



The Impact of Accounting Information on the Managerial Decision Making Process: Case of Oman Integrated Logistics Services Company, SAOG

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Abstract

Purpose: The research focused on spotting a light on how the accounting information will affect the process of managerial decision making process. It focused on providing solutions for the common mistakes which the management fall into while using the accounting information to take any managerial decision. Moreover, the research will review as well the concept of accounting information and its role on the process managerial decision making.

Design/ methodology/ approach: This research follows a descriptive analytics research method. The primary data was collected using questionnaires and interviews. Samples were selected based on random sampling technique. 53 samples were collected from those who were involved and related to the management and decision-making team of Omani Integrated Logistics Services Company. Data analysis was done using Microsoft Excel statistical functions.

Findings: Based on the results and the main findings which were generated after conducting the research, it was revealed that the company wants to sustain its business activities and if they want to maintain their financial position in the market they need to focus on taking effective managerial and other type of decision. The company needs to always seek for the latest and advanced ways and strategies which will help the accounting department and other departments in recording the data and information without facing any problems or challenges. In addition, the financial information which is provided in the financial reports is considered as important factor which affects the process of decision making in the company.

Research limitations/implications: Based on the results of the research, it was recommended that Omani Integrated Logistics Services company should focus more on using the advanced and digitalized applications to record and present the accounting information.

Social Limitations: This research has added collective knowledge on how the accounting information affects the process of decision making and the rules and regulations for using the accounting information to take managerial decisions.

Originality/ Value: There are some research papers which are available on the topic but they are old ones. There also lack information regarding the influence of technology and smart applications on the process of analyzing and presenting the financial information. This research was an attempt to cover the gaps which were found in the previous research papers and to throw light on the topics which were not covered in the previous research papers.

Keywords: financial information, Omani Integrated Logistics Services, decisions-making process, accounting information decision making

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Introduction

According to Nasdaq in his research paper about the impact of accounting information on the decision making process, they have stated that the accounting system of any company, organization or firm is known as the language of the business and the accounting system which includes the accounting information and data is very helpful and useful in the process of managerial decision making (Nasdaq 2022). From varied researches on the topic, it was revealed that accounting information plays an important role in the process of managerial decision making, e.g. budgeting, planning expenses and investments.

The accounting information is useful and helpful element in the managerial decision making process. This research has proven that accounting information is important and played significant role in affecting the process of managerial decision making; and that there are different challenges, problems and issues which the decision makers may face while dealing with the accounting information to take managerial decisions. This research will provide solutions and ways to help the decision makers avoid problems which they might face.

The accounting information is the backbone on which managerial decision makers rely in the decision making process. (Collier 2015) refers to accounting information as data and information which are about the different activities and transactions of any company, organization or firm which may include information about inventory, machinery, the long term and short term assets, revenue, cost and other financial information. These pieces of information are then transformed into accounting reports which the decision makers will use to take decisions on financial related aspects of the company. Moreover, they will show the current position that the company take in the market. (Bizfluent 2022) stated that there is a strong relationship between the accounting information and the managerial decision making process, and in order to take better decisions,

the managers and the decision makers have to understand and address the accounting information of the company as good decisions would heavily depend on the good understanding of the accounting information. There are different challenges, issues and problems which the management or the decision makers may face while dealing with the accounting information to take managerial decisions such as, challenges related to lack of experience, lack of knowledge and sometimes technology. The main intention of this research is to draw the attention to the important role that the accounting information plays in the managerial decision making process and to find the best ways by which the management and decision makers can avoid making mistakes while using the accounting information to take managerial decisions.

Research Questions

1. What is the importance of accounting information in the managerial decision making process?
2. What are the common mistakes that management do while using the accounting information in taking managerial decision?
3. How does the accounting information affect the process of managerial decision making?
4. What are the best ways to avoid mistakes while using the accounting information in managerial decision making process?
5. How can the management solve the common problems, challenges and issues which they face while using accounting information in the managerial decision making process?

Research objectives:

1. To identify the concept and importance of accounting information in managerial decisions making process.
2. To determine the common mistakes that the management do while using the accounting information to take the managerial decisions.
3. To evaluate the relationship between the accounting information and their effect on the managerial decisions.
4. To explore the best ways to avoid mistakes while using the accounting information in the managerial decisions.
5. To provide solutions to the common problems, challenges and issues which the management deal with them while using the accounting information to take managerial decisions.

