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AN EVALUATION OF THE EFFICACY OF ACCOUNTING INFORMATION AS A MEANS FOR FACILITATING MANAGEMENT DECISION-MAKING

Qin Hao, Dhakir Abbas Ali

Lincoln University College, 47301 Petaling Jaya, Selangor D. E., Malaysia.

Corresponding author: Qin Hao, Lincoln University College, 47301 Petaling Jaya, Selangor D. E., Malaysia, Email: qinhao3806@163.com

ABSTRACT

The primary aim of this project is to leverage accounting data in order to facilitate management decision-making. This book comprehensively covers the standards pertaining to information in the fields of accounting, financial accounting, and managerial accounting. The course will also investigate potential uses of accounting data in the context of management decision making. Upon completion of this task, it became evident that accounting data plays a crucial role in enabling management to make well-informed choices. Furthermore, the availability of financial data facilitates the process of operational and strategic planning & management. Ultimately, the project's emphasis contributes to the inferences made about the essence of the problem and the strategies used to address it in a way that ensures impeccable administration.

KEYWORDS: Accounting Information, Management Decision, Financial System, Information Technology.

INTRODUCTION

The field of accounting highly values economic data. Accounting-related information. Economic information is analysed via the use of specific methodologies, procedures, and instruments. The efficacy of the management process is contingent upon the authenticity, accuracy, comprehensiveness, and operational nature of the data. Accounting information has a pivotal role in informing a wide range of decisions made within the context of employment. This statement suggests that accounting data plays a crucial role not only in the overall functioning of the economic system, but also in the economic information system, namely in the decision-making processes of a corporation. Management often encounters the challenge of making difficult decisions as a result of limited resource availability. In order to make well-informed choices, it is important for management to have convenient access to dependable accounting data (Amedu, 2012).

In order to effectively achieve the broad goals of an organisation, effective management practices need the formulation of strategies to discern the accounting information that is most relevant to the business. The act of making life choices is a continuous endeavour undertaken by researchers. Based on the aforementioned information, it is evident that this is a significant obligation of management in relation to the routine functioning of an organisation. Many individuals often link management with the process of decision-making, since managers frequently assume the responsibility of making critical corporate decisions. The process of decision-making revolves on the selection of the most suitable course of action. It is important for management to assess the effectiveness of the many alternatives at their disposal prior to choosing the most appropriate one. Hence, individuals need guidance, often provided in the form of factual information and expertise. Consequently, individuals often rely on data derived from financial and managerial accounting in order to make informed economic and financial choices (Okoli, 2012).

BACKGROUND OF THE STUDY

The accounting information of a corporation refers to the data that is gathered to provide guidance and support for corporate decision-making. The success or failure of businesses is contingent upon the calibre and punctuality of the information they possess, and neglecting to use accounting data might potentially detrimentally affect their operational outcomes. In order to facilitate the needs of many stakeholders, accounting information is designed to convey a combination of both quantitative and qualitative information in a comprehensible style. Another potential linkage exists between the financial & accounting records generated by an organisation, which are used to inform decision-making processes aimed at achieving the organization's goals and objectives. The dataset included both financial and nonfinancial information, along with managerial perspectives. The concept of "accounting" pertains to the methodical and thorough documentation of financial and non-financial transactions, their proper classification, evaluation, and examination, and the prompt provision of this data to stakeholders in order to facilitate informed decision-making. It facilitates the management of financial data pertaining to a company's performance, including tasks such as wages, spending, and other related obligations. Data may be seen as unprocessed material, whereas information is the outcome resulting from the processing of data. The word "information" denotes the intrinsic worth assigned to data by customary practices. The collection and processing of raw data serves as the fundamental basis for further analyses, projections, and other types of decision assistance (Sun et al., 2011).

The success of businesses, whether managed by individuals or corporations, is contingent upon the decisions they make and implement. The role of the accounting system's output, that is sent to management, is influential in making this decision. If a corporation's financial affairs are being effectively managed, it will provide accounting data that is appropriate, precise, comprehensive, and current. Both financial as well as non-financial accounting information is valuable for decision-makers. Managers use a diverse range of data types, including both financial & nonfinancial data, in order to make informed decisions at all three tiers, therefore advancing the business towards its desired goals and objectives. Furthermore, the lack of financial and accounting data to support managerial decision-making in the short and long term may have a significant impact on the viability and financial performance of an organisation, provided that it is appropriately assessed and implemented. Stakeholders refer to those who possess a significant stake in the overall welfare of a company, regardless of whether it pertains to a retail establishment or a manufacturing enterprise. The stakeholders of a corporation include both its influencers and the parties who are impacted by its operations (Adesina et al., 2015).

