INTRODUCTION

Management functions thought to be related to non-agricultural enterprises are also valid for agricultural enterprises. Procurement, production, supplying capital and funds, using these sources, production planning, marketing, accounting income and expenditures, analysing costs are the duties that agricultural enterprises must carry out and observe[1]. It is known that accounting is the process of presenting reliable, accurate and objective information to its users. In this sense, financial actions in the enterprises must be recorded by turning them into data and its outputs must be presented.

Although big scale agricultural enterprises use accounting outputs in decision making process of management functions, smaller scale enterprises do not attach enough attention to accounting outputs. Agricultural enterprises, like other type of businesses, need information to be gathered from accounting information system like profit planning, managerial decision making, creating an investment budget, pricing, and performance management. In order for financial management to have a strategic meaning, the data gathered from the past transactions of the business should be reflected to future periods. In this point, while, particularly, planning future profitability of the business, cost and profitability analyses should be accounted correctly and these should be taken into consideration while investment budgets and normal budgets are prepared.

Pricing is also another important matter for agricultural enterprises. Since these enterprises are businesses that can produce limited scale in a limited area and time period, they should be very careful in pricing in order to get the desired profit and guarantee their sustainability. Following a proper pricing policy is important for the today and future of any enterprise. Thus, data gathered from cost accounting is needed to determine the correct pricing. Correct pricing also requires agricultural enterprises to have an effective agricultural accounting system.
The accounting data

At a company, it is unimaginable to have a successful management without available, understandable and up-to-date information. An organization’s performance must be measured and analyzed, based on adequate information. Accounting, as one of the company’s information subsystem, has the task to provide the required information to different internal or external stakeholders by financial statements. Analyzing the used methods, six groups of valuation methods can be defined, which try to measure the company’s value: balance sheet oriented, income statement oriented, mixed oriented, cash flow oriented, value creation oriented and options oriented methods [2].

Accounting data is a systematic integrity which has an economic value and has users for different purposes and has different processes effecting the behaviours of users and economical system[3].

The basic part of company’s information system is the accounting information subsystem[2]. It collects, records, processes, analyses and keeps data of business transactions, and as a final output, presents information in the form of financial statements or in other reporting forms. Based on accounting documents, which prove that business transactions did happen, every company must keep records, according to the law and international accounting standards.

Nowadays accounting must have a „modern” or “advanced” role, to provide consulting activities to the managers. At multinational and large companies this role of accounting is provided by controlling system. At small and medium sized companies this kind of controlling activities are not established. Of course, the basic must be a record keeping activity, and then the analyzing activities based on the collected data, but accountants must accept this new role to be open for changes and new techniques in their accounting profession. Record keeping could be automated thanks to information technology’s achievement, so accountants could have more time to analyze the information and to think about new possibilities and improvements. The first step of this improving process toward “modern” accounting is to estimate the current situation of accounting processes in the company. At the same time, we must investigate the managers and the external stakeholders’ information needs, in order to find out what information accounting function must prepare, at which level of specification, in which form, how often and for which period of time[2].

The accounting data needed to evaluate the managerial effectiveness and performance

As performance is present at everyday life, the need to evaluate a company is also presented at every transaction. For successful strategy implementation, different objectives must be achieved. A manager or shareholder could control the strategy implementation process by using different financial and non-financial performance measures[2].

Performance is present in every part of people or company’s life. Although past years’ and centuries’ companies also had their strategic goals and in some way measured the achieved performance, nowadays performance is more emphasized if we talk about the success of management. For successful strategy implementation, we need the evaluation of the company’s performance. Strategies vary from company to company depending on the company’s size, financial power, possibilities, market conditions and other circumstances. Required performance measures can also differ from company to company.

Correct decision making, planning and audit functions make it inevitable to make financial analysis at regular intervals. So, one of the most important responsibilities of the business managers is to evaluate and analyse the financial performance. Financial situation of a business compared with the rivals is the most important step of the evaluation process. This step provides information about where the business is and its strong and weak aspects because reinforcing stronger aspects of the enterprise and strengthening the weaker aspects can only be achieved by this method. Accounting data used regularly and correctly by the managers of the enterprises will make it easier to make financial analyse and evaluate performance, so in the constantly changing fierce competition World, the businesses using the accounting data will have more chance to get ahead[4].

Every business is interested in creating value for customers and at the same time achieving its strategic goals. Managers must measure the company’s past performance, without forgetting to Project the future circumstances. In a globalization World, managers must be prepared to challenges and is desirable to react proactively. All this is possible if they use accurate, up-to-date and useful information[2].

The use of accounting applications in decision making process

Since decisions of managers carry the enterprises to success or failure, decision making is regarded as an important function of modern business management[5]. Decision is a choice made among alternatives present. Decision making is a process of solving problems and defining the opportunities the environment offers and it involves all the efforts before or after choice[6]. To choose the best alternative for the enterprise, it is needed to have reliable and objective data. The data described are provided by accounting data created by accounting information systems. So, the use of accounting data in decision making process is very important. In accounting information systems, the data about how the economic assets the enterprises have are available online: http://saspjournals.com/sjebm

References


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used and how they are financed are produced and presented to its users. With this point in mind, the basic aim of the accounting can be defined as getting reports and data showing the financial situation and the results of activities of any enterprise and users’ commenting on these data and analyses.[3]

Despite the importance of accounting data in decision making process, managers do not use this data adequately. In their studies in which they analyse whether the managers use accounting data in their decisions, Veeken and Wouters [7] emphasizes the need to use accounting data in their strategical decisions, but they have determined that accounting data is not the basic source of information in their decision-making process. McKinnon and Bruns [8] have found out that managers don’t use accounting data in their study on production enterprises. Sillince and Sykes [9] has had the same results in their study named “The role of accounting in developing production technology.”

The situation of how agricultural enterprises use of accounting applications and evaluate performance

More than 90% of agricultural crops have been produced by small family type farms. Most of the small family farms are able to produce just for their own domestic consumption. In other words, they don’t produce for market. These farms mostly don’t apply the methods and rules of modern accounting applications because of their small scale. Furthermore, these kinds of agricultural enterprises aren’t interested in the information to be gathered by accounting system. However, more and more companies have been investing in the sector for several years. New farms are being equipped with modern farm machinery, technology, etc. and mechanization is getting increasingly popular all over the world. So, the need to use accounting applications, to evaluate the performance of the enterprise and management and to support the decision-making process is growing day by day like other businesses.

As it is important in financial and industrial companies, performance analysis is also important for agricultural enterprises. Reliable, healthy and enough information about the numbers of enterprises in the same sector, their capacity, input and output amounts and reference values are required for performance analysis to be healthy. Moreover, one of the factors affecting the value of the indicators is the time period in which information about performance is gathered. Besides, incomes, expenditures, assets and methods used to account the liabilities effect the consistency and comparability of the indicators. Although basically similar methods and ratios are used in performance evaluation and analysis in agricultural and industrial enterprises, it is possible to have some differences in the details depending on the characteristics of the activities. For instance, cost elements are naturally different among agricultural, industrial and financial enterprises.

Generally, agricultural enterprises ignore the modern accounting applications, financial and performance analysis.

A typical agricultural enterprise needs income, expenditures, balance sheet for the starting and end of the period and income table. Balance sheet is a table showing the economic situation of an enterprise in a given time within asset-source and active-passive balance framework. This table shows assets, liabilities and net assets between them. Businesses regularly preparing balance sheets can find most of the data they need from balance sheet. The businesses not preparing regular balance sheets can find data they need from correct records from other sources for their performance analysis. Primary data required for an agricultural enterprise to be financially evaluated are categorized in six groups; total assets, total liabilities, net asset, total income, total expenses and net profit.

In the study conducted by Petkovic D, Rac L [2], they also mention about six groups as valuation methods. These are:

- Balance sheet oriented methods,
- Income statement oriented methods,
- Mixed oriented methods,
- Cash flow oriented methods,
- Value creation oriented methods and
- Options oriented methods

RESULTS

Traditional agricultural production methods, farming and market has constantly been changing. This change makes it compulsory traditional farmers turn into agricultural enterprises strictly observing inputs, outputs, income and expenses, competition, strategy and other modern applications other enterprises follow. Accounting applications and performance evaluation, decision-making support processes in agricultural enterprises are more than keeping records, determining tax. Accounting data is one of the most important decisions making tools.

Managerial effectiveness and performance must be followed on regular basis. At the end of the terms determined beforehand and according to the performance indicators set for the evaluation, accounting and financial data gathered during the process gives solid information for agricultural enterprises as it is for other businesses. However, current accounting system is used extensively and systematically by other businesses, while traditional farmers and agricultural enterprises do not use modern accounting methods and systems. This situation makes it difficult to follow agricultural enterprises and gather financial and accounting data.

As a result of this study, transforming traditional farmers to agricultural enterprises is a key factor to have necessary information for the usage of accounting
data for their efficiency and managerial performance. Further empirical study should be conducted on the farmers in selected areas, their way of evaluating performance, their usage of modern accounting applications and financial and accounting data.

REFERENCES
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