The Impact of Management Accounting Innovations on Millennials Business

Oncioiu Ionica
“Titu Maiorescu” University
ionicaoncioiu@yahoo.ro

Stanciu Alina
“I December 1918” University
alecse.alina@gmail.com

Abstract

Today, the focus on transformation is primarily being driven by the impact of digital disruption on businesses of all sizes and in all geographies. Born between 1980-2000, the Millennials Generation represent tech-savvy, creative, Internet and Social Media continually connected, flexible, but they also have high expectation, are eager to take on leadership roles so early in their career because they truly want to make a difference in all aspects of their lives. This study aimed at assessing students’ entrepreneurial intention at Titu Maiorescu University, Romania. The stratified sampling techniques were applied to select respondents and in order to collect data, pretest self-administered questionnaires were distributed to 212 participants. The results showed that they want to rise a new business where the link between the Business Vision, Management Strategies and the Management Accounting Innovation is the success key-set and where the decisions are based on economic and social gains and loss.

Key words: innovation, Millennials Generation, management accounting, entrepreneur

J.E.L. Classification: L26, M10, O31

1. Introduction

In the last 50 years of transition needs have changed, expectations have increased and performance has always been achieved by raising standards. Over the past decade, our business landscape is changed as a result of economic and technological environment challenges and growth and rise of three new Generations X, Y and Z (Woodman, 2015). Each generation has its strengths and set of values that enable her to transcend trough knowledge, skills and characteristics to assume the risk of being creative and free in professional choices. Access to a high education level and new education system, the digital revolution, new business models B2H - Business to Human, all led to the emergence of a new generation of business leaders stepping up and eager to take control: the millentrepreneurs – Millennial Generation Entrepreneurs (Myers et al, 2010).

As a demographic generation, the Millennials is the fastest growing cohort after proceeding Generations Y and it is estimated that up to 2020 they will represent approximately 50% of the workforce (Kunreuther et al, 2009).

As a generation people are constantly plugged into technology, tech savvy, born into a new tech emerging world and grown up surrounded by smart phones, laptops, tablets and other gadgets. They are permanently Internet connected and social networks addicted. Being so comfortable with social media are very good at self-promote and establish a multitude of connections in this tech environment, which will be a plus as entrepreneur. Their life evolution involves communication in the online in detriment of inter-human interactions (Cabral, 2010).

Millennials prefer to communicate more quickly and effectively via email, social networks or text messaging as opposed to traditional means of communication. Consequently, Millennials are attracted to entities where technology is in the forefront of the entities mission, vision and ethos
(Hemsley et al, 2013). For them technology represent part of day to day life and for that they want to work for entities who are embracing these new means of communication and implementing them into business development as opposed to entities with a more traditional mind set (Burstein, 2013).

For that, they have very high career expectations. Ambitious, adaptable, dynamic, constantly hunt for opportunities for growth and professional development, very fast, but hating the traditional hierarchical structures. They need motivation in everything they do, wants independence and career success but show great instability in maintaining a job, reject hierarchy, compliance system and patterns. These people define themselves by auto didacticism and originality, uniqueness of every opportunity, having the need of immediate response, immediate assessment.

Taking in consideration all these characteristics, Millennials are changing the way of doing business from the moment they become employees. Because they have great expectations regarding theirs Statement of Added Value they have also a different approach for becoming entrepreneur at the age under thirty-five, creating a new generation of entrepreneurs: the millentrepreneurs (Furlong, 2013).

In many universities and colleges courses on the entrepreneurship and small business management have been planned and implemented and still it is offered in various programs due to the recognition of promoting entrepreneurship development is more important for the creation of self-employment opportunities and reductions of unemployment as well as contributes a lot in poverty reduction. Entrepreneurship education improves motivation towards being entrepreneurial by inspiring students’ personal attraction towards entrepreneurship and perceived behavioral control (Tulker et al, 2009).

The goal of this research is to investigate the entrepreneurial intention among students in a sense of extent the entrepreneurial intention or to explore differences exist in entrepreneurial intention with respect to residential status and to know the relationship between some selected independent variable and entrepreneurial intention of students.