Statement of the Research Problem

The research addressed different avenues related to accounting information and its impact on the managerial decision making process. Conducting and preparing this research has helped in providing information about how the management can avoid mistakes while using the accounting information in the process of taking the managerial decisions. This research identified and explored the common challenges, problems and issues which can face the management and the

decision maker while using the accounting information. The main intention of this research was to spot a light on the contribution of the accounting information on the managerial decision making process.

Review of Literature

Impact of the Accounting Information on the Managerial Decision Making Process

The accounting information has a great impact on the managerial decision making process, as it plays an important role in the process of taking any decision which is related to the business environment and business activities. According to many business researchers, they have defined the term accounting information as, the only language by which the companies, organizations and business institutions communicate in terms of financial issues with the external and internal entities (Accounting Tools 2022).

The Benefits of Accounting Information In the Managerial Decision Making Process

The accounting information are useful and beneficial to record and analyze financial information. It will provide the information on the financial health of the business organization, and helps track the position of the business organization in the local and international market. Moreover, the accounting information plays a major role in helping the decision makers and the management to take all the managerial, financial and technical decisions. Researches also revealed that accounting information play important role on financial decisions like if business organization needs to take a loan; or does business organization have enough money to pay the dues and salaries of the employee; can business organization afford opening new branch or expand their business activities? All these things can be known after looking and analyzing the financial reports and the accounting information (Collier 2015).

The Relationship Between Accounting Information and Decision Making Process

The relationship between the accounting information and decision making process is a known as a two way approach. This means that before taking any decision related to the business, the management and the decision makers need to have a look at the accounting information because they will be able to know if they can afford taking the decision or not; also they will be able to know how much cash they have and how much they will spend. This accounting information and accounting data provide lenders, investors, shareholders and business owner's accurate and factual financial information and data which they need to take different decisions for the business. Another importance for the accounting information is that the accounting information help the management to attract the attention of the investors and creditors. This means that the business owners need to show his company's financial statement and income statement to convince the investors to invest their money in the business. Moreover, the investors can decide how much money they have to invest in the business by having a look into the financial information which the management and owner will provide. Managers, owners and the decision makers of any company or business organization need and use the accounting information

because the accounting information will help them to create a budget for their business. The accounting information will also help them in the process of hiring new employees, as well as helping them to decide if they should expand their business or downsizing it. The management and the decision makers need the accounting information because by having a look into the accounting information they can decide if they can afford buying new equipment and pay their dues. By looking at the accounting information the management can know the financial position of the company or institution and this will enable the company or business institutions to take managerial decisions that will benefit them in the long run (Merriam 2022).

The Major Problems, Challenges and Issues which the Management Deal with while using Accounting Information in the Managerial Decision Making Process

There are major problems, challenges and issues which the management and decision makers face while using the accounting information to take any managerial decisions one of the common problems is, large amounts of accounting information which need to be analyzed and addressed. Sometimes the accounting information is inaccurate because of errors in the invoices or in the financial reports in this case the management might face confusions and problems and they may take decisions which are not good for the business. Another challenge which the management and decision makers face is the accounting information are not presented in a clear and accurate way, in order to take excellent business decisions the management and the decision makers need to have appropriate and accurate as well as, up to date accounting information which need to be prepared and presented in a clear way. Because if the accounting information and the financial reports of any company or business organization included any mistakes and wrong information the process of decision making will be affected (Merriam 2022).

Accounting Information and their Importance

The accounting information is known as a way by which any company, firm, organization and business institutions can provide important and meaningful information about their economic position, financial health and the progress of their business activities to all the interested parties such as shareholders, investors and the decision makers. The accounting information also plays an important role in the process of effective planning, control and decision making process. This includes all the decisions which are related to the various aspects of the business organizations and companies. The accounting system is the main and important aspect that plays an active role in the managerial decision making process and the accounting information provide an important information about the financial cost and taxes paid by the different companies, organizations and business institutions, as well as the obligations which the institution or a company must pay (loans, dues and salaries of the employees). All these pieces of information help the company in setting the financial budget and help the decision makers and the management in taking the managerial decisions which positively contribute in developing and improving the commercial activities which are provided by the companies and organizations (Merriam 2022).

Research Methodology

This research follows a descriptive analytics research method. The primary data of this research was collected by using a questionnaire and interview. Samples were selected based on random sampling technique. 53 samples were collected from Omani Integrated Logistics Services Company. The data was collected starting from April all the way to June. The data was collected using online Questionnaire and Interview. Once the data was collected and gathered, the data analyzing was done by using Microsoft Excel.

