

COST CALCULATION AND CONTROL - AN ESSENTIAL TOOL FOR DETERMINING PERFORMANCE AND GUIDING THE DECISION-MAKING PROCESS

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Abstract

The information proposed and managed by the cost calculation is intended for the entrepreneur, the manager as the internal beneficiary who must solve problems of allocation and use of the resources entrusted from the outside, by the investor to build the performance, also allowing the managers to evaluate the results of the activity segments. Cost calculation becomes an important factor in substantiating managerial decisions regarding the strategy of the economic entity, the management structure, the performances achieved or what they want to be achieved, as well as those aspects regarding the creation of long-term value. The information provided by the cost calculation allows managers to evaluate the viability of alternative business strategies, to choose between alternative decisions and to evaluate the results of the activity segments. Based on these considerations, the main objective of the present paper concerns the necessity of applying a performance control system by calculating the costs of the products / services of the company under analysis, which will guarantee to the managers that the resources are removed and used effectively and efficiently in the execution of the objectives. organization, to allow them to understand the reality, as well as the possibilities of identifying and preventing deficiencies and anomalies, but at the same time the possibility of advancing managerial decisions. Thus, the purpose of the paper is to control the performance of the economic entity and to make economic-financial decisions using the calculation of the costs related to the products or services provided within the entity.

Key words: *performance; profitability; cost; result on product; variable cost; fixe cost; cost calculation.*

JEL Classification: *M11; M41.*

I. INTRODUCTION

An important aspect in establishing and measuring the performance is the accounting and management record of any enterprise in establishing the production costs in the case of the production, and / or provision of services. Every entrepreneur focuses his activity to answer the question correctly: how we measure the costs correctly and how we make them more efficient by achieving the best balance between the outputs and the costs committed to achieve these outputs.

Two of the concepts that dominate modern business management are value and performance, measuring performance means appreciating value, and knowing the causes of value means "translating" performance. Creating value for the customer has become of utmost importance in evaluating the performance of a company, creating value by maximizing the value for cost-quality ratio.

The notion of performance, within a constantly changing business environment, includes the ability to access resources, allocate and use them optimally, in order to ensure sufficient remuneration to cover the risks and maximize the proposed results.

At the moment, performance has already become a reference term for managers and executives. A performing economic entity better appreciates the opportunities of the external environment, passes more easily over the crisis periods generated by it, satisfying quantitatively and qualitatively a certain segment of the social need, gaining competitive advantage in the specific market on which it operates (Mihaila & Badicu, 2016).

The performance can be appreciated with a superior net advantage of what has been obtained in a different period analyzed but, it can also be associated with a result superior to the results obtained by the competitors and, last but not least, it can be associated with a result superior to the assumed objectives.

II. CONTROL OF THE PERFORMANCE OF THE COMPANY BY COSTS

"Performance", in general, is nothing but a best result obtained from a process, or obtained by a certain person in a competition, also a great success, which at the level of competitiveness comes to the forefront (DEX, 2009). Looking at the general mode, "performance shows the ability to progress through constant efforts. The word performance is the bearer of an ideology of progress, of effort, of always doing better" (Albu & Albu, 2005), it implies a behavior dependent on means, activities, objectives and not a static, singular result. Looking at the general mode, "performance shows the ability to progress through constant efforts. The word performance is the bearer of an ideology of progress, of effort, of always doing better" (Albu & Albu, 2005), it implies a behavior dependent on means, activities, objectives and not a static, singular result. Performance is most often appreciated through two key processes: performance management and measurement.

Being in performance in today's economic environment involves the use of a cost management and calculation system (Mihalciuc, 2015: 13).

Companies use cost information in various forms in decision making (Berheci, 2010: 133). The manager expects from the management accounting a permanent assistance, before, during and after the action, in order to be able to define objectives, to understand if the objectives are relevant and to measure the performance (Mihalciuc, 2018: 361-374). Profit is seen only as a useful resource for the development of the economic entity and one of the financial instruments with which the performance can be quantified.

