ASSESMENT OF EFFECTIVENESS OF ACCOUNTING INFORMATION AS A TOOL FOR MANAGEMENT DECISION

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ABSTRACT

The project's objective is to use accounting data to aid in managerial decision making. Information standards for accounting, financial accounting, and management accounting are all addressed in this book. Possible applications of accounting data to management decision making will also be explored in the course of this undertaking. At the end of this assignment, they were able to pinpoint just how vital accounting data is to management's ability to make informed decisions. Moreover, accessible financial data helps with both strategic and operational planning and control. Finally, the project's focus aids in the inferences formed about the nature of the issue and the means of tackling it in a manner that guarantees flawless management.

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

INTRODUCTION

Switching from the older single-entry system to the newer double entry system has greatly increased productivity. A company's income, expenses, and profits are only some of the financial transactions that may be reported with the use of an accounting system. That's true in a lot of respects. Once the only purpose of bookkeeping was to ascertain whether or not a business was turning a profit, today's sophisticated accounting information systems may be utilised to actively increase earnings. In order to analyse a company's performance, accounting data must be disseminated, and this is what an

accounting information system does. An "Accounting Information System" is a group of tools borrowed from the field of computerised accounting and incorporated into the field of information technology (Alfartoosi et al., 2021). They'll be employed to help with the monitoring of the firm's standard cash flow in business. The exponential increase in computer power has made possible the generation and use of strategic accounting information. The accounting information system (AIS), a component of an organization's information systems (IS), is seen as a tool for enhancing internal decision-making provided it is tailored to the unique requirements of the business' operations, activities, and organisational structure. Accounting information systems are used by firms to gather, store, manage, process, retrieve, and report financial data for the benefit of accountants, consultants, business analysts, managers, CFOs, auditors, and regulatory and tax authorities (Adenike, 2017).

Moreover, AIS is used in combination with certified accountants to keep the company's financial transactions & accounting up to par and to begin making financial data available to people who have a valid need for it without compromising the data's security or confidentiality (El-Ebiary et al., 2020). The best leadership and evaluation of a company's performance rely on the information supplied by its accounting system, hence its investment in a professional and trustworthy accounting information system has grown into a top priority for any and all managers. Common consensus is that an AIS is necessary for every business to succeed. The information in this publication is meant to be used by managers of all levels. They will be more equipped to carry out their responsibilities in areas like planning, strategic planning, performance analysis, & decision making with this information at hand. The term "accounting information system" (AIS) refers to a broader category of computer programmes that are intended to help with the management and oversight of a company's financial and economic operations (Gebremedihin, 2019). Businesses may evaluate their financial health and performance with the help of accounting information systems. Financial businesses such as banks, financial advisors, auditors, suppliers, and purchasers might benefit from this information. Financial information is useful to internal users. Users should be able to utilise financial data to make informed decisions (Hawari et al., 2016). Many functions may be handled by an efficient accounting information system. Data gathering, management, processing, command (including security), and inspiration are all part of the job. Layered subsystems make up these processes. The tenets upon which information systems for accounting are constructed. Researchers must prioritise efficacy, efficiency, and adaptability. By delivering accurate information, an efficient AIS may help simplify processes and improve decision quality. In certain cases, sharing data may boost efficiency and provide businesses with an advantage (Jackson, 2016). Financial statements may be used as a springboard for achieving many of a company's objectives. Data for monetary accounts are generated by AIS (Iskandar, 2019).

