**INFORMATION FOR THE PURPOSE OF MAKING VIABLE MANAGEMENT DEISIONS.**

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Financial information is anything related to the financial activities and performance of a business. This information is obtained from financial statements or reports that cover a specific aspect of a business’s finances. Financial statements are a set of documents that show the company’s financial status at a specific period. They include balance sheet, income statement, cashflow statement and statement of retained earnings.

Financial information analysis is a cornerstone of making smarter, more strategic decisions based on the underlying financial data of a company. Whether corporate, investment, or technical analysis, analysts use data to explore trends, understand growth, seek areas of risk, and support decision-making. The term financial information is viewed to have increasing effects on the enterprises, occupying model fields and management analysis. Economic information contains views from different fields and information as found in any other system. In most cases, this information is derived from the economic database (Tickell, 2010). Resources are relatively scarce and limited and so management in most cases finds itself confronted with the decision-making problem. In this regard, good financial information should be accessible to offer suitable and precise decision-making that could lead to maximization of profitability of an organization and utilization of scarce resource optimally.

Accounting unit in any organization is the major source of financial information and it has the role of summarizing, interpreting, giving a recording platform and analyzing financial information. Source documents are also prepared and basic data recorded to ledger which is viewed as formal record data. One category of information recognized as „learning machine‟ is the finacial information which helps managers gauge how quality financial power can lead to accomplishment of objectives considering available alternatives for decisions. Managers heavily rely on Accounting and financial information in making managerial decisions which in their opinion is important. Accounting is normally viewed as the language used in all businesses. In simple terms, it is a tool used by business enterprises to record, report, evaluating economic events & transactions that normally affect its operations (Paulson, 2006). Accounting takes the role of processing all financial performance documents from payroll, cost, capital expenditure and all other obligations of owner‟s equity and sales revenue. Information is provided from accounting about how a business relates to the internal and external users, including, investors, managers, and others (Woods, 2008). One of the most important features that saturate organizations is management decision and it shows its failure or progress in achieving already set goals and objectives.

Decision making process requires information – financial and non-financial information as well. The most important financial information needed in the process of business decision comes from accounting. Therefore, accounting is a service function to management. It, basically, processes or gathers and studies “raw data” and converts them into suitable information in the process of decision making. In order to improve the usage of financial information in the context of the decision making process, financial statements should be analyzed. In that context, financial information analysis can be described as the process where data is converted from financial statements into usable information for business quality measurement by different analytical techniques, which is very important in the process of rational management.

Information advantage is the greater qualitative characteristic of accounting information which can increase the organization’s ability to evaluate, assess, and predict the economic events with accuracy and clarity. Financial information effectiveness refers to good results of the reports that reflect the position of financial and operating results, which are true and can be relied on. The results can therefore be used to support decision making or foretelling future performance of an organization. The main purpose of financial information to the managers is to provide relevant and timely information that can help them in decision-making (Pongsatitpat & Ussahawanitchakit, 2012). Decision-making is mainly concerned with actions that are to take place in the future (Bello, 2009) or financial information that is the foundation of internal financial information to assist managers to make defined decisions. Krumwiede et al. (2007) and Zager and Zager (2006) state that information generated from financial records is of great help when making decisions. Management decision making is one of the most significant features that encompass ideally the whole organization and takes into account its moving forward and/or failure in actualization of pre-determined goals and objectives. Current business enterprises find themselves in the middle of global uncertainties, stiff competition locally and internationally and unprecedented variations in the economy (Tickell, 2010). For these reason, managers are expected to make informed decisions if the organization is to move forward as the success. However, the quality of decisions taken by managers highly depend on the substance and accurateness of information given by systems existing around them (Nooraie, 2011).

Since decision making has an enduring effect on businesses, it is important to analyze financial information for producing a better strategic assessment. Normally top management takes this kind of long-term planned decisions and allocates company’s core assets to achieve that goal (Eugenia & Tiberius, 2013). Decision making results in strategic decisions which are amongst the most distinctive results in a business and they use these for defining goals and direction for long-term development (Yatim, 2009). Top management is tasked in these kinds of decisions. A strategic decision that is wrong has a negative effect on the company. This ultimately puts a lot of accountability on the strategic decision maker (Trimisiu Tunji, 2012).

The decision making process requires information. Accounting provides important information for decision making. Accounting can be divided into financial accounting and management accounting. Financial accounting relates on reporting a firm's financial information to external users and management accounting relates on measuring, analyzing and reporting for internal using by management.

(Woods, 2008). Management accounting provides financial and non-financial information to make managerial decisions (Zager & Zager, 2006).

Financial information analysis comes before the management process that is before the process of planning which is the component of the management process. Planning is very important for good management. Good financial plan has to consider all company’s strength and weaknesses. The task of financial information analysis is to recognize good characteristics of the company so that the management could use the most of those advantages, but also to recognize company’s weaknesses in order to take corrective actions. Because of that, it can be said that management of the company is the most significant user of financial statement analysis.

In the process of financial information analysis it is possible to use the whole range of different instruments and procedures. First of all, it considers comparative financial statements and the horizontal analysis procedure together with structural financial statements and the vertical analysis procedure. By horizontal analysis which is based on the comparative financial statements managers try to examine the tendency and dynamics of changes of particular basic financial statements positions. They estimate business efficiency and security of the company on the basis of observed changes. On the other hand, structural financial statements are the base for vertical analysis which allows insight into financial statement structure. Financial statements structure is very significant in the context of business quality.

Accounting information system prepares the whole range of different information for different users. managers can measure and examine the business quality of the entire company on the basis of accounting and financial information. In that context they examine true and fair presentation of financial position, business efficiency and cash flow. Successful business is the business operation that results for quite a long period in corresponding level of security and efficiency of business. Security of business is examined, first of all, on the basis of a balance sheet and efficiency on the basis of the profit and loss account. However, for a more complete picture about business quality managers need to consider data from other statements, for example, cash flow statement.

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