Performance is a complex notion, which has known in the literature a number of definitions. Many of them tended to focus on efficiency, presenting financial results as a primary measure of performance (Goncharuk, 2014: 8-14). At the entity level, performance is what contributes to improving the cost-value couple, and not only what contributes to reducing costs or increasing value (Pintea & Achim, 2010). In the economic field, the concept of performance covers different acceptances, such as: growth, productivity, profitability, profit, value. Some authors (Briciu, 2006: 32) have tried to develop the three variables of performance (Performance = economics + efficiency + efficiency) where, economics represents the acquisition of resources at the lowest cost; efficiency means maximizing the result - minimizing the quantities of resources for a predetermined result; and the effectiveness translated by the obtained results.

Profitability expresses the ability of the economic entity to make a profit, which reflects its performance. Each entity aims to increase the assets of the participants in the life of the entity (shareholders, employees, creditors, state), as well as increase its value, to ensure its own development. This objective can only be achieved by conducting a profitable activity, which allows the remuneration of the factors of production and of the capital used, regardless of origin (Mihalciuc, Costaş & Barnea, 2017: 119-124).

Profitability is a fundamental constraint of financial management, along with that of achieving the financial balance of the enterprise. The profitability depends not only on the internal activity of the economic agent, but also its relationships with the environment and especially on the attitude of the economic agent to adapt to market changes. This ability to adjust comes from the flexibility of the economic entity, thus, the profitability of the economic entity represents its ability to make a profit. The financial communication requirements regarding the anticipation of the future performances of the companies imposed by the investors and the development of the financial markets require the measurement of the performance in a dynamic way (Bostan & Grosu, 2010).

The analysis of the economic-financial performance of the entity focuses on highlighting the formation of the result of the entity, respectively on highlighting its structure, taking into account the interdependencies between the constituent elements and the factors that influence the level of these performances, as it follows:

In practice, according to Figure 1, the profitability depends on the following factors:

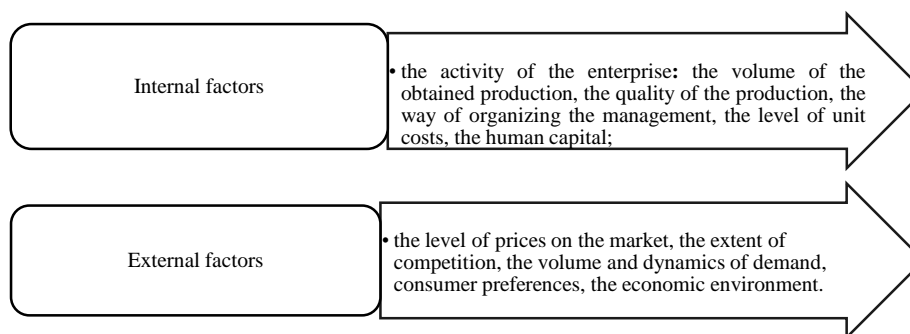


Figure 1 - Factors influencing performance
Source: Author's own processing after: Popa, 2011: 39

In the specialized literature there are studies (Gruian, 2010: 254) that approach the concept of performance at the level of a company. According to them, a company is performing if it is primarily productive, the initial long-term source of performance being productivity. The performance also depends on the financial part, the prices at which the resources consumed (the total expenses) are purchased and the prices at which the products or services realized (the total revenues) will be sold. The result of the difference between them is actually measured by the profitability of the company.

There are various opinions regarding the term "performance", thus, for those in the field of accounting, the performance is translated by the accessible information about the activity of a certain entity, information that must meet certain requirements in order to be considered useful for making a decision (Verboncu & Zalman, 2005).

With regard to the existing taxonomies in the field of costs, there are a multitude of perspectives, each classification criterion highlighting a new facet of costs.

The decision areas for which the cost calculation must provide relevant information are: pricing, planning the production program in relation to the results, alternative production processes and the choice between own production and the purchase of products from third parties.

Cost control is an essential tool in guiding the decision-making process. Regardless of the level, the manager actually manages his area of responsibility. The manager triggers actions that consume resources, but which must lead to a maximum effect.

Traditional full cost calculations do indeed offer the possibility of solving for each task a cost calculation system, but they no longer meet the current requirements of the company management regarding the cost calculation. Due to the competitive situation on the market, in order to maintain the competitive capacity of an enterprise it is necessary a strict supervision of the economic efficiency and a rational preparation of the decisions for short periods.

The calculation of a complete cost of a product is influenced by a series of managerial decisions that can at one time be seen in the relevant and irrelevant costs that the company has as a result of the managerial decisions (Hlaciuc, 1999).

