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Study summary

This study aimed to identify and explain the role of accounting information in decision-making

Management in public shareholding companies in Palestine

In order to achieve the objectives of the study and to answer its questions, the researcher collected data.

Related to the topic on the relevant literature and previous studies, through which secondary data was obtained, which formed the theoretical framework for the study. As for the practical framework, it relied on preparing a questionnaire designed for this purpose, and the researcher used the descriptive analytical method and conducted a

The necessary statistical analyzes and testing of study hypotheses

The study concluded a set of results, the most important of which are:

•. Accounting information has an important and vital role when making administrative decisions in joint stock companies

• There is a high reliance on the financial statements in obtaining from them accounting information that is used in Take administrative decisions

• The basic characteristics and requirements are available in the accounting information that is relied upon in Take administrative decisions

• Public joint stock companies are obligated to publish detailed explanatory information attached to the financial statements To enhance obtaining more clear accounting information to be used in making administrative decisions.

\* Among the most important recommendations of the study:

1: The necessity of expanding the use of accounting information in all kinds of planning processes and drawing up the company's future policies.

2: Senior management in joint stock companies support the financial management departments and provide them with competencies And experiences to help its employees to raise their level of scientific and knowledge in the field of accounting to provide Accounting information and outputs of high accuracy and objectivity

Abstract

This study aimed to identify the role of accounting information in making administrative decisions in public shareholding companies in Palestine.

in order to achieve the objectives of this study and answer its questions, the researcher studied the previous literature related to the subject of the study. Through this literature, the researcher was able to obtain secondary data that formed the conceptual framework for the study. As for the practical framework, the researchers used the three students from Al-Azhar University, a questionnaire designed for this purpose. The researcher used the analytical descriptive approach, conducted the necessary statistical analysis, and tested the study hypotheses.

\*The study reached the following conclusions:

1. Accounting information has a vital role in decision-making in public shareholding companies.

2. There is a great use of the financial statements to obtain accounting information that is used in decision-making.

3. The accounting information used in decision-making has the main characteristics and requirements.

4. Public joint-stock companies are obligated to publish detailed information related to the financial statements to facilitate access to clear accounting information for use in decision-making processes.

\* Recommendations:

1. Increasing the use of accounting information in the planning and drawing up of future policies in companies.

2- Ensuring the support of high-level management in the public shareholding companies to the financial management departments by providing them with qualified employees and enabling the workers to improve their knowledge of the subject in the field of accounting so that they can provide accurate and vital accounting information and results.

Chapter one

The general framework of the study

1 - 1 Introduction

1-2 The problem of the study

1 - 3 The importance of the study

1 - 4 Study objectives

1 - 5 The hypotheses of the study.

1-6 Study methodology

1-7 Study limitations

1-8 previous studies.

1 - 1 Introduction:

Accounting information has become part An important part of the administration's work and a basic resource on which it relies to support its administrative decisions. Accounting information also has a significant and important role in the administrative decision-making process in companies, so that the administration cannot overlook this important role.

The need for information production increases as a means that derives its importance and necessity from its contribution to the decision-making process. The accounting system is considered one of the most important information producing systems. that contribute to the rationalization and support of economic decisions(Al-Qatni, 1999, pg. 3).

(Hussein, 1997, pg. 25-26) indicates the necessity of distinguishing between data and information, Data is a set of isolated facts that are not useful in the decision-making process.

Information is data prepared in a manner that allows an opinion to be based on it or a decision to be taken according to it. The financial statements are considered a basic source of accounting information useful for making decisions , while any accounting information that is useful and feasible in decision-making is only , by fulfilling several characteristics, that is, the characteristics that make this information must be identified and defined Useful in decision-making,

and the following shows some of these characteristics:

1. Convenience: It means the existence of a close relationship between the information derived from financial accounting and the purposes for which it was prepared
2. The information's reliability, accuracy, and the ability to trust or rely on it.
3. information, its comparability, timeliness, and completeness

Examples of administrative decision-making for users of accounting information are as follows (Zahir 2002, p. 4).:

\*Decisions related to investing money in a specific enterprise.

\*Decisions taken by management related to the exercise of various administrative functions

Accounting information is considered to have a positive role in the soundness of decisions, hence the importance of This study is based on the importance of the strategic role of accounting information and its necessity in decision-making. management and to achieve the objectives of the company The decision-making process is also one of the main functions of the company's management, and it can be considered One of the difficult and complex tasks that management must perform as decision-making becomes increasingly difficult. Accounting information such as costs, revenues, etc. are used to make decisions increase the available alternatives various management decisions and the company's management must be able to distinguish and determine the costs revenues and all appropriate accounting information for making administrative decisions (Zaher 2002, p. 49)

It should be noted that public shareholding companies constitute a basic pillar in supporting the economy Therefore, it is necessary to provide research efforts and present scientific and field studies that Contribute to the growth and continuation of these companies, so that these studies are scientific and practical evidence that guides them. Boards of directors and decision makers to accomplish tasks and achieve goals efficiently and effectively. Based on the foregoing, this study is expected to help highlight the strategic role of accounting information in making administrative decisions in public shareholding companies in Palestine. Also this study It will shed light on the role of this information in the decision-making process.

And revealing the most important obstacles that prevent the use of this accounting information In public shareholding companies operating in Palestine.