PROBLEM STATEMENT

The data stored in accounting plays a crucial role in the functioning of a firm, since it facilitates informed decision-making and offers an authentic representation of the organisation. In contrast to the expectations of investors and customers in Rwanda, the financial institutions in the nation provide a limited quantity of financial information despite the daily preparation of financial statements. The potential consequences of this phenomenon extend beyond the impact on financial reporting in financial institutions. It also raises concerns about the appropriateness of incentives for decision makers and the potential implications for the overall system of financial management in banks, encompassing the planning, direction, and control of resources to effectively and efficiently achieve service goals. As a result of this phenomenon, it can be seen that accounting information emerges as a very valuable resource for decision-making inside the firm. A comparative analysis of the two indicates that the utilisation of accounting information as a decision-making resource would eventually yield advantageous outcomes for KCB Ltd and its financial performance (Mirawati, 2014).

LITERATURE REVIEW

Management struggles with elected leadership, particularly with limited resources. Access to high-quality accounting data is essential for legal fundamental leadership, advantage amplification, & resource efficiency (Abu-Eker et al., 2019). Webster's Ninth

New University Lexicon defines accounting as "the arrangement of accounts & auditing commercial & financial transactions by investigating, confirming, & revealing the findings." The survey found that accounting helps managers and business owners understand their company's operations and finances. According to Thapayom (2015), accounting records provide economic transaction data that may be utilised to make judgements. Families, companies, government entities, and charities need this information to make financially responsible choices. Usually, "transfer" refers to a "selement."'s financial activity. Two types of business interactions exist: interpersonal and external. Accounting predicts and communicates financial and social facts to customers using a consistent identity. Accounting should be seen as such since it helps allocate resources and achieve the organization's goals. Accounting is the act of finding, estimating, recording, and conveying financial information to company and individual decision-makers to help them make educated decisions (Abu-Eker et al., 2019). Accounting aims to create monetary judgements that satisfy everyone. Since resources must be distributed across and within many distinct fields for the benefit of the public, books' knowledge may be a good foundation for resource distribution decisions. Data value cannot be identified unless it is distinguished, quantified, documented, classed, explained, and conveyed to potential customers. Accounting is built on these basics. They need accounting to make smart financial choices (Nakitende, 2019). All board strategy and leadership are based on financial audit data. It involves providing interested parties with vital financial information about an organisation or corporate initiative's financial activities (Adenike, 2017).

Accounting data helps organisations succeed in a global market. The author claims this. Financial statements remain the most important external source of corporate information. Despite accounting practices’ broad use and improvement, there is rising concern that they have not kept up with the quick changes brought about by the economy as well as technology. Accounting information's value relevancy frequently suffers. Chang's claim is supported by the widespread practice of fraudulent accounting in developed nations, most notably in the US, a rapidly changing business environment, and research showing that accounting information has lost value and relevance. Despite this, many experts believe accounting information is valuable and important. Accounting fulfils a demand, mostly knowledge. The profession is based on this concept. Accounting data must swiftly adapt to user needs, especially investors, to remain relevant. Investors seldom have direct access to corporate performance data. They usually use financial records from relevant businesses' management. One of the most reputable accounting sources for a firm is its financial report. Disclosure helps investors find investment opportunities by presenting financial facts. Financial statements are used to report the firm's financial position, operational performance, control changes, and cash flow (Nakitende, 2019).

RESEARCH OBJECTIVES

1. To evaluate the effectiveness of accounting information.
2. To identify why accounting is important in management decisions.
3. To determine the effect of accounting information systems on management decision making.
4. To explore the features of an effective accounting information system.
5. To find out how does accounting provides information for decision making.

RESEARCH METHODOLOGY

The researchers were presenting the findings derived from the data analysis conducted on the questionnaires acquired from the participants. The main aim of this research is to examine the relationship between the use of an effective accounting information system as an independent variable and decision-making as a dependent variable. To ascertain the relationship between the independent variable & the dependent variable, a statistical procedure called the Pearson correlation was conducted. Furthermore, the researchers used the dependability test. The chapter is divided into seven sections, encompassing an overview of the data collection process, a profile of the respondents, an assessment of the data's validity and reliability, a descriptive analysis, an examination of the correlation between variables, and a concluding section.

Sampling: Convenient sampling technique was applied for the study.

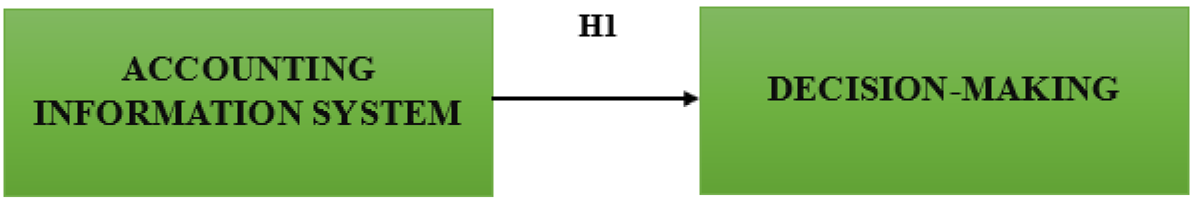
Data and Measurement: Primary data for the research study will be collected through a questionnaire survey. The questionnaire will be divided into two parts – (A) Demographic information (B) Factor responses in 5-point Likert Scale for both the online and non-online channels. Secondary data were collected from multiple sources, primarily internet resources.

