Implications of Relationship Marketing on the Financial Accounting Services Providers

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Abstract: - In market economy, the approach of financial-accounting services marketing from the customer’s point of view requires the ability to deeply understand its needs to be able to provide clear, accurate, concise and in real time accounting information. The aim of this article is to outline the relationship based on professionalism and ability carried out to provide financial-accounting information by the specialized services providing companies to their beneficiaries. Therefore, we tried to identify the needs of the managers of small, middle and micro enterprises (SMEs) related to financial-accounting information. The obtained results are meant to support the accounting services providers to put in practice innovating strategies of relationship marketing, maintaining the concern for the client and its needs.

Key-Words: - relationship marketing, management, financial-accounting information, accounting professional, economic decisions, accounting reports.

1 Introduction
Company’s management permanently faces various problems that require real time solution. Financial communication plays an important part in company’s management in market economy. This is created by means of the annual and quarterly reports, especially by the current accounting reports and financial – accounting analyses of the company’s activity. The activity of the accounting professional represents the major element in drafting such documents. The financial – accounting information provided to the company’s management, shareholders, other partners and to the pubic underwent permanent improvement as to satisfy the needs to substantiates and know the decisions involved in the company’s activity. The image of the company’s value, the extent of the shareholders’ trust in its management depends on their presentation manner. Diversifying the offers of financial – accounting services and a more and more sophisticated and trained consumer of accounting information determines the specialized services companies to find new ways to attract new clients and to keep the existing ones.

In this context, our research has been oriented towards identifying the specific needs of the companies related to financial – accounting information but also towards the needs of strong relationships with the service providers who can produce such information on the grounds of the company’s records. The research results reveal the need to present financial – accounting information in a format simply and easily understandable by the companies’ managers who do not always have specialized accounting education. Furthermore, they underlined the need of a close cooperation of the managers with the accounting professionals so that the information to be most efficiently used within the company. These goals can be achieved by using strategies specific to relationship marketing.

2 Literature review
The relationship between the accounting professional and the manager, from the point of view of the present economic life, represents the basic chain joint in business administration. This relationship must substantiate on dynamism, flexibility, foreseeing and most of all rigorous substantiation in decision making. The appropriate information, if of appropriate quality and obtained the perfect time, represents an important company resource. The success of a company largely depends on the information held and on the way it is used in the current economic environment [9]. The provision of financial – accounting services is according to the applicable professional standards and norms, to the specialists’ experience, abilities and professional knowledge, being the outcome of the collaboration relationship based on mutual respect between the accounting information supplier and the beneficiary. The financial-accounting information substantiating the management decisions must comply with the
competition changes of the business environment, lead to the increase of the efficiency and internal yield of the company, improve the creativity and yield of the management team [1]. To attain these features, a direct participation of the accounting professional in the company’s activity as in its own business is required by the provision of accounting and tax advice, support in drafting important management instruments used in the planning, decision and control activity.

Similar to all the other business fields, in the field of financial-accounting information, the marketing concept and marketing actions must substantiate the activity of the financial-accounting services providers.

The role of the accounting companies within small and middle enterprises business becoming more and more “international” [5], is even more important, as they represent the only providers of tax consultancy and accounting for this business segment. The presence of the accounting companies on the markets where there is a demand for their services also require an appropriate offer to satisfy it. The orientation to client must represent a permanent direction in the management-marketing of the accounting companies [7]. The orientation of the financial-accounting services companies to marketing shall allow the provision of opportune, analytical and relevant information required for the daily activity, meant to consolidate the clients’ trust in their usefulness.

The affirmation of marketing in the field of financial – accounting services shall ensure the development and improvement of such services, in the conditions of a more and more powerful competition environment and of a market full of multiple convulsions. The marketing orientation of the activity of the financial-accounting services company highlights the following specific particularities: receptivity to the market and generally, the company’s requirements; thorough knowledge and anticipation of such requirements; inventiveness, creative spirit, concern for permanent modernization, maximum efficiency after the orientation to the consumer’s needs [2].

