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THE ROLE OF THE DECISION CENTERS WITHIN THE COMPANY'S STRUCTURE
ROLUL CENTRELOR DE DECIZIE ÎN CADRUL STRUCTURII COMPANIEI

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Annotation: *The budgeting is the process of determining the actions (operations) that have to be accomplished in the future and registered as a system of the budgets. There are centers of financial responsibility (CFR) for the process of elaborating and implementing the budget of the company and of its sub-structures. Dividing the elements of the financial structure in centers of financial responsibility has a principled practical importance and has a serious influence on the regulations of the company's budgeting and on the budgets' structure.*

Adnotare: *Bugetarea este procesul de determinare a acțiunilor (operațiunilor) care trebuie realizate în viitor și înregistrate ca un sistem al bugetelor. Există centre de responsabilitate financiară (CFR) pentru procesul de elaborare și implementare a bugetului companiei și a substructurilor sale. Împărțirea elementelor structurii financiare în centrele de responsabilitate financiară are o importanță practică de principiu și are o influență serioasă asupra reglementării bugetării companiei și asupra structurii bugetelor.*

Keywords: *company, budget, financial responsibility, manager, advertising, accounting office, human resources.*

Cuvinte-cheie: *companie, buget, responsabilitate financiară, manager, publicitate, birou contabil, resurse umane.*

Introduction

The financial structure is the result of the interdependency between the organization structure and the responsibility of the activity's results, where the organization structure suffers some changes. Each subdivision is determined according the financial responsibility criterion, i.e. according to a certain type of financial parameter, which can control this subdivision in its activity process.

In comparison with the CFR (centers of financial responsibility) subdivisions, the RC (responsibility centers) are responsible for the financial parameters and for the accomplishment of the production program, necessary measures, auxiliary activity, i.e. the parameters that are not related to the finances.

The financial structure is formed of CR, which, as the subdivisions of the organization structure, have a certain hierarchy.

The responsibility center is a structural subdivision that realizes a certain number of operations that can have influence on the expenditures and/or incomes of these operations and that are responsible for the amount of these expenditures and/or incomes and the achievement of proposed goals and objectives.

Despite the fact that the financial structure is based on the fundamentals of the organization structure, the terms "subdivision" and "responsibility center" are not always synonyms. There are three possible variants of formation of RC from subdivisions.

1. RC is created from one subdivision.
2. RC is created from the association of some subdivisions.
3. RC is created through the delimitation of two (or more) subdivisions from all, each of them receiving the status of a separated RC or joins another RC.

Materials and methods of research

RC is created from a separated subdivision, when the subdivision is functionally independent and capable enough to have a unique responsibility for the accomplishment of the functions and for its efficiency methods.

RC s created through the association of more subdivisions in the following cases:

- There are some subdivisions with revenues and/or expenditures of the same type. It is appropriate to associate them in a common RC, because it is more convenient to administer such type of group. For example, the accounting office, the finance department, the cashier's office can be associated in the expenditures center (EC) "Finances".
- There are some subdivisions that work interdependently. For example, the departments of the main engineer for energetics, mechanics, reparation, metrology, which realize the services for production. They can be also associated in a single EC "Services for production".
- There are some subdivisions that are united technologically: the activity results of one person and the raw material for the other, and so on and so forth. For example, the supply section, the processing section and the assembly section, although the final product is issued by the last section. It is important for these subdivisions only the result – the final product. Thus, this type of group is also logically to associate in a EC "Production", aimed at uniting the process and the responsibility for receiving the final product.
- There are several subdivisions that accomplish different functions, but they receive a common result thanks to one of the functions. For example, there are: selling department, marketing department and advertising department. The three of them provide the income (each one through its means), which is formed at the selling department. Considering this fact, it is logical to unite all three departments in an income center (IC) "Trade", as all the levers of influence and getting income have to be under a single management.

The RC is created though the highlight of one subdivision from several, each of them receiving the status of RC separately in the case there is a subdivision, which by its assigned attributions, accomplishes firmly the work for other subdivisions. For example the accounting office is divided according to the principle: accountants that are keeping the production; accountants that are keeping the trade; accountants that are keeping the expenditures of the company. Three RC will appear in the financial structure of the company: EC "Production Accounting", EC "Selling Accounting", EC "General Accounting".