BACKGROUND OF THE STUDY

To some extent, one may argue that the origins of accounting can be traced back to the earliest days of human society. Jericho, established somewhere about 8000 B.C., may have been the first "city" ever built. Location: Palestine; Jericho was there. The first examples of financial documentation will be produced during this time. As people came here by the Dead Sea, commerce flourished. At the beginning, just tokens were used for recording (MennaTarek et al., 2017). Animals, other livestock, and commercial products like wheat were depicted in the form of clay balls of varied shapes (round, round, etc.). This system was the first to keep track of and reflect an inventory, and it also represented the beginning of our familiarity with numerical values. For the next five thousand years, as argued by (Alrjoub, 2017), monetary systems evolved from simple to complicated coins, then clay tablets, and finally the development of abstract symbols. This occurred when tokens evolved from their simplest forms to their most sophisticated. As other industries were making great strides—agriculture, pottery, textiles, construction projects, warfare, or nation states—accounting was doing the same. Cuneiform writing emerged in Samaria about 3200 BCE as a result of the need for a more complicated recording system after the emergence of nation states from the consolidation of earlier forms of writing. The processing of financial transactions still relies on the creation and counting of tokens. This was the standard procedure in the past. As early as 3000 BCE, the first actual technological innovation occurred that had an effect on accounting. During this time period occurred, bronze was "discovered" and used to make implements in Middle Eastern nations. Timeline-wise, this might be considered the start of the Bronze Age proper. While the abacus was originally invented in China, it quickly spread to the West and became a standard instrument for a variety of arithmetic and accounting tasks. At the same time frame, an analogous event occurred in Egypt, also altering the way financial dealings were recorded there. This development was the next stage in the papyrus scroll's evolutionary process (Siqani et al., 2019).

Figure 1: Clay tablets dating back to about ca. 2900 BC

The Egyptians used papyrus scrolls to record their transactions, whereas the Mesopotamians preferred to use clay tab lets. "scribe" in Mesopotamian refers to someone who keeps accounts in contemporary times, which is what the researcher

means when she uses the term. In addition to documenting deals, the scribe was tasked with verifying that they adhered to the strict guidelines laid forth in the Commercial Transactions Code. Hence, the scribe's job may have been more complex than an accountant in the modern day. It seems that hundreds of scribes were working in temples, castles, and private enterprises. This occupation had a high status due to the need of expertise in both literature and law (Alfartoosi et al., 2021).

LITERATURE REVIEW

Fundamental elective leadership is a constant challenge for A Management, particularly in view of the fact that resources are typically few. As a result, providing access to high-quality accounting data is essential for legitimate basic leadership, advantage amplification, and efficient utilisation of limited resources (Abu-Eker et al., 2019). "The arrangement of accounts and abrogating commercial and financial transactions by investigating, confirming, and revealing the findings" is how Webster's Ninth New University Lexicon describes accounting. From the research's vantage point, bookkeeping can be summed up as the methods by which business owners and managers get insight into their company's operations and financial standing. Accounting records are data regarding economic transactions that may be utilised to make smart choices, as defined by (Tilahun, 2019). Businesses, government agencies, families, and philanthropic organisations all require this kind of information in order to make sound financial choices. Using the term "transfer" to describe the monetary occurrence of a "selement" is common. There are two types of business dealings: those with the outside world and those between people. Accounting should be seen as a prediction and communication system that provides customers with financial and social data centred around a consistent identifier, so facilitating the efficient allocation of resources and the realisation of the organization's goals. Accounting is described as the act of finding, estimating, recording, and conveying financial information (Abu-Eker et al., 2019) so that business and individual decision-makers may make educated decisions. Accounting's primary function is to facilitate mutually satisfying monetary choices. For the public good, resources must be dispersed not only across but also within numerous distinct fields. The information provided by the books may serve as solid platform for making decisions concerning resource distribution. Data has no value until it is distinguished, estimated, documented, categorised, described, and conveyed to potential customers. To put it simply, these are the building blocks of accounting. If they want to make smart choices based on accurate financial data, they need accounting (Nakitende, 2019). The board uses financial information for all of its planning and basic leadership. It refers to the dissemination of vital financial

information about the monetary activities of an organisation or company endeavour (Adenike, 2017).

Management Accounting & Decision-Making

"Accounting may be defined as the process of discovering, measuring, and communicating economic information" to assist customers in making well-informed decisions. A better understanding of accounting information is crucial since it may be used to make better decisions. Hence, by reporting & collecting accounting data, controllers may drive management towards actions that are consistent with the organization's objectives. According to Emmanuel, Otley, and Merchant, financial statements' primary use is for management. Both operational and strategic problems fall within the purview of management's planning and control functions. Management control includes decision making since it is an "essential aspect of the overall control process." The possibility that accounting information will be used for decisionmaking improves if the information supplied is relevant to the option, if the decision maker considers the accounting information as correct, or if adequate non-accounting information is available. Nonetheless, accounting data is far easier to comprehend, clarify, and quantify than other types of data (Al-Dalaien et al., 2018). Additional management accounting concepts used in decision-making are constructed atop this cost basis. Target costing, cost plus pricing, profitability, and capital budgeting are just a few of the strategies that will be covered (Nurhayati et al., 2018).