Marketing must provide a good understanding of the client, good connection with the most appropriate communication methods between the client and the company, help educate and train the sales personnel, find out which the client’s need for information and draft an action plan [6]. Marketing requires new attitude of the entire organization as the value creation process for the clients does not exclusively takes place in the marketing department, yet it requires a vision on all the important processes within it. In the financial-accounting services, we take into account: a strategic process aligning the clients’ wishes and needs to the company’s objectives and an innovation process substantiated in the services that clients desire, a process of efficient operations. To respond the nowadays new challenges the financial-accounting services, Romanian companies must approach marketing to revolution client’s experience.

Promoting the entire activity by particularly focusing on the satisfaction of the more and more sophisticated requirements of the accounting information consumers, promoting quality services to create long term relationships with the clients represent nothing more than affirmation of relational marketing in the field of financial-accounting information.

3 Research Methods

This paper is part of a wider research approach carried out in the financial – accounting services field. The quantitative research is based on a sample survey based on face to face interviews, using a complex questionnaire of 40 questions. The survey was carried out from January until March 2010. The main goal of the research was to identify the needs of the SMEs managers, related to the financial-accounting information, from the point of view of the specialized providers.

Among the most important specific objectives are:

♦ Identifying the most important types of financial-accounting information requested by the companies providing accounting services.

♦ Deciding the classes of financial – accounting reports used in supporting the decisions on the company’s economic and financial policies.

♦ Identifying a connection between the various cases of the accounting statements took into consideration in the company’s activity management.

In this marketing study, the researched population is made up of small, middle and micro companies of Brasov city, grouped according to the main business field: production (constructions included), trade and services.

According to the way of obtaining the financial-accounting information, the companies’ structure in the sample is presented in the table below.

Table 1. Sample structure according to the way of obtaining financial-accounting information

<table>
<thead>
<tr>
<th>Method of Obtaining Information</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Own accountancy department</td>
<td>10</td>
<td>2.2</td>
<td>2.2</td>
<td>2.2</td>
</tr>
<tr>
<td>Self employed accountant</td>
<td>16</td>
<td>3.5</td>
<td>3.5</td>
<td>5.6</td>
</tr>
<tr>
<td>Financial accounting services company</td>
<td>437</td>
<td>94.4</td>
<td>94.4</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>453</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>
3.1 Research Results

An important research objective is the analysis of the collaboration with the financial-accounting services providers. During the company’s life, the SMEs of Brasov were in the position of changing the services’ provider. Analyzing the answer frequency, we ascertain that the ratio of the companies that changed their financial-accounting services provider is of 26.09% of the sample. The main reasons for having ceased the contract relationships were the lack of communication, mentioned in 53% of the cases and the delays in providing the accounting statements, in 24% of the cases.

The provider-client collaboration is being analyzed from the point of view of their length. The graphical representation below highlights the information on this issue.

We notice that 49% of the interviewees have collaboration relationships with the same provider for over 5 years, the ranges 3 – 5 years (24.07%) and 1-3 years (22.45%) recording similar values. The fact that only 49% of the analyzed SME’s have a stable collaboration with the financial-accounting services suppliers may be a starting point in the process of establishing customer-oriented policies inside by the service companies. The improvement in customer retention ratio needs strong relationships that could generate favorable effects on the company’s results.

A different goal of our analysis was to identify the financial-accounting information requested by the managers of the SME’s from the providers of financial-accounting services they work with and deciding their importance for the economic decision. The data was collected using a question with multiple choice answers, a company being able to indicate the use of several accounting reports to substantiate the economic decisions. The information obtained after having processed the data from the interviewees to the question related to the classes of financial–accounting reports used in making decisions related to the company’s activity are provided hereafter.

Thus, we notice that from the total number of the interviewees (437) a large number (43) did not answer this question, which reflects cases when the information provided by the financial-accounting services companies are not frequently used in substantiating the economic decision. The managers of the analyzed SMEs consider the financial-accounting activity too complex, featured by permanent changes and dominated by taxation issues. Moreover, the idea that “the accounting organization is first of all established for the tax authorities” is thus argued. To make decisions based on the information provided by the accounting professional, the manager is required to have general economic knowledge within his/her professional training, in absence of which, the analysis of the financial performance and position cannot exist.

Yet the current decisions related to the business administration are adopted on the grounds of simple financial-accounting statements, prudently drafted, with strict and comprehensible information.

