because the researcher can extract more deeply about the questions. The time for interview will be done in the evening with more or less one to two hours at 5.00-7.00 p.m. WIB. The researcher will use paper and pen as the media in interview, and then the information will be transferred to the computer.
3. In answering the third mini research question about what are the problems or crises in performing financial accounting and management accounting in the company, the researcher uses source of data from the accounting profession in the two companies with semi structured interview method. The time for interview will be done in the evening with more or less one to two hours at 5.00-7.00 p.m. WIB. The researcher will use paper and pen as the media in interview, and then the information will be transferred to the computer.
4. In answering the fourth mini research question about how the standards of financial accounting and policies of management accounting affect the perception of accounting professions, the researcher uses source of data from the accounting profession in the two companies with semi structured interview method. The time for interview will be done in the evening with more or less one to two hours at 5.00-7.00 p.m. WIB. The researcher will use paper and pen as the media in interview, and then the information will be transferred to the computer.

DISCUSSION AND ANALYSIS

Discussion

In the example of two companies which researchers interviewed, not all of these companies use IFRS. The first company is a mineral water company, using IFRS because the company is the largest water company in Indonesia and has centers abroad. The company is audited by KPMG and PWC. While the other company, which is printing company, still uses the old standards of financial accounting is SAK ETAB in financial reporting. This was caused by the limited ability of the directors and managers to learn and adopt the latest financial standards.

Table 1
Comparison of Implementation Financial Accounting and Management Accounting in PT A & PT S

Comparison	Mineral Water Company (PT A)	Printing Company (PT S)
Company	Great company with some branches in Indonesia	"Family company" which has only one company in Indonesia
Financial Accounting	Using the SAP system that integrated with each other, making it easier to create financial reports and check the existing errors. Using IFRS accounting standards.	Do not use the system, making financial reports manually. Using based financial accounting standards SAK-ETAP.
Management Accounting	Make a budget for each year, from every division of the budget will be put together and given from the finance division to the President Director (CEO).	Do not have the report in making budget, only using a prediction or estimate the cost of previous years.

According to them, there is no problem with not adopting the new accounting standards, namely IFRS. Besides that, the company only has one company in Indonesia, which is located in Sidoarjo. When auditor audits the financial report, no problem arises when they use the old accounting standards. At both companies, a financial accounting standard is required to be made by each company as the financial statements required by external companies. The financial statements shall also be made each year, unlike the budget report that is only made in accordance with its purposes (non-periodically). While in the implementation of management accounting mineral water Company making budget report is highly obliged. Each division are required to make a budget, then given to the finance division for approved and granted to the President Director (CEO). While for printing company, they do not make budgets report because they only use a prediction or estimate of the cost each year of experience so that it can estimate the costs required for future years. In terms of budget reports conducted by mineral water Company, there is no system or standards, as listed in the theory, and the report prepared annually by the company. In this case, the

decision of the company's internal factors is influence the decision to make the budget report. The reason also is this budget report is only needed for internal company alone.

Table 2
Comparison of Accountant Perception

Comparison	Mineral Water Company	Printing Company
Accountant Own Perception	Management accounting and financial accounting should be treated equally.	Management accounting and financial accounting should be treated equally.

According to the accountant's perception of mineral water company, financial accounting and management accounting has been applied both in balance, although not absolutely 100%, this is due to a problem that still occurs in the manufacture and application of the budget report done. While the printing company, according to the perception of directors, financial accounting and management accounting is not done in balance. The absence of management accounting in the company led to the company was not able to analyze problems that occur and not be able to make better decisions as a result of problems arising from it. The problem in the absence of the application in management accounting is also because of the managers and directors who are not too want to be bothered with the expense budget report generation. Because they feel that they can experience from previous years have given them enough information, so do not need written for financial reporting.

Analysis

Table 3
Comparison of Problem in Both Companies

Comparison	Mineral Water Company	Printing Company
Company	Great company with some branches in Indonesia	"Family company" which has only one company in Indonesia
Financial Accounting	No problems arise in financial reporting.	No problems arise in financial reporting.
Management Accounting	There is a problem in the	There is a problem in the

	application of management accounting, especially in terms of making the budget report.	application of management accounting, especially in terms of making the budget report.
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In practice, there have been many problems that arise in management accounting. This is contrast to financial accounting standards that no problems that arise. In the mineral water company there are two problems that occur, that is about the realization of the cost of which is not in accordance with the budget-making and there is a fee that has not been realized yet been reported in the financial statements. As for the printing company that does not make the budget report, the problem surely will occur, when the estimated cost of which has not correspond to reality due to the absence of agreement between the client and the printing company. Standard in financial accounting can make people easily to make report in every year. Further, nowadays, there are many applications that have been standardization for financial accounting in making journal until report. Every accountant must have good knowledge and ability to follow the standards. But for management accounting, there is no standard. Every accountant, including the manager and director in the company who are related with the process of making policies in management accounting must have good knowledge and ability. Policies which are made by the accountants must be suitable for their companies. It can say that every policy of management accounting in every company will be different. The mistakes in making the decision of policies for management accounting will give problem for the company. This decision of arranging policies will be in the hand of the accountant, manager, and director.