Statistical Software: MS-Excel and SPSS 0.25 were used for Statistical analysis.

Statistical Tools: Descriptive analysed were applied to understand the basic nature of the data. Validity and reliability of the data will be tested through Cronbach alpha, the researcher shall apply logistic correlation.

A rating system based on the Likert scale is often used in surveys and questionnaires to gauge respondents' ideas and viewpoints. Disagreements often have the option of selecting a response from a set of five options, including "strongly agree," "agree," "did not respond," "disagree," and "strongly disagree," to a given question or statement. If the research uses numeric coding, such as 5 for "strongly agree," 4 for "agree," and so on, then the values for each category of answer must be established. By asking on a Likert scale from 1-20, as shown above, researchers may learn about shoppers' preferences for both online and traditional retail. The survey began with a series of "control" questions on the respondent's demographics and their level of familiarity with online vs. traditional buying.

CONCEPTUAL FRAMEWORK



RESULT

Correlation Analysis:

The word "correlation" pertains to a statistical technique used to assess the association between two variables. Specifically, when examining the link between two continuous, random variables, the correlation is often referred to as a Pearson product-moment correlation, denoted as 'r'.

In other words, the existence of a correlation between variables is shown when a modification in one variable can be seen to affect or exert effect on the modification of another variable. The correlation coefficient is a statistical metric used to assess the strength and direction of the relationship between two variables, indicating the level of significance and whether it is positive or negative. The range of values for the correlation coefficient spans from -1 to +1. In the event that the value is denoted as +1.0, it is indicative of a potentially robust positive correlation existing between the variables. Conversely, if the value is denoted as -1.0, it suggests the presence of an absolute negative correlation between the variables. In the event that the correlation coefficient has a value of 0, it may be concluded that there is an absence of correlation. Based on the findings, it can be inferred that there is no significant correlation between the variables under investigation.

Pearson is acknowledged as the one who first introduced the concept of the P value, which has since become a widely used method for describing the outcomes of statistical tests. Based on the results of scientific research, it has been regularly observed that the 'P' value is often set at a significant level of 0.05. When the 'P' value is equal to or less than 0.05 or 5%, it signifies that researchers should reject the null hypothesis, and the obtained result will be considered statistically significant. When the p-value is less than or equal to 0.05 or 5%, it signifies that researchers should reject the null hypothesis.

Alternatively, academics often consider a 'P' value to be significant and acceptable when it equals 0.05. This threshold indicates that in 95 out of 100 instances, there exists a statistically significant and valid association between the variables, while only a 5% chance remains that the link does not manifest. In other terms, a 'P' value is considered significant and widely acknowledged when it equals 0.05.

The results of the correlation analysis conducted to examine the relationship between the independent variables and the dependent variables are shown in Table 1, displayed below. The results of the correlation analysis have been assessed in reference to the hypotheses set for this study.

Table 1: Pearson Correlation Analysis Between Variables

	Effective AIS	Organizational DM
Effective AIS	1	0.867**
Pearson Correlation Sig. (2-tailed)		0.000
Organizational Decision Making	0.867**	1
Pearson Correlation Sig. (2-tailed)	0.000	

**Correlation is significant at the 0.01 level (2-tailed).
N=57

H1: There is an effective relationship between Accounting Information System and Decision-Making in an organization.

H01: There is not any effective relationship between Accounting Information System and Decision Making in an organization.

The table shown above examines the relationship between a proficient AIS (Accounting Information System) and the process of organisational decision-making. The findings of the study indicate a robust positive correlation between the independent variable, AIS, and the dependent variable, Organisational Decision. Furthermore, it is noteworthy that the correlation coefficient ($r = .867$) is statistically significant ($p < .01$) based on a sample size of 57. Considering the presence of a big and strong relationship between the variables, it may be concluded that the correlation between them has statistical significance. Hypothesis 1 is supported; however, Hypothesis is refuted.

Regression Analysis:

Regression analysis, a statistical tool, is used to examine the relationship between many variables. Furthermore, researchers have the ability to generate predictions via the use of Regression Analysis.

An example of a fundamental regression model is shown in the next section: The equation Y is equal to the sum of a and the product of b and X, plus the error term E. Within this theoretical framework, X is designated as the independent variable, whilst Y assumes the role of the dependent variable. In the above scenario, the variable denoted as X serves as an independent variable, acting as a predictor or regressor, while the variable denoted as y functions as the dependent variable, serving as the responder.