Related to the classes of financial statements analyzed by the managers of the SMEs of Brasov to substantiate the decisions of granting commercial credit, we notice that 63.2% of the interviewees take into account the statement of receivables and 27.7% analyze the outcome of the company’s liquidity to adopt the decisions of granting commercial credit. We mention that the percents exceed 100%, because a company could choose more than one answer.

Fig. 1. Answers distribution related to the length of the contracting relationships with the service providers

Fig. 2. The frequencies of using the financial statements in adopting decisions regarding the commercial credit granting

Another aspect of the analysis takes into consideration the classes of accounting reports required for the substantiation of the investments decisions.
The company’s managers must use the instruments of the financial-accounting theory to rigorously analyze the investments projects necessary to increase the company’s value. This way, the economic-financial analysis contributes to determining the hope of profit in the company’s activity [4]. The investments decision shall be approved taking into account the financial-accounting information.

The frequencies of using various classes of accounting reports by the respondents to substantiate the investments decision are graphically presented in fig.3. The analysis is based first of all on the “Statement of the fixed assets” (48.2% of the respondents first of all analyze this report), “Statement of the cash flow” – is analyzed by 39.3% of the respondents while the “Statement of equity” is studied by 32.7% of the respondents.

We may conclude that the most frequent used accounting statements to substantiate the investment decisions are the reports supplying most of the information to determine the investment recovery and the profitability ratio. We notice that, in this approach, the companies collaborate with the accounting service providers for accounting and financial advice.

Related to the substantiation of the financing decisions, the analysis of the obtained information reveals that 92.4% of the respondents use the financial—accounting information to adopt such decisions. The diagnosis of the company’s financial situation is based on complex and synthesis accounting documents and reports. In business administration, the manager must make financial decisions that are the result of a complex process of analysis the economic phenomena and actions of the company. Together with the investment decisions, the financing decisions have a special impact on the economic and financial life of the company. These ones have influence on the structure of the financing sources, on their due dates and on the capital cost average [12]. A thorough analysis of all the aspects related to the structure of the financing sources leads to lower costs of the bank credits, especially considering the current economic recession.

Therefore, substantiating the financing decisions requires rigorous treatment by the companies’ managers. The direct involvement of the management in the relationships with the banking institutions and the high degree of responsibility implied by a bank loan determines a thorough documentation on the need to increase the finances sources.

Consequently, the interest for adopting a well substantiated decision is proven by the high use of the statement related to the debt cost (47.3% of respondents), followed equally by the statements related to equity, fixed assets and cash flow (approximately 30%).

Fig. 3. The frequencies of using accounting statements’ classes in adopting investments decisions

Fig. 4. The frequencies of using accounting statements’ classes in adopting financing decisions

To identify simultaneous interdependences between several research variables, we applied a multivariate statistic method, called Principal Components Analysis [3,8,10]. This method helps us to design models that take into consideration the simultaneous correlations between more variables. Thus, a high number of variables is reduced to a lower number of components that cumulate the effects of several variables. Within this analysis we included seven variables, measured with an interval scale with 5 levels (where 5 = very important), so that we can calculate the averages for each variable. These variables refer to the importance granted by the companies to the following financial-accounting statements: cash flow, debts statement, incomes statement, expenses statement, inventories statement, receivables statement, tax obligations statement.
Using the SPSS system for data processing we obtained the principal components that are presented in the table below. Thus, we identified two components whose eigenvalues is more than 1 that together explains approximately 60% of the total variance.

<table>
<thead>
<tr>
<th>Component</th>
<th>Total Initial Eigenvalues</th>
<th>Total Rotation Sums of Squared Loadings</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2.912</td>
<td>41,600</td>
</tr>
<tr>
<td>2</td>
<td>1.262</td>
<td>18,313</td>
</tr>
<tr>
<td>3</td>
<td>.938</td>
<td>13,397</td>
</tr>
<tr>
<td>4</td>
<td>.767</td>
<td>10,963</td>
</tr>
<tr>
<td>5</td>
<td>.525</td>
<td>7,498</td>
</tr>
<tr>
<td>6</td>
<td>.455</td>
<td>6,506</td>
</tr>
<tr>
<td>7</td>
<td>.121</td>
<td>1,722</td>
</tr>
</tbody>
</table>

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.