Like in the Shakespeare’s play Hamlet, the research question of today entities is: „Disrupt or Be Disrupted?”. To answer at that question from the position of a winner, the new era entities needs a new generation of investors and business owners: the Millennials Generation, the largest generation on our planet.

Then, to support this mission, in new type of entrepreneur roles, financial advisors or management accountants, the millennials provide accurate and timely financial statistical information’s trough management accounting.

The structure of this article is as follows: Firstly, the study discloses an analysis regarding the efficiency of the management accounting innovations in the Millennials business era. The next sections describe the research methodology, with associated findings and provide a discussion of the results. The final section presents the conclusions reached from the study.

2. Management accounting innovations in the Millennials business era

In the last 20 years, the world has entered in a period of “accelerated innovation” (Linkner, 2014). With the light-speed this incredibly rapid innovation change radically the perspective of driving an existing business and in the same time of a newly created business (Woodman, 2015). The threat consist in the impact felt by markets, consumers and entities when digital technology and business models change consumption and value propositions. Cloud, Big Data and Analytics, security, data storage and management accounting innovations are the keys to supporting disruption and transformation goals in the new digital vortex (Linkner, 2014).

Business models like B2C - business to consumer and B2B - business to business, are now interconnected giving a new concept of the future business: B2H - business to human (Hemsley et al, 2013). Now is time to implement a new management model in which the business owner is manager, leader and coach in the same time: the millentrepreneur (Costanza et al, 2012).

Considered the heart of any business, management accounting is a mix between accounting, finance and management, who provides helpful information’s and reports to internal users: managers and entrepreneurs so that they can plan the business activities, control them and increase the business (Pittaway et al, 2011).
In the process of planning and budgeting the entrepreneurs use management accounting to evaluate new business opportunities on the market. The business model canvas provide key information’s regarding the planned resources that will be used to develop a start-up, the costs involved and the generate revenue (Twenge, 2006).

The entrepreneurs use management accounting information’s also in the process of decisions making: starting a business, the entity involvement in a new project, to answer at the question “what to sell?”, “what is the best price for me in order to reimburse the cost of production and obtain optimal profit?”, so they can estimate the benefits of various opportunities and decide which one to choose (Myers et al., 2010). Management accounting provide the results of the operations budgeted and help entrepreneurs to evaluate the performance of their business (Hershatter et al., 2010).

On the other hand, in the age of millentrepreneurs, the attention in business environment is moving from focus on product or service on costumer side and forward to create the framework of business to human (Espinoza, 2012). Therefore, in the process of decision-making, the new managers or owners of the entities have to implement the non-financial measure together with the financial measures in a mix of management accounting tools in order to provide sustainability for their business (Bernard, 2014).

Trough investing in growth of the business, reinvesting the profit, have a fair collaboration with suppliers, develop new innovative products or services, making a positive impact on customers, ensure the long term future of the entity and using management accounting innovation, the millentrepreneurs will decide in the new business era if they will be Disrupted or Disruptors (Linkner, 2014).

3. Research methodology

The type of research followed for this study was descriptive in nature and include analytical study where inferential design was employed. The individual sample representatives were taken into the respondent based on convenience sampling. After administering the pretest structured questionnaire, the response rate was 187 (88.2%) and all returned questionnaire were valid for the analysis and interpretation.

Both quantitative and qualitative data analysis employed for the study using statistical package for the social sciences (version16). The data was collected using self-administered structured questionnaire was analyzed by computing mean scores, percentages. A mean score of less than 2.60 indicates a negative attitude (strongly disagree and disagree), a score of equal to 2.60 or less than 3.40 indicates a neutral attitude( moderate) and a mean score greater than 3.40 indicates positive attitude(strongly agree and agree).

Table no.1 shows reliability analysis. Cronbach’s Alpha method was used to determine reliability of the scales is a measure of internal consistency, that is, how closely related a set of items are as a group and when the result is generally above 0.5 (or 50%), it is considered to be reliable.