Table 4
Comparison of Accountant Personal Perception

Comparison	Mineral Water Company	Printing Company
Accountant Own Perception	Management accounting and financial accounting should be treated equally.	Management accounting and financial accounting should be treated equally.

Accountant personal perception about the application of management accounting and financial accounting in the company is based on the theory. They

both argued that the financial accounting and management accounting should be treated equally. According to the accountant at the mineral water company, financial accounting and management accounting should be treated equally and well that the company's goals can be achieved. Meanwhile, according to the director of a printing company, management accounting is a pillar of the company. Management accounting is the root of the company, if the root is not solid, it will ruin the whole tree, which is financial accounting. So the financial accounting and management accounting support each other and are treated equally.

The Institute of Management Accountants (IMA) has developed four standards of ethical conduct for management accountants and financial managers. These standards has since then been revered as the central code for accounting professionals.

1. Competence

For Mineral Water Company, they already have a development in terms of financial accounting, which is already implementing the SAP system that will help the company in making the financial statements. In addition, the company has made the appropriate financial statement reporting standards and budget that can support the company in providing the recommendation and decision making. Printing company does not undertake development in terms of financial accounting and management accounting; financial accounting is made manually from beginning and not integrated with each other.

2. Confidentiality

In the mineral water company, for the manufacturing cost budget report, conducted by each division. While in the printing company, there are also several divisions, but there is no link between the divisions, especially in the manufacturing cost budget report.

3. Integrity

The mineral water company has the integrity to do the right thing, although there are also some problems that occur. The printing company

lacked the integrity, because the directors and managers do not have the full willingness to advance the company.

4. Credibility

PT S has less credibility than PT A. In management accounting, there is a different arrangement. PT A makes report for management accounting that will give every people information especially for the every year budget. It shows that every division in this company communicates budget fairly and objective. For PT S, this company does not make any report for management accounting that shows each division does not have good communication in fairly and objective.

In the analysis above, there are several factors that affect the application of management accounting and financial accounting within the company, which are:

1. Company and People

From the result of interviews, the researcher can analyze that the size of company and the perception of people who manage the company can assist the application of management accounting and financial accounting. In the mineral water company, has higher competence and professionalism, especially in the following existing standards. Because this company is a large company which also has branches in Indonesia, mineral water companies use SAP system is also integrated to facilitate the making of the financial statements and the use of new standards, namely IFRS. It is also supported by the directors and managers of the company. As for the printing company, the managers and directors do not work in professionalism. They argue that the company is like a family company that does not need to use things that are considered very difficult, so that it can affect the application of financial accounting and management accounting.

2. Standard and Policy

Standard is easier for companies to prepare financial statements. In addition, each company is required to prepare financial statements to be audited annually by an audit firm. As for management accounting, there is

no set of standard. Standard is used depends on each company, so it may seem cumbersome by small firms in particular to apply the standards created by the company. In addition, the manufacture of management accounting is very flexible, depending on the company.

3. Management accounting is mostly optional

Beside the explanation from Caplan, Professor Gilet explains that

“Management accounting is not mandatory. Financial accounting is mandatory; that is, it must be done. Various outside parties such as the Securities and Exchange Commission (SEC) and the tax authorities require periodic financial statements. Managerial accounting, on the other hand, is not mandatory. A company is completely free to do as much or as little as it wishes. There are no regulatory bodies or other outside agencies that specify what is to be done, or, for that matter, whether anything is to be done at all. [Because] managerial accounting is completely optional, the important question is always, ‘Is the information useful [i.e., does the benefit of having the information outweigh the cost of compiling the information]?’ rather than, ‘Is the information required?’”

CONCLUSION

1. The two companies use different standard in financial accounting (IFRS and SAK-ETAP), and printing companies did not do management accounting, especially in making budget report.
2. There is no problem arising from the implication of financial accounting. From the interview of two companies, the problems are arisen from the implication of management accounting.
3. The accountant and director from each company agree to do the balancing implication for management accounting and financial accounting.
4. There are some factors that affecting the implication of management accounting and financial accounting. The first is the decisions made by the directors and managers in the company. The second is because management accounting can be made flexible and there is no standard,

while companies must make financial accounting with the standard. The third factor, management accounting is mostly optional.

With all some limitations of the study above, the researcher gives some suggestions and recommendation to the next research with the similar topic. The suggestion and recommendation:

1. Find more companies to be sample in this research, big companies will give better description, so the research will give better result in the implication of management accounting and financial accounting.
2. Using another appliance beside appliance that has been used by the researcher. For instance, the data percentage from companies related with the implication.