The regression analysis in our study used SPSS-25 as the preferred statistical software. Based on the results obtained from our research, it can be concluded that an organization's Accounting Information System serves as an autonomous factor that positively influences decision-making processes inside the organisation. The findings of a study examining the linear correlations between an efficient Accounting Information System and decision-making indicate a significant relationship between the two variables.

Table 2: Results of the Regression Analysis

Independent Variables	β	Standard Error	t values	Sig.
(Constant)	1	.247	-1.471	.149
Effective AIS	.441	0.087	4.135	0.000
F value			13.405	1
R			.867	
R^2			.838	
Adjusted R^2			.776	

a. Dependent Variable: Organizational Decision-Making.

b. Predictor: (Constant)

*p<0.01

The objective of the regression study is to ascertain the extent to which the Accounting Information System impacts how decisions are made inside the organisation. The findings of this investigation are shown in Table 2, located above. The estimation of the strength of the relationship between the regression model or the independent variable may be accomplished by using the R-Square statistic. In the majority of instances, the R-Square statistic serves as an indicator of the proportion of the variance that is accounted for by the variable that is not included in the regression model. In this particular scenario, the R-Square value is around 83.8%. The data presented in this figure indicates that the independent variable was responsible for explaining 83.8% of the variability seen in the Organizational-Decision making process. This suggests there are more factors that are not being accounted for.

The Adjusted R-Square is a statistical metric used to assess the effectiveness of different regression models in explaining the observed data, including the inclusion of different numbers of variables. The research findings indicate that there is a significant relationship between the independent variable, Effective Accounting Information System, and the dependent variable, Organisational Decision-Making. The Adjusted R-Square value of 0.776, with a significant level of $p<0.01$, suggests that approximately 77.6% of the variations in Organisational Decision-Making can be attributed to changes in the Effective Accounting Information System. The remaining 22.4% of the variation may be attributed to other variables.

The beta coefficient (β) of 0.441, along with a p-value below 0.01, demonstrates the importance of the association between the independent variable, Accounting Information System, and the dependent variable, Organisational Decision-Making. Furthermore, the table presents the finding that the F value is 13.405, indicating a level of significance of 0.001 or below.

CONCLUSION

The accounting information system of an organisation encompasses the collection, organisation, and communication of its accounting information. The financial information system encompasses several components such as accounting terminology, records, instruction manuals, flow charts, programmes, and reports. In this study, a questionnaire survey was used to investigate the impact of Accounting Information System Quality on the Accounting Information Quality of Asia Cell Telecommunication Company within the context of the Iraqi Stock market. According to a significant majority of responders, the use of Artificial Intelligence Systems (AIS) has shown to be beneficial for Asia Cell Telecommunication Company. The integration of enterprise resource planning (ERP) with accounting information systems (AIS) may be seen. Computer-based database systems are used to effectively store and retrieve data, facilitating the monitoring of various occurrences and promoting efficient utilisation of resources and operations. In addition, they contribute to the preservation of financial reporting standards such as Generally Accepted Accounting Principles (GAAP) and International Financial Reporting Standards (IFRS). Accounting information systems contain the many organisational structures, methodologies, and policies that together contribute to the establishment of a control structure aimed at mitigating mistakes and misconduct subsequent to their occurrence. The findings indicate a significant correlation between the accounting information of Asia Cell Telecommunication Company and the quality of its accounting information system. Artificial intelligence systems (AIS) demonstrate a high level of work performance. This study elucidates the value of technology in the realm of business, so benefiting Asia Cell Tech Company along with other enterprises. This study only pertains to the Asia Cell Tech Company listed on the Iraqi Stock Exchange. Therefore, it is essential to do more study on the organisational structure of the Iraqi Stock Market.

LIMITATION

Quantitative approaches use statistical formulae, equations, and expressions that are based on underlying assumptions. Assumptions may not be universally relevant to different challenges or obstacles. The abuse of quantitative approaches might lead to suboptimal results. Professionals in the field command high fees. The use of quantitative approaches is uncommon among major firms due to their high cost. Managers rely on intuition and discretion as opposed to quantitative data when making choices. The accuracy of quantitative procedures may be compromised by several factors, including insufficient data, incorrect definitions, inadequate sample selection, methodological choices that are not fit, comparisons that are not appropriate, and inaccurate presentations. The method under consideration exhibits limitations in its ability to assess qualitative events, since it disregards intangible and non-measurable human factors. The assessment of managers' expertise, attitude, or enthusiasm is not determined by judgements. The quantification of intangible statements may potentially be applied indirectly via the use of various approaches. The intelligence of managers may be assessed using scoring methods.

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