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INFORMATION ASSURANCE AS A KEY FACTOR OF MANAGERIAL DECISION MAKING

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Abstract. In modern conditions, information assurance of managerial decision making by users is quite extensive. The main scientific task to be fulfilled is to ensure the system consistency of the collected data. There is a need to develop criteria and requirements for the composition and structure of information on the activity of for-profit enterprises so that users could make sound managerial decisions.

Keywords: information, managerial decisions, quality of information, criteria and requirements for information disclosure, reporting, systematization of available information, system consistency of collected data.

Despite the numerous publications dealing with the information assurance of managerial decision making, collecting adequate and consistent information which contributes to the whole picture of the activity of an enterprise continues to remain a burning issue. It takes managers a lot of their working time to find the needed information. Statistics prove that the volumes of the information needed for the management of business processes become practically twice as much every 6-8 years, though, as it used to be before, there is still a lack of the high quality information needed to make managerial decisions. Managerial decision making, however, requires sound, specific and well structured information about the object to be analyzed.

In any for-profit enterprise the information assurance is quite extensive and the management information collection system is complex. Nowadays the volumes of the processed information tend to increase, the interconnections in information flow are becoming more complicated and information redundancy is growing amid the lack of high quality information for sound managerial decision making. This all causes problems in the use of information in the management of business processes of for-profit enterprises, considerably determines the possibilities

of the analytical grounds of managerial decisions and, ultimately the success of the operation of a company.

It should be noted that “low quality” information determines “low-quality” managerial decision a priori. The “quality of information” (irrespective of directions and objects of analysis) is often associated with its reliability, trustworthiness, sufficiency and objectivity.

The managerial decision making by external users is often based on the data of accounting (financial) statements. Due to accuracy, actuality and adequacy, they demonstrate the actual availability and state of the properties and the sources of their formation as well as the reliability and stability of the components of the financial result and determine the quality of the managerial decisions made from external users’ point of view.

Many scientists and experts recommend to evaluate the quality of an accounting (financial) statement by controlling and tracking the logical and information interconnections of the data provided by various accounting and statistical report forms. The first factor influencing the quality of a managerial decision made regardless of direction and object is the accuracy of compiling the analyzed documents

(including reports). Therefore, before making managerial decisions it would be prudent of the analysts to: evaluate the fullness, actuality and trustworthiness of the economic information provided in the analyzed documents; consider the changes which occurred in the accounting policy, accounting estimates of an enterprise and the relevant regulatory landscape. When conducting the analysis, very often various kinds of the used information adjustment, its aggregation, in particular, are needed, and it means that the second factor influencing the quality of the decisions is the reasonability of the applied analytical procedures and methods. Before proceeding with conclusions, one should make sure of the reasonability and accuracy of the applied methods.

It should be remembered that limiting the information assurance to the data provided by an accounting statement narrows the efficiency since it leaves beyond consideration the fundamentally important factors needed for the objective estimation of an enterprise's activity and dealing with its sectoral affiliation, the state of its external environment, including the market of material and financial sources, tendencies of the stock market and a series of other significant factors. The neglect of these factors may lead to ineffective managerial decision making.

Therefore, the order of collection, technology, accuracy and algorithm of the information processing as well as the scheme and interconnections of information flows have an essential impact on the reasonability and efficiency of managerial decision making. The paradox is that despite the huge quantities of the accumulated information, in reality in terms of provision of managerial decision making there is a deficiency of important information. Another paradox consists in the inconsistency of the information about various aspects of an enterprise's activity, since being accumulated separately in different information bases, it is collected by different business units of the enterprise and processed with different software products. The result is the losses of the significant data connections and very often of logical connections too.

However, economic information about the activity of companies, especially of the public ones, is needed not only by the managers, but also by all the interested persons. According to Federal Law № 39-FZ "On the securities market", the list of the information assurance is not limited to only the data of accounting. This law distinguishes disclosed information (information to which activities aimed at its disclosure have been applied) from publicly available information (information which does not require any privilege for access to it and eliminates the need for its disclosure).