In practice, it is necessary usually to use in the same time three methods of creating the responsibility centers.

Certainly, the choice of the creation way of the responsibility centers is determined by the specificity of the concrete situation, but we believe that it has to be considered a series of principles [2, p.64]:

- Each responsibility center has to have parameters for measuring the volume of activity and the ground for dividing the expenditures;
- Each RC has to have a responsible manager. Thus, in this context, the responsibility means that the leader of the subdivisions not only controls, but has also the possibility to influence the parameter it is responsible for;

- The detailing level has to be sufficient for analysis, but not excessive, as the evidence to not be too demanding;
- It is better if the RC has in its responsibility the direct expenditures, which are directly related to its activity;
- As structuring the company in responsibility centers influences strongly the motivation of leaders' centers, it is necessary to consider the social-psychological factors.

The goal of planning and keeping according to the responsibility centers consists in disclosing the information related to the expenditures and the activity results of each RC, so the infringements that occur, to be assigned to one person.

According to the number of powers and responsibilities of the leaders, the responsibility centers can be classified in the following way.

Results and considerations

The Expenditure Center (EC) creates a subdivision, which, for accomplishing its functional tasks, uses different resources. The specificity of these expenditure centers consists first of all in the fact that each subdivision, during its activity, consumes resources and in this sense it becomes an expenditure center. It is organized, within this kind of center, a planning, a norming and an evidence of the expenditures aimed at controlling, analyzing and managing.

Thus, it is highlighted the administrative expenditure center and normative expenditure center. The administrative expenditure center (aEC) is the subdivision, the leader of which, within the allowed budget, is responsible for ensuring the highest level of the provided services. Usually these are the functional services, where it is difficult to measure the expenditures and the results.

The Normative Expenditure Center (nEC) is the subdivision, where the leader is responsible for achieving the normative/planned level of expenditures according to the procedure/work, provided services.

The regulations, usually, are determined for the planning of the direct expenditures of the work, the direct expenditures of the raw materials and materials, and of the indirect expenditures (general expenditures of production, administrative and commercial expenditures). The activity efficiency of this type of subdivision, respectively, is measured with the help of the benefic or unfavorable deviations of the de facto level of the expenditures to the planned/normative one. Ordinarily, this is the most convenient scheme for the production sections. The income center (IC) is the subdivision, the leader of which, within the granted budget, is responsible for maximizing the income from the sales. However, the leaders of these subdivisions do not have powers to vary the realization prices and to influence the assortment policy in order to maximize the profit.

It has to be highlighted at certain companies, the marginal income center (MIC) – a responsibility center, which is different from the income center by the broadening the powers of its leader. He/she is entitled to control the income and the expenditure of its budget. But the expenditures in the budget are represented only by the direct ones, i.e. those that can be directly associated with their object. As marginal income centers are usually are the business-directions.

The profit centers (PC) are responsible before the administration of the profit amount, they control the income and expenditures of their activity. Respectively, the profit center can be only at the company that is independent or makes part from a holding.

Nevertheless, the profit is formed as result of the compliance of all incomes and expenditures of the company, i.e. the final financial result. While the marginal income establishes the compliance of the company's income with the direct expenditures, which correspond to this part, so it is the intermediary financial result.

The investment centers (IC) represent the top of the entire financial structure. It is highlighted in the foreign literature that this center is responsible of the entire investment capital.

The income centers themselves can have their internal hierarchy, for example, the income center “Sales” can have several income RC under its direction, according to the sales channels: IC “E detail”, IC “Angro”.

Ana analogic incorporation can have the expenditure centers. Thus, the expenditure centers can be part of MIC or to belong to the company. As centers of the company can be the subdivisions that provide different services to several RC (Accounting Office, Human Resources Department, Logistics, Security, etc.).

Conclusions

Analyzing what was said above, we can conclude: choosing the way of structuring the responsibility centers is determined by the specificity of the concrete situation. The results of this type of responsibility center depend, undoubtedly, of the results of others. Each manager needs information about other responsibility centers, in order to conclude how good are its results in relation to the activity of his/her colleagues. It is necessary for timing introduction of certain corrections in the previously elaborated activity plans.

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