Findings

Table 1: Gender of the Participants

Gender	Participants	Percentage
Female	19	35.80%
Male	34	64.20%
Total	53	100%

The table of gender of the participants shows that the males responded to the survey questionnaire more than the females, as the table shows that the number of the female participants was 19 and the number of the male participants was 34, the table also shows that the total number of the participants who responded to the survey questionnaire was 53. The table also shows that the percentage of the answers and responses to all the questions in the survey questionnaire from the females' category was about 35.8% and the percentage of the answers and responses to all the questions in the survey questionnaire from the males' category was about 64.2%.

Table 2: Age of the Participants

Age	Age of Participants	Percentage
18-24	12	22.60%
25-34	35	66%
35-45	5	9.40%
Above 45	1	1.90%
Total	53	100%

The table of the age of the participants shows that most participants who responded and answered the questions of the questionnaire are between the age group (25-34), the table also shows that the number of the participants who belong to the age group (25-34) are 35 and the number of the participants who belong to the age group (18-24) was 12. In addition, the table

shows that the number of the participants who belong to the age group (35-45) was 5 and the number of the participants who are above 45 was 1. This means that the percentage of the answers and responses to all the questions in the survey questionnaire from the age group (18-24) was 22.6% on the other hand the percentage of the answers and responses to all the questions in the survey questionnaire from the age group (25-34) was 66%. Moreover, the table of the age of the participants shows that the percentage of the answers and responses to all the questions in the survey questionnaire from the age group (35-45) are greater than the percentage of the answers and responses to all the questions in the survey questionnaire from the age group (above 45) as the table shows that the percentage of the answers and responses to all the questions in the survey questionnaire from the age group (35-45) was 9.4% and the table shows that the percentage of the answers and responses to all the questions in the survey questionnaire from the age group (above 45) was 1.9%.

Table 3: Question 1

The accounting system of any company, organization or firm is considered as the language of business of that company, organization or firm.

Question 1	Participants	Percentage
Agree	26	49.10%
Strongly Agree	19	35.80%
Disagree	4	7.50%
Strongly Disagree	4	7.50%
Total	53	100%

The table shows that the participants of the survey questionnaire who strongly agreed on the statement who says that "the accounting system of any company, organization or firm is known as the language of business of that company, organization or firm" was 19 (35.8%) as well as, the table shows that the participants of the survey questionnaire who agreed on the statement was 26 (49.1%). On the other hand, the results of the respondent's answers shows that the participants of the survey questionnaire who strongly disagreed with the statement was 4 (7.5%) and the results of the respondent's answers shows that the participants of the survey questionnaire who disagreed with the statement was also 4 (7.50%).

Table 4: Question 2

Accounting information is considered as the main element which the company uses while taking any decisions related to managerial department.

Question 2	Participants.	Percentage.
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Yes.	39	73.60%
No.	14	26.40%
Total	53	100%

The results shows that the number of the participant who think that the accounting information is considered as the main element which the company uses while taking any decisions related to the managerial department was 39 (73.6%) on the other hand the results shows that the number of the participant who don't think that the accounting information is considered as the main element which the company uses while taking any decisions related to the managerial department was 14 (26.4%).

Question 3

Why do you think accounting information is known as the most important element in the managerial decision-making process?

The responses to this question were different; each respondent gave his opinion about the statement, some respondents gave interesting answers such as:

1. The financial reports and financial information helped the company and management to take better decisions and based on the financial reports the management take decisions related to management and other parts of the company.
2. Accounting information includes information about the financial health of the company and by using them the company takes most of its decisions.
3. The accounting information was known as the most important elements in the managerial decision making process, because the accounting information are the basis on which the company relies and the accounting information are considered as important reference that help the company to improve its financial health and position in the market.
4. The accounting information was known as the most important elements in the managerial decision making process because by using the accounting information company or organization can determine several matters related to financial decisions and other decisions related to other matters in the company.
5. Accounting information provides an overview for the investors and accounting information plays an important role in convincing investors to invest and corporate with the company.

Table 5: Question 4

The mistakes that management do while using the different accounting reports affect the process of taking effective managerial decisions.

Question	Participant	percentage
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4		
Yes	33	62.30%
No	7	13.20%
Maybe	13	24.50%
Total.	53	100

The table shows that the number of respondents who think that mistakes that management do while using the different accounting reports affect the process of taking effective managerial decisions was 33 (62.3%). On the other hand, the number of respondents who said maybe that mistakes that management do while using the different accounting reports affect the process of taking effective managerial decisions is 13 (24.5%). The respondents who don't think the mistakes that management do while using the different accounting reports affect the process of taking effective managerial decisions was 7 (13.2%).