<table>
<thead>
<tr>
<th>Scale</th>
<th>Cronbach’s Alpha</th>
<th>Number of Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entrepreneurial intention</td>
<td>0.759</td>
<td>6</td>
</tr>
<tr>
<td>Support of family and friend to pursue entrepreneurial career</td>
<td>0.740</td>
<td>7</td>
</tr>
<tr>
<td>All variables</td>
<td>0.749</td>
<td>13</td>
</tr>
</tbody>
</table>

Source: Primary data (processed)

Out of the 212 distributed questionnaires 187 (88.2%) finalized and returned entrepreneurial intention questionnaire were valid for the analysis. The major respondents were male which constitute 118(63.1%) and 69(36.9%) females participated in the study. Female students in all programs were few in number related to the number of male students.
4. Results and discussions

The finding revealed that significant number 117 (62.5%) respondent sometimes were involved and completely engaged in money earning activities before joining the university that is they were self-employed or work in family business. Related to the experience of respondent’s family exposure in business the study found that 122 (65.2%) were engaged in the course of business whereas 65 (34.8%) were not self-employed.

Table no.2 indicates the results of overall entrepreneurial intention of students related to their desire, certainty and extent of effort on establishing own business. By measuring their view on a five point Likert scale, there were four items that measured respondents view on their preference to pursue entrepreneurial career, desire and certainty of becoming entrepreneur, the study revealed that the mean score for all variables was above 3.5 indicates participants’ had positive attitude on entrepreneurial career in the sense that the students entrepreneurial intention is high where after completion of their study students prefer to be self-employed. That means students’ are ready to assume moderate which is one of the qualities of successful entrepreneurs.

<table>
<thead>
<tr>
<th>Item</th>
<th>Mean</th>
<th>Std. dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intend to pursue entrepreneurial career</td>
<td>3.5775</td>
<td>1.0255</td>
</tr>
<tr>
<td>Development the skills to establish own firm</td>
<td>3.8075</td>
<td>0.8584</td>
</tr>
<tr>
<td>Strongly wish for start a business</td>
<td>3.7487</td>
<td>1.0241</td>
</tr>
<tr>
<td>Set up own business</td>
<td>3.7647</td>
<td>0.9322</td>
</tr>
<tr>
<td>Accept the risk in entrepreneurial career</td>
<td>3.7807</td>
<td>0.9275</td>
</tr>
<tr>
<td>Barriers perceived to pursue entrepreneurial career</td>
<td>3.0802</td>
<td>1.0721</td>
</tr>
</tbody>
</table>

Moreover attitude to risk was measured and the study result showed that the mean score was above 3.5 represents majority of respondents are ready to assume moderate risk while pursuing entrepreneurial career which is one of the qualities of successful entrepreneur.

5. Conclusions

Today, entities are defined by the assets they own and control, but in the future they will be defined by the ecosystems, the assets and the partnerships that they control. Technology has managed to split and rebuild in a more sustainable way in which business are driven today, in a new era of business. Investment in technology has always separated “the wheat from the chaff”.

The success of a business in new era is obtained balancing the management accounting innovations with human to human touch of the business. Technology-based platform entities have earned huge values from relatively smaller employee and asset bases. Platform entities will continue to proliferate and disrupt sectors. But not every entity will be a platform, because two other types of entities will succeed: scale outsourcers and product or service providers. The win-win situation for any type of millentrepreneurs entity: platform, outsourcer or product or service provider will be to form win-win partnerships that maximize value across the full.

Based on the finding of this research work, the study concludes that students are certain and have strong desire to establish their own business moreover they put forth the necessary effort to be self-employed and have willingness to assume moderate risk while pursuing entrepreneurial career.

In addition according to the finding, the Millennials Generation want to rise a new business where the link between the Business Vision, Management Strategies and the Management Accounting Innovation is the success key-set and where the decisions are based on economic and social gains and loss.

In conclusion, the research result reveals that the association between the certainty, desire to be self-employed as well as willingness to assume risk with overall entrepreneurial intention is moderately positive. However, weak positive correlation observed between the independent variable environmental factor with respect to obtaining premise, utility as well as availability of
infrastructure and overall entrepreneurial intention. All this powerful management accounting innovations are able to help the millentrepreneurs to be more competitive and to rise a new business model, in which the speed and customer intimacy will make the difference.

6. References