RESEARCH METHODOLOGY

Sampling: Convenient sampling technique was applied for the study. The subjects in this study were 876 accountants.

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.

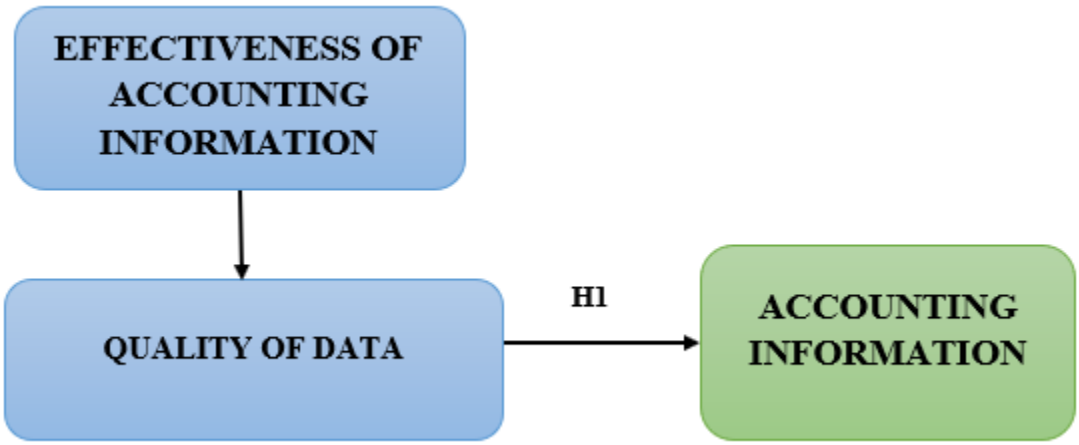
Statistical Software: MS-Excel and SPSS 0.25 were used for Statistical analysis.

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 regression model, and ANOVA.

A rating system based on the Likert scale is often used in surveys and questionnaires to gauge respondents' ideas and viewpoints. Participants 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

Factor Analysis:

Confirming the latent component structure of a collection of measurement items is a common utilisation Factor Analysis (FA). The scores on the observable (or measured) variables are thought to be caused by latent (or unobserved) factors. Accuracy analysis (FA) is a model-based method. Its focus is on the modelling of causal pathways between observed phenomena, unobserved causes, and measurement error.

The data's suitability for factor analysis may be tested using the Kaiser-Meyer-Olkin (KMO) Method. Each model variable and the whole model are evaluated to see whether they were adequately sampled. The statistics measure the potential shared variation among many variables. In general, the smaller the percentage, the better the data will be suitable for factor analysis.

KMO gives back numbers between 0 & 1. If the KMO value is between 0.8 and 1, then the sampling is considered to be sufficient.

If the KMO is less than 0.6, then the sampling is insufficient and corrective action is required. Some writers use a number of 0.5 for this, thus between 0.5 and 0.6, they were have to apply their best judgement.

• KMO Near 0 indicates that the total of correlations is small relative to the size of the partial correlations. To rephrase, extensive correlations pose a serious challenge to component analysis.

Kaiser's cutoffs for acceptability are as follows:

Kaiser's cutoffs for acceptability are as follows:

A dismal 0.050 to 0.059.

• 0.60 - 0.69 below-average

Typical range for a middle grade: 0.70–0.79.

Having a quality point value between 0.80 and 0.89.

The range from 0.90 to 1.00 is really stunning.

Table 1: KMO and Bartlett's Test

KMO and Bartlett's Test[a]		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.967
Bartlett's Test of Sphericity	Approx. Chi-Square	5950.289
	df	190
	Sig.	.000
a. Based on correlations		

This demonstrates the validity of assertions for sampling purposes. To further verify the relevance of a correlation matrices as a whole, Bartlett's Test of Sphericity was performed. Kaiser-Meyer-Olkin Sampling Adequacy Value is 0.967. The p-value for Bartlett's sphericity test was determined to be 0.00. Bartlett's test of sphericity showed that the correlation matrix isn't an identity matrix, with a significant test result.