Question 5

How the company will avoid repeating the mistakes while using the accounting information in the managerial decision making process?

The responses to this question were different; each respondent gave his opinion about the statement, some respondent gave interesting answers such as:

1. The company can try to update its cashbook and need to record each and every small transaction between them and between different parties, this will be beneficial and it might help the company to avoid repeating the mistakes while using accounting information in the process of managerial decision making process.
2. While preparing the accounting reports, financial statements and cashbooks as well as the notes and income statement, it's better to understand either accrual accounting or cash basis accounting because either step would be helpful to help the management in the process of managerial decision making.
3. To avoid repeating the same mistakes, the accounting department needs to use advanced and new accounting methods to make understanding the accounting information easier. By doing this, the management will not face problems regarding understanding of the accounting information and they will be able to use the accounting information in taking useful and beneficial managerial decisions.
4. The management in the company should alert the accounting department and they should explain to the accounting department that they need to pay attention and focus during the preparation of the accounting reports and while entering the accounting information into the system. Doing so might help the company's management in reducing the mistakes and errors in the financial reports, and therefore the decision-making process will be easy and effective.

5. By adopting the new and advanced applications the company, can avoid repeating the mistakes while using the accounting information to take managerial decisions.
6. Draw the attention of the employees in the accounting department to the importance of focusing on analyzing and writing accounting reports that contain correct and accurate information.
7. Company can avoid repeating the same mistakes if they pay attention to the reasons which made them fall into that mistake.
8. Establishing strict and clear rules to force the accounting department to focus while preparing and entering the financial reports and accounting information.
9. Reviewing previous errors and addressing them can help the company in avoiding repeating the same mistakes while using the accounting information in the process of managerial decision making.
10. Making the decision while having an accountant in the decision committee will make it easier for the management to understand the information contained in the accounting reports, and therefore the process of making managerial decisions will be easy and free from errors and mistakes.

Table 6: Question 6

The accounting information is helpful and useful and they play an important role in helping the decision makers in the process of managerial decision making.

Question 6	Participants.	Percentage.
Agree.	21	39.60%
Strongly Agree.	23	43.40%
Disagree.	5	9.40%
Strongly Disagree.	4	7.50%
Total	53	100%

The table shows that the participants who supported the statement which says “that the accounting information is helpful and useful and they play an important role in helping the decision makers in the process of managerial decision making” are 21 (39.6%) participants. On the other hand, the table also shows that the participants who strongly supported the statement are 23 (43.4%) participants. Moreover, the table shows that the participants who did not supported the statement are 5 participants, on the other hand, the table shows that the participants who strongly did not supported the statement are 4 (7.50%) participants.

Findings

There is a strong relationship between the accounting information and the managerial decision making process. In order to take better decisions, the managers and the decision makers have to understand and address the accounting information of the company as the good decisions heavily rely on the good understanding of the accounting information. There are different challenges,

issues and problems which the management or the decision makers may face while dealing with the accounting information to take managerial decisions such as, challenges related to lack of experience, lack of knowledge. This research focused on dragging the attention to the important role that the accounting information plays in the managerial decision making process.

Conclusions

This research proves that the accounting information plays an important role in the managerial decision making process in the company. The accounting information is the most important element which the management and decision making team rely on while taking any decision related to managerial aspect. The accounting information is the backbone on which the process of managerial decisions making depend on, and the accounting information is a mirror which give the investors and shareholders an overview about the financial health of the company. The investors take a look at the accounting information which are provided in the financial report of the company before they can decide if they will invest their money in the company or not. The accounting information and the accounting system of the company are known as the language of the business of that company. The technology and smart application and applying them to present and record the accounting information can help the company to avoid the mistakes while using the accounting information in the decision making process. If the company wants to help the accounting department in reducing the mistakes while preparing the accounting reports they have to give the employees time to prepare the financial reports and give them chance to correct the mistakes, if there's any. The company should encourage the use of smart and advanced ways to record the accounting data and to develop and prepare the accounting reports.

Recommendations

If the company wants to sustain its business activities and if they want to maintain their financial position in the market, they need to focus on taking effective managerial and other type of decisions. The company needs to drag attention of its accounting department about the importance of providing accurate and mistakes free accounting reports and the relationship between the effective decision making process and the accounting information. The company needs to appreciate the efforts of its employees in the different departments especially the accounting department because this will give the employees sense of satisfaction and relief. The company needs to always seek for the latest and advanced ways and strategies which will help the accounting department and other departments in recording the data and information without facing any problems or challenges.

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