III. COST STRUCTURES IN THE BASIS OF DECISIONS

The decision is the central point of the management activity as it is found in all its functions, and moreover, the integration of the company within the environment depends on the quality of the decision. At the same time, the quality of the decision-making process influences the reduction of costs, the efficiency of the use of funds, the increase of profit.

The decision is the result of conscious activities choosing a direction of action and employing it, which usually involves the allocation of resources. The decision results from the processing of information and knowledge and belongs to a person or a group of people, who have the necessary authority and who are responsible for the effective use of resources in certain situations (Filip, 2002).

There is an interdependence between information and decision in the sense that the information provided to the management serves to make decisions, and these, in turn, once transmitted to the execution system, are transformed into information. In the literature, the decision is defined as a rational process of choosing an action line, based on the analysis of several solutions based on a rich informative material, in order to reach a certain objective.

The efficient functioning of the economic entity in a competitive environment, whose economic dominance is the limited character of the resources, requires the efficient management of the costs that burden the results. An important role in this regard is the calculation and analysis of costs that must provide managers with the information necessary to guide them in their strategic decisions, in particular in affecting the resources of the economic entity and in setting prices and margins. Profitability is one of the most synthetic indicators for expressing the efficiency of the entire economic-financial activity of the company, the perspective of all the factors of production from all stages of the economic circuit.

In the process of economic-financial decision making, an organization can calculate several types of costs depending on its organizational choices, utility and uses. Basically, the diversity of the calculated costs shows the diversity of the decisions made in an organization.

The costs are calculated according to the person using it, the purpose for which they use it and the cost object. The cost object represents any element (product, customer, department, activity) for which the costs are measured.

Classification of the main types of costs concerns the following structure, from figure 2:

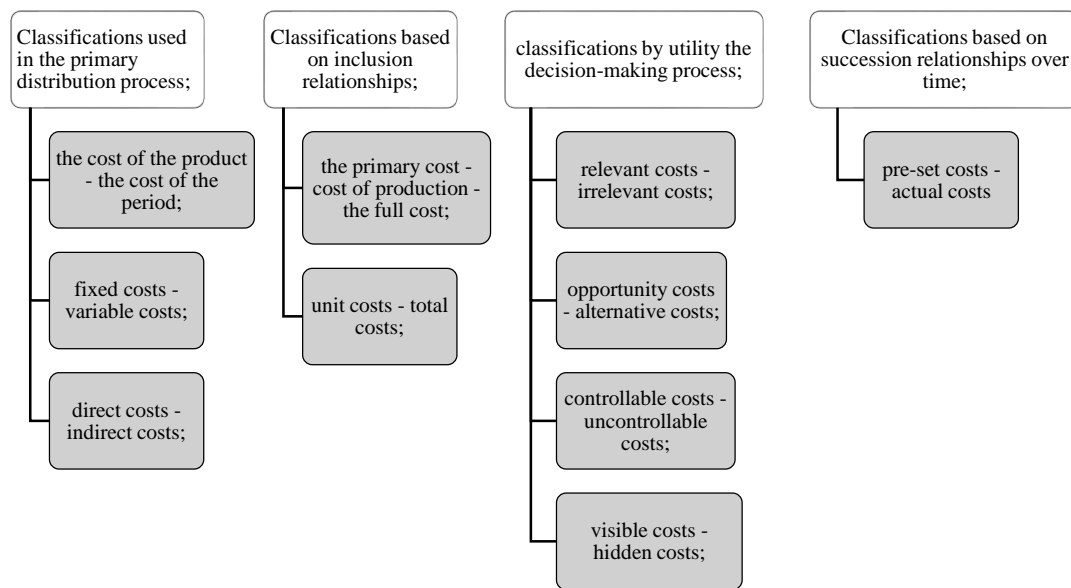


Figure 2 - Cost classification
Source: Authors' own preparation

In making decisions, the economist must be particularly interested in cost issues. Losses in economic activity can be best detected by cost analysis. The cost-price ratio is more relevant to the way a company is run than the profit and loss statement.

Managers need a variety of information to plan, control and make decisions, information regarding the financial aspects of performance coming from the cost system.

However, there are managerial decisions that should not be taken into account when forming the full cost. According to Table 1, we can see that the list is very varied, focusing especially on the differentiation of costs that is necessary, depending on the decisions that the manager of the company will make.

