

# The Impact of Accounting Information on the Managerial Decision Making Process: Case of Omani Integrated Logistics Services (SAOG)

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## ABSTRACT

This research aims to provide understanding on how the accounting information contributes and affects the decision making process of the company. This research has focused on providing solutions for the common mistakes which the management fall into while using the accounting information to take any managerial decisions. Conducting and preparing this research project helped in providing information about how can the management avoid mistakes while using the accounting information in the process of taking the managerial decisions. This research has identified and explored the common challenges, problems and issues faced by the management while using the accounting information to take the managerial decisions; and has collected data using both the primary and secondary sources. Survey questionnaires were distributed to selected senior employees and managers of the company who understood very well the accounting information processes. The main finding of the study includes the use of smart and modern ways to record the accounting information and accounting data which helped the employees in doing their accounting decision making tasks.

## Background of the Research

According to Krit and Othman (2019) in their research paper about the impact of accounting information on the decision making process, they have stated that the accounting system of any company, organization and firm 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. According to the different researchers on the topic impact of accounting information on the process of managerial decision making, they have said that the accounting information played an important role in the process of managerial decision making. In the case study research about the impact of accounting information on the managerial decision making process of Oman Integrated Logistics Services company; the main focus of the research will be to prove that the accounting information is important and they played large role in affecting the process of managerial decision making as well as there are different challenges, problems and issues which the decision makers may face while dealing with the accounting information to take managerial decisions. In addition, this research project will spot a light on these challenges, issues and problems; and propose solutions and ways to help the decision makers avoid those identified challenges and problems.

## Research Problem

The research project will focus on identifying the concept of accounting information and its impact on the managerial decision making process. It will provide information which are related to the relationship between the accounting

information and the managerial decision making process. It will identify and explore the common challenges, problems and issues of the management and the decision maker while using the accounting information.

## **Aims of the Study**

This research aims to provide understanding on how the accounting information will affect the decision making process of the company. It will provide recommendations on the common mistakes and challenges which the management fall into while using the accounting information to take any managerial decisions.

## **Research Objectives**

1. To identify the importance of accounting information in managerial decision making process.
2. To determine the common challenges and mistakes that management faced 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 while using the accounting information to take managerial decisions.

## **Research Questions**

1. What is/are the importance of accounting information in the managerial decision making process?
2. What are the common challenges and mistakes that management do while using the accounting information to take the 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 the managerial decision making process?
5. How can the management solve the common problems, challenges and issues which they faced while using accounting information in the managerial decision making process?

## **Literature Review**

The accounting information has a great impact on the managerial decision making process. It has played 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 contact with the external and internal world (Finance Management 2022).

Accounting information has many benefits and they are very helpful in the process of managerial decision making process. The accounting information are useful and beneficial and it is very important to record and analyze financial information because accounting information will provide a lot of information about the financial health of

the business organization, companies and institutions. In addition, it will help to track the position of the business organization, companies and institutions 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. Accounting information are important aspects in the process of decision making because by having a look into the financial report and accounting information of the company or any business institution, the management and decision makers can decide many things such as- does the company or the business organization need to take a loan? Does business organization or company has enough money to pay the dues and salaries of the employee? Does the company's and business organization's financial health good or bad? Can the company or 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 financial information of the company (Daniela 2021).

The relationship between the accounting information and decision making process is a two way process. 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. They will be able to know how much cash they have and how much they will spend. The question that comes in mind when we say accounting information is how does they contribute in the decision making process and why they are important? Accounting information helped 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 to them. The 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. It will help the managers, owners and decision makers 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 would know the financial position of the company or institution and this will enable the company or business institutions to take managerial decisions that they will have benefits for this type of business activities.

## Research Methodology

This research report depends on information and data which are collected and gathered from different resources, such as primary and secondary sources. The primary sources by which the data were collected and gathered were the interviews and questionnaire which were distributed to the company's management members and decision makers. The secondary sources by which the data and information were gathered are academic articles and journals as well as academic websites and different printed and online books. Common sites which were used to get and collect the information and data are Researchgate, Google scholar and Masader and MEC library.

The 132 population of this research involves the management members and the decision makers of the company. The 53 sampling size of the study was calculated using Raosoft sampling size calculator. The sampling technique used in this research is the non- probability stratified random sampling.

## Data Analysis Techniques

### *Demographic Analysis*

#### Gender:

**Table 1.0.** Gender of the Respondents

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

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

### Age

**Table 2.0.** Age of the Respondents

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 showed that most participants who responded and answered the questions of the questionnaire are between the age group (25-34), the table also showed that the number of the participants who belong to the age group (25-34) is 35 and the number of the participants who belong to the age group (18-24) is 12, in addition the table shows that the number of the participants who belong to the age group (35-45) is 5 and the number of the participants who are above 45 is 1.

### Question Two

**Table 3.0.** Question 2 – Is accounting information the main element which the company uses when taking managerial related decision?

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

The results showed that the number of the participants who think that the accounting information is considered as the main element which the company uses while taking any managerial related decisions is 39 (73.60%). On the other

hand the results showed that the number of the participants who don't think that the accounting information is considered as the main element which the company uses while taking any decisions is 14 (26.4%).

### Question Three

**Table 4.0.** Question 3

Question 3	Participant	percentage
Yes	33	62.30%
No	7	13.20%
Neutral	13	24.50%
<b>Total</b>	53	100

The table below showed 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 is 33 (62.30%). On the other hand, the number of respondents who said that the mistakes that management do while using the different accounting reports did not affect the process of taking effective managerial decisions is 7 (13.20%); and the rest of the respondents are neutral (24.5%).

## Conclusion and Recommendation

Respondents had expressed and shared their ideas and thoughts about the best ways to avoid mistakes during the use of accounting information in the process of managerial decision making. Some of them has said that high focus and work in a quiet and good business environment would hugely affect in auditing the financial reports that have been completed before entering the accounting information into the system and before handing it over to the management of the company. 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. All companies and institutions must strive to provide the appropriate work environment for employees for several reasons. The most important of which is that the right work environment helps increase the productivity of employees as it gives them a sense of comfort, so that employees will perform all their tasks easily and without problems. The company sees that it is necessary to take the opinion of its employees in accounting department if they made mistakes when they used the accounting information in the process of managerial decisions making. Many other information and ideas as well as solutions were provided by the respondents to help the accounting department and the management in having any problems while using the accounting information in taking any managerial decisions. 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. The company needs to appreciate the efforts of its employees from 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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