The disclosure of information by an issuing company at the securities market alongside accounting information (a quarterly report, consolidated financial reporting) includes communications about the essential facts, i.e. the data which in case of their disclosure, would have a significant impact on the value or quotation of the issued securities. In particular, the Russian law stipulates quite a wide range of these data which includes 49 units.

The strictest requirements for information disclosure are imposed on joint stock companies as they are considered the most complex and progressive legal entity type of a juridical person. The list of the requirements for information disclosure is given in the Directive of Bank of Russia of 30.12.2014 N 454-П "On the information disclosure by issuers of issue-grade securities". Besides the information to be disclosed in accordance with the Federal Law "On the securities market", this directive extends the list of the data to be disclosed by adding to the scope of obligations of a public joint stock company an obligation to disclose: an annual report; the charter and in-house documents; data on affiliated persons; the decision on the issue (additional issue) of the securities; the notification of signing a shareholders' agreement by shareholders; the notification of the intention to fill a lawsuit for contestation of a decision of the shareholders' general meeting, for compensation of the incurred losses, for cancellation of a deal or application of the consequences arisen from the cancellation of a deal.

The requirements regarding the information disclosure by the issuers are

interpreted by exchange systems more widely than in the relevant Russian law. If we take a look at the requirements set forth in the listing of “Moskovskaia Birzha” Public Joint Stock Company, we may see that they are subdivided into three levels on the basis of their significance degree. Predominantly the listing makes reference to the requirements of the Russian legislation including the regulatory acts of the Central Bank of the Russian Federation concerning the information disclosure.

As a supplementary requirement for the information disclosure by the issuers there is the compilation and publication of reports in compliance with International Financial Reporting Standards or other internationally recognized standards. It should be noted that for the first level issuers this requirement is set forth with respect to three closed financial years, for the second level issuers – one year whereas for the third level issuers there is no requirement of the kind at all. Besides, there is an obligation of respecting the corporate management requirements by the issuers.

And here an obvious question arises – are there many companies which meet the requirements concerning the information disclosure and set forth by the relevant Russian law and exchange systems? It turns out that compared to the total number of Russian large and medium-sized for-profit enterprises the number of the companies in question is laughably small: first level common stock issuers – 43 enterprises, second level issuers – 29 enterprises, third level issuers – 151 enterprises. In total there are 223 issuers, and this evidently demonstrates that the goal and tasks declared to create an international financial center are not fulfilled yet.

This all proves the necessity of systematizing the information available on the activity of an enterprise. Since the documentation of an enterprise’s activity plays a great role in the systematization of information flows of an enterprise, it is important to present the specificity of documents circulation too.

To our mind, first of all, a particular attention should be paid to the source information which is originally provided in any business document (for example, when performing a business activity). Each

source document generates an information flow. If during the compilation of a source document some valuable information is missed, it might never be replenished later. This means that an opportunity of making a rational managerial decision will be missed. Therefore, it is important to conduct an analysis of the so-called source documents according to the analytical sufficiency for the research of an enterprise’s capabilities. As a result, all the sources documents recording the facts of the business activity, documents confirming the performance of the activity in accordance with the given internal regulations as well as the other documents recording any kind of source information should be analyzed.

One of the crucial problems nowadays is the inconsistency of the data provided in accounting (financial), fiscal, management and business accounting and reporting (one of the significant drawbacks of the widely used method of collecting and consolidating the information). Among the causes of this problem there are trivial errors committed by coworkers, wrong interpretation of calculation methods, inconsistency of the guidelines on how to fill in a reporting form, etc.

Certainly, it is prudent to strive to create in for-profit enterprises a unified information space which would be based on the source accounting documents, contracts with business partners and other sources of source information. In an ideal world a principle of introducing any information only once but in such a manner as to let it be available and useful to all potential users in for-profit enterprises should be complied with.

The development of information technologies, various kinds of accounting and control allowed to create huge information databases on the activity of enterprises. Scientific areas dealing with large databases (Bigdata and Datemining) have been evolved.

The main scientific task to be fulfilled consists in the provision of the system consistency of the collected data. This will require the development of criteria and requirements for the composition and structure of information on the activity of for-profit enterprises so that users could make sound managerial decisions.

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