Table 1. Managerial decisions that influence the complete cost

Managing decisions	Maintaining or removing a machine.
	The decision "produce or buy".
	The sale of a good semi-manufactured product or the realization and sale of a finished product.
	Maintaining or abandoning a production line.
	Accepting or refusing an order at a price lower than the one normally charged by the company.
	Diversification of products intended for sale
	Changing the methods of manufacturing a product.
	Maintaining or terminating a department
	Outsourcing a service.

Source: Authors' own preparation

The main characteristics of the cost information needed in the decision system are the opportunity, the reliability, the relevance, the latter being interpreted in the sense that a cost is relevant if it influences the users' decisions by facilitating their evaluation of past, present and future events and confirming or correcting the previous evaluations.

The process of managing and optimizing the economic activity finds in accounting an essential informative potential. In these conditions, the accounting decision represents the process of rational choice of a line of action out of several possible, pronouncing from accounting information, real, clear, complete and relevant, on the one hand, but also from the forecasts built on them in view *obtaining a maximum useful effect (performance) with minimum effort (costs)* (Dumitru & Calu, 2008: 49).

Knowledge of the costs is necessary for the strategy in all its aspects. If the company envisages a diversification in a field that allows it to hope for a synergy with the ones in which it is already present, it must identify this synergy in terms of shared resources, respectively to share the costs. If the entity faces competitors

who work at low prices, it will have to evaluate its chances of competing. If, on the other hand, she proposes a better but more onerous service for the client, she must ask questions about the relevance of the offer (Bouquin, 2004: 50).

The strategy of the company and the one on the field of activity constitute two distinct but interdependent levels. In a cost-dominance strategy, for example, the enterprise can rely on a diversification that will allow the pooling of certain activities and the action on the resulting economies.

The information provided by the cost calculation allows managers to evaluate the viability of alternative business strategies, to choose between alternative decisions and to evaluate the results of the activity segments. Knowing the variable and fixed costs and their evolution is essential for the company's strategic management. The structure of fixed costs structure determines the profitability, flexibility of the firm and puts it in a more or less sensitive position regarding the variation of the volume of activity under the influence of internal and external factors. Also, this rate is one of the key factors in assessing the degree of rivalry between firms in a particular sector (Dumitru & Calu, 2008: 50).

IV. THE INFLUENCE OF ACCOUNTING INFORMATION ON MANAGEMENT DECISIONS

Within this part of the paper, the authors of the paper have set out to present the analysis of the decisions that the managers could make regarding the products they produce, taking into account certain factors that will influence the costs and the results. The production activity of the analyzed company is represented by the production of rubber pavers and carpet, respectively rubber band mixed with plastic.

In the production of pavers the dosing of the components is done manually with the help of a semi-automatic balance. The mixing and mixing operation is performed on a complete mixing line composed of: Malaxor Salvadori type 420 SA. The presses in which the homogenized mixture is poured is composed of two movable molds that move left - right horizontally, being operated with the help of a 1.8 kW electric motor and an oil heater, necessary to maintain the molds at a constant temperature and sufficient, in order to vulcanize the mixture under optimal conditions.

All the activity of the company is based on the commercialization of waste in recovered or unvalidated form, with the mention that they are sent to treatment / recovery / disposal units authorized for this purpose. The quantities of recyclable waste estimated to be collected by Granulatech SRL, during one year, cannot be estimated, these varying depending on the requests, the storage capacity and the own recovery / recycling plant.

SC Granulatech SRL, in the production flow obtains the following products:

- P1 - Services (70.000 kg),
- P2 - Granules (49.000 kg),
- P3 - Iron (17.500 kg),
- P4 - Textile (3.500 kg),
- P5 - Rubber pavers (100 m²),
- P6 - Rubber mixture (Balancing tape) (70.000 kg).

The authors will analyze the management's conclusions taking into account the data provided by both financial and management accounting, knowing that the selling prices are as follows:

- P.v.services = 0,75 ei/kg
- P.v.granules = 0,5 ei/kg
- P.v.iron = 0,06 lei/kg
- P.v.textile = 0,17 lei/kg
- P.v.pavers = 95 lei/ m²
- P.v.tape = 8 lei/kg

The elements of expenses and revenues, as well as of the result are presented in Table 2.

