# DOWNLOAD PDF DECISION ACCOUNTING

## Chapter 1 : Accounting Information on Decision Making Process - ArticlesNG

*Decision Making and the Role of Accounting 3 used have developed from the earliest known accounting records. As a profession, accounting has evolved in response to society's need for economic information to.*

The accounting information is very important for the management or the decision making the body of an organization. To make a decision, it has to be based on genuine facts and figures. For making a decision at every level of management , information is crucial. Accounting gives the management the information regarding the financial position of the business, such as; profit and loss, cost and earnings, liabilities and assets, etc. That is why the importance of accounting in business is very large. For making the right decision, Management depends on statistical data and information that accounting provides. The main object of Accounting is to record financial transactions systematically in the books of accounts and to find out the profit-loss and financial position of a business. Ascertainment of profit-loss and financial position, interpretation and analysis of accounts and statements, development of accounting system, a collection of statistical and economic data, formulation of financial principles and financial planning and controlling results as per plan etc. In the modem age, Accounting is directly related with financial management. Due to entity concept and management, joint stock Company, developed means of communication and international business etc. Accounting prevents the misuse of assets, increases production and profit, controls costs and helps increase the efficiency of the overall management. The role of management is very important in the overall development of a business organization. The functions of management are planning , organizing, collecting business elements, motivating , coordinating, controlling and budgeting etc. Successful completion of these functions of management depends on an efficient accounting system. Accounting is a continuous system that shows the financial position of a business entity by identifying the economic events and recording, analyzing and presenting them. Accounting Importance in Organization Accounting plays a very vital role in the proper execution of the important functions of management organization. Accounting helps management-organization by providing information like percentage of profit over the capital, capital investment position, management efficiency in controlling etc. Financial reward is one of the main motivating factors of work. The management is to be aware of the financial position of the business for providing financial benefits. Accounting helps the management by providing necessary information for taking proper decisions. Accounting Importance for Co-ordination One of the main functions of management is to achieve the final target of the business by coordinating various activities of different departments. Accounting helps in coordinating various activities of different departments of the business. It also helps the management in the adjustment of purchase with sales, an expenditure with income, sales with debt receivable realization etc. Accounting Importance in Control The main functions of the modem management are planning and controlling. Controlling is essential for completion of activities according to plan. Accounting can help management much in control. Accounting Importance Media of Communication Accounting plays a vital role as a media in communicating various information from different departments, business, and management plan of actions to various departments. For instance, in the modem age; Accounting is regarded as the best media of communication in supplying information to management regarding purchase and stock, time of purchase, cost of purchase and sales price etc. Besides, the function of Accounting is to collect and provide information about the business to various interested parties. The historical information which is needed in preparation of the budget is supplied by Accounting. In the modem age with the complexities of business management has also become complex. In this aspect, the role of accounting is very important. The efficiency of management depends on the efficient use of accounting data and information. In the developed countries accountants are regarded as efficient and successful managers. In the modem age, in big organizations accountants are included in the management committee. It can be said that Accounting and Management are interdependent. Accounting is an essential tool of management. It is required at every step of an organization. And accounting information is very required for the management. Accounting aids management in planning, organization, motivation, coordination control, budgeting. Accounting delivers the financial and economic information that an organization managing process is needed. Management is the internal use of the accounting information. It this competitive business world management has to be swift and dexterous in its decision making. Accounting gives the information that enables the management to make the important decisions for the business.

## Chapter 2 : How does financial accounting help decision making? | Investopedia

*Every organized society needs information about its activities and accomplishments. Accounting was created to fulfill this need. In this module we will explore how accounting was designed to meet the needs of decision makers and what this means to you as a user of accounting information.*

Maximization psychology Herbert A. Further psychological research has identified individual differences between two cognitive styles: Maximizers tend to take longer making decisions due to the need to maximize performance across all variables and make tradeoffs carefully; they also tend to more often regret their decisions perhaps because they are more able than satisficers to recognise that a decision turned out to be sub-optimal. System 1 is a bottom-up, fast, and implicit system of decision-making, while system 2 is a top-down, slow, and explicit system of decision-making. In his analysis on styles and methods, Katsenelinboigen referred to the game of chess, saying that "chess does disclose various methods of operation, notably the creation of predisposition-methods which may be applicable to other, more complex systems. Both styles are utilized in the game of chess. According to Katsenelinboigen, the two styles reflect two basic approaches to uncertainty: The combinational style is characterized by: In defining the combinational style in chess, Katsenelinboigen wrote: The objective is implemented via a well-defined, and in some cases, unique sequence of moves aimed at reaching the set goal. As a rule, this sequence leaves no options for the opponent. This approach is the crux of the combination and the combinational style of play. In playing the positional style, the player must evaluate relational and material parameters as independent variables. The positional style gives the player the opportunity to develop a position until it becomes pregnant with a combination. The terminal points on these dimensions are: For example, someone who scored near the thinking, extroversion, sensing, and judgment ends of the dimensions would tend to have a logical, analytical, objective, critical, and empirical decision-making style. However, some psychologists say that the MBTI lacks reliability and validity and is poorly constructed. For example, Maris Martinsons has found that American, Japanese and Chinese business leaders each exhibit a distinctive national style of decision-making. Several brain structures, including the anterior cingulate cortex ACC , orbitofrontal cortex and the overlapping ventromedial prefrontal cortex are believed to be involved in decision-making processes. A neuroimaging study [40] found distinctive patterns of neural activation in these regions depending on whether decisions were made on the basis of perceived personal volition or following directions from someone else. Patients with damage to the ventromedial prefrontal cortex have difficulty making advantageous decisions. A study of a two-alternative forced choice task involving rhesus monkeys found that neurons in the parietal cortex not only represent the formation of a decision [42] but also signal the degree of certainty or "confidence" associated with the decision. Emotions in decision-making Emotion appears able to aid the decision-making process. The somatic marker hypothesis is a neurobiological theory of how decisions are made in the face of uncertain outcome. Barbey and colleagues provided evidence to help discover the neural mechanisms of emotional intelligence. Please help improve this article by adding citations to reliable sources. Unsourced material may be challenged and removed. May Learn how and when to remove this template message During their adolescent years, teens are known for their high-risk behaviors and rash decisions. Recent research[ citation needed ] has shown that there are differences in cognitive processes between adolescents and adults during decision-making. Researchers have concluded that differences in decision-making are not due to a lack of logic or reasoning, but more due to the immaturity of psychosocial capacities that influence decision-making. Examples of their undeveloped capacities which influence decision-making would be impulse control, emotion regulation, delayed gratification and resistance to peer pressure. In the past, researchers have thought that adolescent behavior was simply due to incompetency regarding decision-making. Currently, researchers have concluded that adults and adolescents are both competent decision-makers, not just adults. Recent research[ citation needed ] has shown that risk-taking behaviors in adolescents may be the product of interactions between the socioemotional brain network and its cognitive-control network. The socioemotional part of the brain processes social and emotional stimuli and has been shown to be important in reward processing. The cognitive-control network assists in planning and self-regulation. Both of these sections of the brain change over the course of puberty. However, the socioemotional network changes quickly and abruptly, while the cognitive-control network changes more gradually. Because of this difference in change, the cognitive-control network, which usually regulates the socioemotional network, struggles to control the socioemotional network when psychosocial capacities are present. Because teens often gain a sense of reward from risk-taking behaviors, their repetition becomes ever more probable due to the reward experienced. In this, the process mirrors addiction. Teens can become addicted to risky behavior because they are in a high state of arousal and are rewarded for it not only by their own internal functions but also by their peers around them. Adults are generally better able to control their risk-taking because their cognitive-control system has matured enough to the point where it can control the socioemotional network, even in the context of high arousal or when psychosocial capacities are present. Also, adults are less likely to find themselves in situations that push them to do risky things. For example, teens are more likely to be around peers who peer pressure them into doing things, while adults are not as exposed to this sort of social setting.

# DOWNLOAD PDF DECISION ACCOUNTING

## Chapter 3 : Accounting - Wikipedia

*Accounting Information on Decision Making Process. Accounting is a word by which every business organizations, establishment, firms etc, accounting terms are used by investors, bankers, management owners lawyers or accountants.*

Why are Accounting Ethics Important? The discussion of accounting ethics has declined in recent years as the Enron and WorldCom debacles have receded from memory. Furthermore, the perceived excesses and criticism of the Wall Street crowd during the financial crisis has further pushed something as unglamorous as accounting ethics out of the public eye. Recent events have, if anything, reinforced the need for the practitioners of accounting to act in an ethical manner and fairly portray the financial performance of the entities they work for. These people contribute to pensions, work for companies, actively invest, or are in some other way a stakeholder in a company somewhere. In a broad definition like that pretty much every individual is in some way impacted by the decisions and actions an accountant makes. This is not said to glorify the importance of the profession but more to underline the importance of these individuals applying high ethical standards to their work. These accounting guidelines frame the way in which transactions and balances are assessed and reported. There can be many reasons why accountants can act in unethical manners. Typically most reasons somehow tie back to a financial one as the pay out, through stock price or something as direct as steal cash, can be substantial. Many of the accounting scandals of the past, i. WorldCom and Enron, saw individuals gain vast sums of money through the application of unethical accounting practices. Additionally, many companies under pressure to deliver results or avoid a loss can apply poor accounting ethics to their decision making. In a sense this is financial also, but more in a capacity to avoid the company being penalized by the market or individuals losing their jobs. Who regulates Accounting Ethics? With such a small group of individuals being required to operate ethically, who makes sure this is being done? Most national accounting bodies form their own ethics committees that are responsible for establishing ethical guidelines and enforcing those guidelines. In America the American Institute of Certified Public Accountants has an ethics committee that sets these standards at a national level, in participation with the state level institutes. Enforcement is also performed by these bodies and can see accountants suspended or stripped of their accounting designation for unethical behaviour. For many accountants that, aside from personal values, is the main disincentive to committing an unethical act as the loss of their designation means the loss of their jobs and ability to work. Enforcement is also performed by various legal bodies as well as the SEC, which has punished accountants and accounting firms for various unethical behaviours. Many are critical of this arrangement as it leaves the management and guidance of ethical accounting in the hands of the accountants themselves. That said this is countered by the argument that those involved in the profession have a vested interested in maintaining the professions public image and reputation. So while accounting ethics may sound boring and abstract it is something that has an impact the lives of most people. While no one is going to provide accolades for the daily ethical decisions made, we all see the impact of when unethical decisions are made and can see how the lives and savings of people can be impacted. By Jeffrey Glen Copyrighted

## Chapter 4 : Accounting Judgment: Basics | calendrierdelascience.com

*Although, decision-making research in accounting has a long history beginning in the s, researchers have approached managerial decisions more in terms of managerial accounting and less of financial accounting.*

Arise Warren and Phielp E. Fees principles of accounting P. It means a specific accounting action being considered by management. In applying this concept of relevance it is important to note or recognize some accounting information, that are of high degree of relevance for one to use. It means that there is need for accounting records to contain in an accurate data of records and proper update information outdated data can lead unwise decision. In some cases time timeliness concept may require the accountant to prepare a report. On the pre-arranged scheduled such as daily weekly or monthly work. In the other cases, reports are prepared in regular bases or only when needed. It means the need for report to be correct within a constraint of the report is vital. If the report is not precise e. And inaccurate report of a customer tax payment is presented to the management, an unwise decision would be taken in order to grant a credit. As previously indicated, the concept of accuracy must be applied within the constraints of the use to be jade of the report in other records, there are occasions when accuracy should be scarified for less precise data that are worse useful to management e. In addition, it should be noted that there are inherent inaccuracy accounting data that are based in estimate and approximates e. The cost of other product would be limited. Usefulness in establishing the product selling price. It refers to as the need for report to be clear and understandable. Informal and contents reports that are clear and understandable will enable management to focus on significant factor in planning and controlling operations that is reports on actual are expected to analysis. It refers to as the equipment that the report should be brief and straight to the point. Although the report must be completed and include all relevant information. The inclusion of unnecessary information wastes management time and makes it more difficult for management. Management should usually be broad in scope and present summaries of data rather than small defiles. In applying these guidelines. Consideration must be given to the specific needs of manager and the reports. In preparing reports cost are incurred and a primary consideration is that the value of the management report must at least be equal to the cost of producing them. This covering cost benefit evaluation must be considered, no matter how information report may be. Therefore a report should not be prepared if its cost exceeds the benefit derived by users. Bankers and suppliers need accounting information with which to appraises the asses the risk involved in making loans and granting credit. Lending loans and granting credit to government agencies are concerned with the financial activities of the business organization for purpose of taxation and regulation. Employer and their union representative are vitally interested in the stability and probability of the organization that hire them. The independent individual whoa re must involved with the end of product of accounting are those charged with the responsibility of directing the operation of the enterprises. They are of term referred to as management managers relay upon accounting current operation. Diagrammatically illustration of the process of producing accounting information to users are as follows. From the above diagram it is clear that accounting is a language which communicates financial information to people who have an interest in organizational, managers, shareholder and potential investors, employees, creditors and the government managers require accounting information which would assist them in their decision making and control activities for examples, information needed on the estimated selling prices, costs demand competitive position and profitability or various products which are made by the organizational shareholders, requires accounting information on the value of the investment of the income which derived from their shareholding. Government agencies like the statistical officers collect accounting information and need such information for the details of sales activities, profits investment, stock, dividend paid, the proportion of profit absorbed by taxation and so on in addition the inland revenue needs accountants information taxation. All these information are important for determining policies to manage the economy. Accounting information is not confined to business organization above, accounting information for the individual is also important for instance, credit will only be extended to an individual after the portative borrower has finished a reasonable accounting for his private financial affairs. Non profitable organization such as churches, charitable organization, club and government units such as local authorities also require accounting information for decision making and for reporting a result of their activities. For instance a sport club will require information on the costs of undertaking the various activities so that decision will be made on resources which must be raised to financial them. An examination of a various users of accounting information indicates that they can be sub-divided into two categories. Internal parties â€” within the organization 2. The above categorization of users into internal and external users presuppose that they need the information for different purposes. Thus the kinds of accounting information has need for a different one. In fact, accounting information system is one of the largest information system in most organization. There is need to review the tolls of accounting information which are as follows 1. Structuring management accounting information 2. Expressing information in equation form 4. Expressing information in graph form All these tools review are made to attain goals and objectives, the information provided by the accountant for manager by the accounting system must be designed to help them reach their goals. The first tool, therefore inloves the recognition that management accounting in formation can and should instructured in terms of comparing some standard, budget or objectives. When the accountant or manager master this tool, this key idea, he recognizes that the decision process must some how take on this structured of evaluating information against a standard before a decision can be made. Obviously, data are unless without a standard to compare them against. These tools are therefore for availability of fore crust and ability of the analyst, whether the accountant or a manager to structure accounting information in terms of comparison relevant information terms of decision to attain certain standards or objectives. Financial management accounting iii. Method of gathering data c. Purpose of report d. Time period covered by the report e. Form of final report f. Receivers of the final report. Financial accounting is concerned with the periodic preparation of various reports from such records. The report which may be used for general purpose or for specified purpose which provides useful information for managers, owners, creditors, government agency and the general public of a particular importance to financial accounting. There are the principles of accounting termed generally accepted accounting among principles by outsider such as stockholder and creditors, for accurate financial statement for use in judging the performance of management accounting or corporation enterprises they must use this principle in preparing their annual reports on portability and financial statement for their stockholders and the investing public. The end products of financial accounting information are embedded in the annual report and account. Net profit before interest and tax Net sales The gross profit margin: It is a measure of the efficiency of a firm ales operation with respect to the cost of goods sold. This good planning and control of cost of goods sold and mark up and margin gross sales are respectively.

## Chapter 5 : Importance of Accounting in Business Organization

*An accounting manager creates operational reports on a company's financial operations that enable its leaders to steer their direction toward greater profitability and sustained growth.*

## Chapter 6 : Decision-making - Wikipedia

*Read a brief overview of some areas where financial accounting helps in decision making for investors, lending institutions and business managers.*

## Chapter 7 : The Role of Accounting Management in Decision Making | Bizfluent

*To evaluate this decision, an accounting manager could examine the costs that differ between advertising alternatives for each product, ignoring common costs. This process is known as relevant.*

## Chapter 8 : What is decision making? definition and meaning - calendrierdelascience.com

# DOWNLOAD PDF DECISION ACCOUNTING

*Official page for Accounting Analysis & Decision Making Competitive Event. Includes study guides, quizzes, practice tests, competencies, guidelines to help you prepare for the Accounting Analysis & Decision Making Competitive Event.*

## Chapter 9 : Make-or-Buy Decision | Factors | Example

*Make-or-Buy decision (also called the outsourcing decision) is a judgment made by management whether to make a component internally or buy it from the market. While making the decision, both qualitative and quantitate factors must be considered.*