Test for Hypothesis

- **Dependent Variable**

Accounting Information:

Accounting refers to the procedure wherein a company's financial transactions are documented, summarised, analysed, and understood. This method produces accounting data. Managers, owners, investors, creditors, workers, government, etc., are all potential end-users. Several computerised accounting information systems exist for gathering and analysing financial records. All of the business' financial dealings are documented by means of the aforementioned IT system. Systems like this aid in producing reports that may be used by the organization's many interested parties (Khatabook, 2022).

- **Independent Variable**

Effectiveness of Accounting Information:

When it comes to producing information, accounting information systems are considered successful if they are prompt, accurate, and trustworthy. The purpose of this research is to gather hard data on how factors like financial incentives, educational attainment, professional experience, and specialised knowledge affect the efficiency of accounting information systems.

Quality of Data:

The term "data quality" refers to the extent to which a collection of data is suitable used by data consumers, or those who access, understand, and use data in the course of their professional responsibilities. On the other hand, AIS, which is a computer-based system which analyses financial data & supports the organization's decision-making processes, relies heavily on accurate information. The empirical evidence suggests that the quality of AIS data has always been an issue. There are a number of variables that affect how they interact, such as a company's technological prowess or the cohesiveness of its internal teams. This research makes an effort to examine the practical efficacy

of the elements affecting the procedure of data integrity in AIS used by enterprises in Albania. The findings will be compared to the state-of-the-art literature study in terms of the criteria seen as vital in assuring data quality in AIS, and then some key conclusions will be drawn. On basis of the above discussion, the researcher formulated the following hypothesis which analysed the relationship between quality of data and accounting information.

H01: There is no significant relationship between quality of data and accounting information.

H1: There is a significant relationship between quality of data and accounting information.

Table 2: H1 ANOVA Test

ANOVA					
Sum					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	74506.320	317	5272.715	329.914	.000
Within Groups	1382.590	558	16.851		
Total	75888.910	875			

In this study, the result is significant. The value of F is 329.914, which reaches significance with a p-value of .000 (which is less than the .05 alpha level). This means the “H1: There is a significant relationship between quality of data and accounting information” is accepted and the null hypothesis is rejected.

CONCLUSION

An organization's accounting information is collected, organised, and communicated using an accounting information system. Accounting terms, records, instruction manuals, flow charts, programmes, and reports are included in this financial information system. A questionnaire survey was used to examine how Accounting Information System Quality affects Asia Cell Telecommunication Company's Accounting Information Quality in Iraqi Stock market. AIS helps Asia Cell Telecommunication

Company, according to the majority of respondents. Enterprise resource planning may be connected with accounting information systems. Using a computer-based database system to store and retrieve data, they help keep track of all events and encourage resource and operation use. They also help maintain financial reporting standards like GAAP and IFRS (IFRS). Accounting information systems encompass organisational structures, methods, and policies which contribute to a control structure and discourage errors and wrongdoings after they happen. Results show that Asia Cell Telecommunication Company's accounting information is correlated with accounting information system quality. AIS contributes fully to their job. This research benefits Asia Cell Tech Company and other businesses by highlighting the technology's significance in business. Also, this analysis solely covers Asia Cell Tech Company on Iraqi Stock Exchange. Thus, Iraqi Stock Market organisation should be examined in future research.

LIMITATION

Quantitative methods use assumptions-based statistical formulas, equations, and expressions. Assumptions may not be applicable to other difficulties. Quantitative methods misused may provide poor outcomes. Experts are expensive. Quantitative methods are expensive, therefore even large corporations seldom use them. Managers make decisions using intuition and judgement rather than numbers. Insufficient data, unclear definitions, picking the wrong sample, inappropriate methodological choice, unsuitable comparisons, & improper presentations reduce quantitative techniques' accuracy. It can't analyse qualitative events since it ignores intangible, non-measurable human elements. Judgements don't evaluate managers' knowledge, attitude, or passion. Quantifying intangible assertions may indirectly apply the methodologies. Managers' intelligence may be scored.

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