Table 2. Determining the cost and the result

No.	Calculation elements	Values (lei)
1.	Expenses on materials	410.510,53
2.	Staff expenses	1.374,60
3.	Other expenses	3.184,48
4.	Total Costs (1+2+3)	415.069,61
5.	Sales	632.395,00
6.	Result (5-4)	217.325,39
7.	Profit / sales (6/5)	34,37%

Source: Author's own preparation

From the analysis of the simplified profit and loss account, presented in the situation in Table 2, it can be seen that the company registered a profit of 217.325.39 lei, representing 34.37% of the total sales. This is due to the fact that SC Granulatech SRL sold services and products obtained from its own production enough to cover the expenses, but also to record profit. However, this information is not sufficient for management, being too general, because you will need to know what profit or loss each product has generated in order to substantiate future decisions. The management needs a situation that presents the expenses on each product separately, a situation with the expenses and revenues recorded on each product, more precisely an analytical situation of the expenses, revenues and results on each product obtained, according to the centralized data in Table 3.

Table 3. Determining the cost and the result on products

Calculation elements	Values (lei)	Services (P1)	Granules (P2)	Iron (P3)	Textile (P4)	Pavers (P5)	Tape (P6)
Quantity		70.000 kg	49.000 kg	17.500 kg	3.500 kg	100 m ²	70.000 kg
1. Expenses on materials	410.510,53	1.500,00	490,00	175,00	35,00	3.006,82	405.303,71
2. Staff expenses	1.374,60	141,49	313,35	159,49	153,49	195,00	411,78
3. Other expenses	3.184,48	430,00	584,00	426,00	376,00	471,36	897,12
4. Total costs (1+2+3)	415.069,61	2.071,49	1.387,35	760,49	564,49	3.673,18	406.612,61
Unit sales price		0,75	0,50	0,06	0,17	95,00	8,00
5. Sales	632.395,00	36.750,00	24.500,00	1.050,00	595,00	9.500,00	560.000,00
6. Result (5-4)	217.325,39	34.678,51	23.112,65	289,51	30,51	5.826,82	153.387,39
7. Profit/sales (6/5)	34,37%	94,36%	94,34%	27,57%	5,13%	61,33%	27,39%

Source: Author's own preparation

From the analysis of the data in table 3 we can see that the product P (4) - Textile has a very low profit, it barely covers its total costs for sale, however the management cannot give up its production or change the sale price until it is analyzed the implications of the whole activity.

As long as the management knows all the information for all the products, he can support his decisions regarding maximizing the profit. Of course, the optimal decision will result from an analysis of the various possible scenarios.

Starting from the data presented and analyzed, according to the activity of the entity "Recovery of recyclable materials - CAEN code 3832" and not only, have we had the following information:

- ✓ P1 products - collection / recovery services are in the growth phase, being the main activity of the company and with reduced competition and due to the environmental legislation the competition is even decreasing;
- ✓ P2 product - granules, competition is reduced, but also the growing market;
- ✓ For P3 - iron - competition is strong and the market is small;
- ✓ The P4 product is considered a waste, so with a very small retail market;
- ✓ P2, P3 and P4 are products dependent on each other, one cannot be produced without another;
- ✓ P5 - rubber pavers is a luxury product with a rather limited retail market and at the same time reduced competition;
- ✓ P6 - the rubber band is a new product with reduced competition;

- ✓ P1 generated the highest profit 94.36%;
- ✓ P4 generated the lowest profit of 5.13%;
- ✓ P3, P4 and P6 generated a profit below the profit of the company.

Taking into account all this information and scenarios considered, the question from which we start will be: *What decisions can be made by managers for each of the 6 products?*

Possible decisions for P1 - collection / recovery services

Taking into account that P1- collection / recovery services is in the growth phase, being the main activity of the company and with little competition, and from the data presented in the table above, detailed on products it can be observed that this is the most profitable product.

Due to the legislation in force on the environmental side of the tires placed on the national market, the competition on the market is decreasing, which will lead to an increase in demand but also to an increase in sales. The management could resort to the reduction of costs (through the conclusion of collection / recovery contracts in which the beneficiary to insure the expense with the transport or delivery of the raw material, namely used tires to deliver them to the headquarters of the Granulatech SRL company, the beneficiary of the recovery service.

However, as this is a relatively new product on the national market, which is why competition is still low, the manager must make decisions regarding the intense and sustained promotion of the product (especially among large tire importers or large distributors in the market. national).