In the following table, we notice that the first component is especially determined by the incomes and expenses statement, to which we may ad the tax obligations. The second component is mainly determined by the statement of receivables, cash flow, inventories and to a little extent by the debts statement.

<table>
<thead>
<tr>
<th>Component</th>
<th>Importance of incomes statement</th>
<th>Component</th>
<th>Importance of expenses statement</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.911</td>
<td>2</td>
<td>.061</td>
</tr>
<tr>
<td>2</td>
<td>.926</td>
<td></td>
<td>.051</td>
</tr>
<tr>
<td>3</td>
<td>-.118</td>
<td></td>
<td>.673</td>
</tr>
<tr>
<td>4</td>
<td>.302</td>
<td></td>
<td>.652</td>
</tr>
<tr>
<td>5</td>
<td>.204</td>
<td></td>
<td>.776</td>
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<tr>
<td>6</td>
<td>.513</td>
<td></td>
<td>.249</td>
</tr>
<tr>
<td>7</td>
<td>.492</td>
<td></td>
<td>.553</td>
</tr>
</tbody>
</table>

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.

The aforementioned associations are graphically represented in fig. 5.

Analyzing the variables that contribute to the two components (fig. 5), we may consider that the first component is associated with the statements regarding the activity results (components of the profit and loss account), expressing the financial performance. The second component reflects the statements featuring the financial position, materialized in current assets (inventories, receivables, cash flow).

Therefore, component 2 expresses the working capital of the company that shows the excess of the net current assets non-financed from the temporary debts [11].

Fig. 5 Graphical representation of the association between variables and factors

Reducing the seven variables to the two principal components, we further proceeded to identifying certain connections between them and different variables of the research. Hence, we created two new variables, calculated using the means of the variables included in each component. The result was the variable “Statements referring to the activity results”, made up of the statement of expenses, incomes and tax obligations (profit tax) and the variable “Statements referring to the working capital”, obtained on the grounds of the other four variables.

Analyzing the mean scores of these two variables we noticed that the statements referring to the activity results are better rated by the respondents than the ones referring to the working capital. These differences could be considered significant at the level of the entire researched population according to the results of the t-Student test for paired samples. Therefore, the financial-accounting service providers have to give a higher importance to the named statements but also to explain to the managers the importance of the statements featuring the working capital. In such a manner, service providers could put in practice proper strategies of relationship marketing.

4 Conclusion

In the context of the market economy, the information needed by the business environment became more and more complex, reflecting more and more sophisticated
activities of the companies. Its use depends on the interest of the company’s management in a certain action and in its experience. We notice the trend of requesting accounting information as intelligible as possible and especially useful for decisions substantiation, therefore significant financial-accounting information.

The carried out analysis outlined the need of a basic economic training of the companies’ managers and of a close professional relationship with the accounting specialist in view of creating a work team. The managers of the SMEs from Brașov claim the need of simple, easily understandable accounting statements completed by intelligible graphical representation, simple and more stable legal framework, allowing the construction of a medium and long term business plan. Consequently, their opinions highlighted in the carried out research reflect the need and opportunity of financial-accounting information in the substantiation of business decisions, in lower incertitude of the daily activity. Any and all managers must act to orientate the company’s resources to the opportunities provided by the market dynamics. The importance of knowing the information provided by the financial accounting services is argued by attaining the set goals, materialized in the increase of the company’s incomes and, implicitly of its profit. In the circumstances of the current economic recession, by carrying out and maintaining their economic activities, the micro, small and middle companies have to put in practice their management experience in business administration with the help of opportune, relevant, exact and appropriate financial – accounting information.

In order to support such strategies, long term relationship between the supplier and beneficiary of financial-accounting information is needed, based on mutual respect, understanding, empathy, permanent communication, patience, correctness and seriousness. As well, work teams per specialization fields within the accounting services could lead to a better, detailed and more comprehensive knowledge of the applicable laws and of the problems in their activity. The relationship marketing strategies should be the central goal of the projects developed within the financial-accounting services companies. Clients’ loyalty and retention are sharply disputed between the organizations so that every service provider is interested to gain a high loyalty of its customers. The development of a long term relationship relies on the trust in the professionalism, ability and equity shown by the financial-accounting services provider. Therefore, the financial-accounting service providers must generally act to maintain the clients’ portfolio, by maintaining a close and permanent relationship with them.

References: