

Axis 6: Accounting information and decision-making

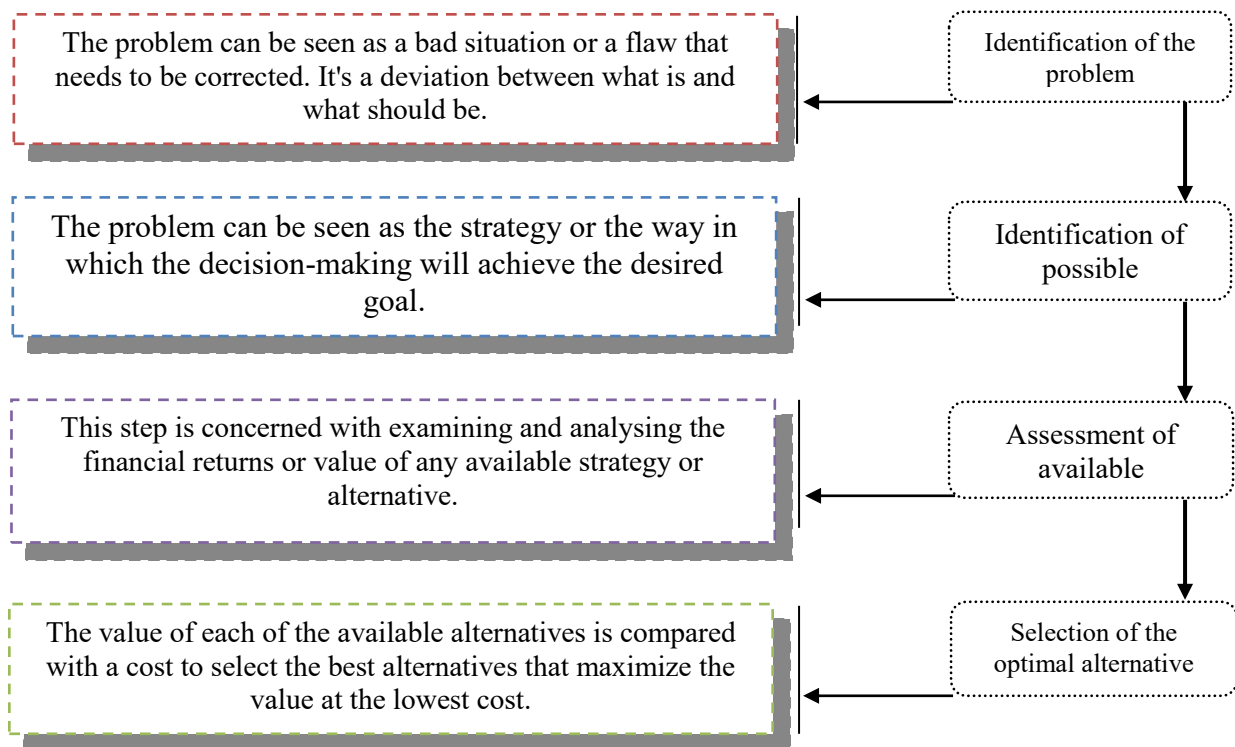
The key role of the enterprise accounting information system is decision-making, which is a key management function, a trade-off between a range of available alternatives in the light of the limited resources to select the best alternatives that achieve the objectives at the lowest possible cost, the greatest return and the most efficient.

As a result of the large size of the units and the complexity of their operations, the increase in the variables affecting the various decisions resulting in the increased need of management for modern methods to solve their various problems, as well as the importance of the information provided by the accounting system necessary for decision-making, had to be sought at the lowest cost of production because sound information led to sound decisions. Thus, the accounting information provided by the accounting system would undoubtedly assist in the appropriate decision-making process, which underscored the important role of information systems for decision-making.

When confronted with a problem, the decision-maker faces the urgent need to obtain as much information as is available on the problem. Decision-making must pay attention not only to the value of the information to its users but also to the cost of obtaining it, so that it is meaningful for the decision-maker.

In general, the value of information is measured by the change in the behaviour of the decision resulting from the acquisition of such information, after excluding the cost of obtaining it.

Thus, the relationship between the accounting information system and the decision-making process is based first and foremost on information, which is illustrated in the following form:



From previous concepts, it can be said that the decision in general is the final decision of the decision-maker on what must and must not be done to arrive at a particular situation with a specific and final result. The decision is the best alternative to solving the problem or the solution itself. The financial decision is, in particular, the action of the financial management to answer two important questions: how to choose the appropriate investment on the one hand and the sources available for its financing on the other. Here, the task of the Director of Finance is to reconcile these resolutions in order to maximize the wealth of the shareholders and thus the value of the economic enterprise, on the one hand, as well as to preserve and meet the funds of others within the prescribed time limits, on the other.