Possible decisions for P2 - granules, P3 - iron and P4 - textile

Taking into account that the product P1 is in the growth phase and according to the analyzed situations, it is the product with the highest profitability, but which is closely linked to the production of P2, P3 and P4, of which P2 has a profit already of over 94% and with reduced competition and which is also growing, managers must find marketing techniques so that the profit obtained from the sale of P2 will positively influence the profit of P4 or even P3.

P3 - iron is a product with very strong competition, because it is the object of an old profession with tradition on the national market (collecting old iron, respectively old iron waste), and the market where it can be marketed is limited and invaded by the old iron collectors that have no purchase cost, thus influencing a lot the selling price of the P3 product - iron.

P4 - textile as mentioned above is a waste, being a text mixed with rubber and iron scraps and the market is limited to non-existent. Under these conditions it would be ideal for managers to give up this product, but since as P2, P3 and P4 have been presented, they are dependent on each other, the managers will not give up on it because they will lose the products at the same time. bigger. In conclusion, the managers of Granulatech SRL have taken the decision to deliver this product at a lower price the full cost if it will be needed or will even be delivered to the large heat generators with a free title if so the profitability of P1 and P2 products remains high or even increasing.

Possible decisions for P5 - Rubber pavers

As the product P5 - Rubber pavers rubber pavers is a luxury product with a very limited sales market and at the same time reduced competition, the manager must make decisions regarding the intense and sustained promotion of the product (especially among the customers who could buy in larger quantities).

Sales do not register a large quantity volume. Production is only realized if there are orders, because it is a luxury product and with a small retail market.

After determining the calculation of the costs at the product level, it would be ideal for managers to intervene with handy marketing techniques to attract new customers but also to make the product known.

Possible decisions for P6 - Rubber band.

As the P6 product is in the launch period (being a new product on the market) and the competition is low, the manager must make decisions regarding the intense and sustained promotion of the product (especially among the customers who could buy in larger quantities, and the sale is not made to individual persons);

Sales record much higher values than all other products, covering the expenses related to this product and resulting in profit. However, with the data presented in Table 4 being known, an essential decision would be to reduce costs and of course to encourage sales.

To reduce costs it is necessary to provide more competitive suppliers in the terms of the purchase cost related to the raw material, because the highest value of the complete cost is found in the costs with the raw material. In order to attract the customers and to make the product known, it is necessary marketing techniques adapted to this new product;

The calculation of the complete costs for the reference period allowed the determination of a result on the product as shown in Table 4.

Table 4. The result for each product

Calculation elements	Values (lei)	Services (P1)	Granules (P2)	Iron (P3)	Textile (P4)	Pavers (P5)	Tape (P6)
Quantity		49.000,00	49.000,00	17.500,00	3.500,00	100,00	70.000,00
1. Expenses on materials	410.510,53	1.500,00	490,00	175,00	35,00	3.006,82	405.303,71
2. Staff expenses	1.374,60	141,49	313,35	159,49	153,49	195,00	411,78
3. Other expenses	3.184,48	430,00	584,00	426,00	376,00	471,36	897,12
4. Total Costs (1+2+3)	415.069,61	2.071,49	1.387,35	760,49	564,49	3.673,18	406.612,61
Unit sales price		0,75	0,50	0,06	0,17	95,00	8,00
5. Sales	632.395,00	36.750,00	24.500,00	1.050,00	595,00	9.500,00	560.000,00
6. Result (5-4)	217.325,39	34.678,51	23.112,65	289,51	30,51	5.826,82	153.387,39
7. Profit/sales (6/5)	34,37%	94,36%	94,34%	27,57%	5,13%	61,33%	27,39%

Source: Author's own preparation

The management of the entity wonders what decisions they will be able to take in order to have an increased profitability at the level of each product. *(If you have to give up deficient products - with the lowest profitability, such as P4 or P6).* It will have to consider the existence of fixed costs that cannot be controlled completely and at the same time it will also have to analyze that the product with the highest profitability is closely linked to the existence and production of the least profitable product.

In this case, the fixed costs are in the amount of 3978.60 lei, and the directly productive variable costs are presented in Table 5, as follows:

Table 5. Variable costs for each product

Elements	TOTAL	Services (P1)	Granules (P2)	Iron (P3)	Textile (P4)	Pavers (P5)	Tape (P6)
		70.000 kg	49.000 kg	17.500 kg	3.500 kg	100 mp	70.000 kg
Expenses on raw materials	410.510,53	1.500,00	490,00	175,00	35,00	3.006,82	405.303,71
Packing expenses	580,48	-	147,00	-	7,00	66,36	360,12
Total	411.091,01	1.500,00	637,00	175,00	42,00	3.073,18	405.663,83

Source: Authors' own preparation

V. VALUATION IN VARIABLE COSTS

Consideration should be given to the existence of fixed costs that cannot be fully controlled. Thus, a situation of the analytical exploitation activity is required based on the variable cost method.

The determination of the results for each product taking into account the analysis in fixed and variable costs is presented in detail in Table 6.

Table 6. Presentation of the results in variable costs by products

Elements	TOTAL	Services (P1)	Granules (P2)	Iron (P3)	Textile (P4)	Pavers (P5)	Tape (P6)
1. Fiscal value	632.395,00	36.750,00	24.500,00	1.050,00	595,00	9.500,00	560.000,00
2. Variable cost	411.091,01	1.500,00	637,00	175,00	42,00	3.073,18	405.663,83
3. Variable cost margin(1-2)	221.303,99	35.250,00	23.863,00	875,00	553,00	6.426,82	154.336,17
4. Coverage factor(3/1)	34,99%	95,92%	97,40%	83,33%	92,94%	67,65%	27,56%
5. Fix costs	-	-	-	-	-	-	3.978,60
6. Result (3-5)	-	-	-	-	-	-	150.357,57

Source: Author's own preparation

Analyzing the calculations made above we notice that the abandonment of the products P4, and P6, products that registered a lower result, would lead to a diminution of the overall result. If the P4 product were abandoned, the company would lose the margin on variable costs of 553.00 lei, without any cost savings in counterparty, because the fixed expenses are supposed to be constant. Regarding the abandonment of the P6 product, the company would lose the margin on the variable costs of 154,336.17 lei.

This method shows that abandoning the P4 or P6 products - with lower analytical results would lead to a significant decrease in the overall result.

Therefore, we must abandon the products with a negative margin and not with a negative result and it is appropriate to keep all the products that contribute to covering the fixed costs. Given that the entity currently does not produce any product with a negative margin, it is recommended not to abandon any product according to the situation analyzed.

In conclusion, the management of SC GRANULATECH SRL must take into account the need to keep its fixed costs at a low level and to distribute them on as many products as possible, while minimizing the main variables costs.

Taking into account all these observations that the manager has to take into account we will analyze the relationship between the fixed costs and the variable costs, determining the operational lever.

$$\text{Operational lever} = \frac{\text{Fix Costs}}{\text{Total Costs}} \times 100 = \frac{3.978,60}{415.069,61} \times 100 = 0,96\%$$

The higher the value of the operational lever, the more profits of the company will be more sensitive to the change in sales volume. An increase in the volume of sales will result in a more pronounced increase in the result in a company whose operating leverage is higher than in an enterprise where variable expenses are prevalent.

The large contribution of the fixed costs in total costs can be appropriate for the company because it demonstrates the capacity with which it can reach a high level of activity, but also inappropriate because the high costs involve major settlements.

Managers must pay attention to the value of the operational leverage, because the result of the companies that have a higher level of the operating leverage decreases faster than for the companies that produce with a lower level of the operational leverage.

VI. CONCLUSION

The accounting information is intended for the head of the economic entity who must be the main beneficiary of information, and who can use this information in order to properly use the resources and to achieve the proposed purpose.

An organization can calculate several types of costs depending on its organizational choices, objectives, utility and uses. Basically, the diversity of costs calculated shows the diversity of decisions made in an organization. The costs are calculated according to the person using it, the purpose for which they use it and the cost object. In making decisions, the economist and manager must be particularly interested in cost issues.

Losses in economic activity can be best detected by cost analysis. The cost-price ratio is more relevant to the way a company is run than the profit and loss statement. Managers need a variety of information to plan, control and make decisions, information regarding the financial aspects of performance coming from the cost system.

As observed in the paper, based on the performance management within the analyzed entity, it was decided to increase the production capacity by adding new activities, namely the production of products/services with a much higher profit and an unquestionable profitability compared to the other products but also to the competition in the market where they operate.

VII. REFERENCES

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