1-2 The problem of the study:

Public joint stock companies constitute a fundamental pillar and a role Public joint stock companies constitute a fundamental pillar and an important and vital role in supporting the economy The Palestinian National Bank, and given the importance of these companies and the attempt to elevate them to a better and better Administrative and financial level, in order to develop the national economy, which is the basis on which any state is built. Therefore, this requires a lot of efforts to solve problems and overcome crises. The management of the company bears Full responsibility for planning goals, monitoring their implementation and making decisions in their regard. The researcher believes that the success of these efforts depends on the abundance of accounting information. that can be relied upon to complete the tasks and achieve the goals, which are Study problem in

\*A main question is:

What is the role of accounting information in making administrative decisions in public shareholding companies in Palestine?

\*From this main question, the following sub-questions branch out:

1- Are the financial statements relied upon to obtain accounting information when making administrative decisions?

2- Are the required characteristics available in the accounting information that is relied upon in the administrative decision-making process in the public shareholding companies in Palestine?

3- Are the accounting information used by the managers when they take their management decisions in the public shareholding companies in Palestine?

4- Is the accounting information available to managers sufficient to make administrative decisions in companies?

1-3 The importance of the study:

The importance of this study is that its topic is of interest to all institutions both public and private, and since the decision-making process Both public and private, and since the decision-making process does not take place in the required manner without the availability of a base of information in general and of accounting information in particular that fulfills the needs of decision-makers. Accounting information and the decision-making process Administrative imperative Hence the importance of this study, which addresses the role of accounting information.

in participating companies public in management decision-making process,

The importance of these studies can be summarized in several points:

1. Contribute to evaluating the role of accounting information in making administrative decisions.
2. Highlighting the vital and important role that accounting information plays in making administrative decisions.
3. Achieving benefit for the owners of joint-stock companies and the decision makers in them, which contribute to increasing the level of benefit achieved from the use of accounting information in making administrative decisions.
4. The lack of previous studies on the subject of the research, especially the Palestinian business environment.

1-4 Study Objectives:

This study seeks to achieve a set of objectives, which are as follows:

1. Determine the relationship between accounting information and the administrative decision-making process.
2. Recognizing the quality and efficiency of accounting information in the process of making administrative decisions in joint stock companies.
3. A study of the characteristics and requirements that must be taken into account in appropriate accounting information to meet the administrative needs in public shareholding companies in Palestine.
4. Identifying the adequacy of the accounting information available to managers in order to make administrative decisions
5. Determining the extent to which management in public shareholding companies uses accounting information in the decision-making process
6. Presenting recommendations that may contribute to improving the management decision-making process in joint stock companies and raising their value.

1 - 5 The hypotheses of the study:

Our answer to the study problem and its objectives was based on the following hypotheses:

\*the first premise: The financial statements are relied upon to obtain accounting information when making administrative decisions.

\* the second hypothesis: The required characteristics are available in the accounting information that is relied upon in the administrative decision-making process in the public shareholding companies in Palestine.

\* The third premise: Accounting information is used by managers when making their management decisions in public shareholding companies in Palestine.

\* Fourth premise: The accounting information available to managers is sufficient to make administrative decisions in public shareholding companies in Palestine

1-6 Study methodology:

The descriptive analytical approach was used in conducting the study because it is one of the most appropriate approaches in the study of this phenomenon, using secondary and primary sources. The secondary sources consist of books and scientific journals specialized in As for the primary sources, it was concentrated in a questionnaire that was designed and prepared specifically for the purposes of the study.

1-7 Study limitations:

1 - After referring to the Registrar of Companies in the Gaza Strip and the West Bank, it became clear that those registered with the Registrar of Companies are fictitious companies or companies that closed their doors a while ago, which made the number of companies obtained Which of the companies registrar is not valid as a basis for determining the study population and the size of the sample, and therefore the researcher made the contacts necessary field trips in order to obtain the largest possible number of companies operating in the Gaza Strip and the West Bank

2- The financial companies represented in banks and insurance companies were excluded, the number of which is according to the documents of the Ministry of National Economy (20) companies

1-8 Previous studies: There are many studies that are strongly related to the subject of the study, which can be obtained The topic of the current study is from Through a survey of previous studies and the extent to which they are used in decision-making The following are examples of some of the studies that were conducted:

1:The Role of Accounting Information in Decision Making in Palestinian Public Shareholding Companies” by Zaher Zughayer and Maher Tabbaa. (Palestinian Journal of Economics and Business, 2017)

2:The Impact of Accounting Information on Decision Making in Palestinian Public Shareholding Companies” by Ayman Halaweh. (Palestinian Journal of Economics and Business, 2018)

3: The Role of Accounting Information in Supporting Managerial Decision-Making Process: Empirical Study on the Palestinian Public Shareholding Companies” by Amjad Ayyash. (Unpublished Master's Thesis, An-Najah National University, 2016)

4: Accounting and Financial Management for Public and Private Sector Organizations in Palestine by Adnan M. Abu Ayyash and Mohammad H. Alawi. (Al-Bireh: Dar Al-Taliaa, 2015)

5: The Relationship Between Accounting Information and Administrative Decision-Making: A Field Study on Palestinian Public Shareholding Companies” by Ali Zakaria and Mamdouh Hanafi. (Palestinian Journal of Economics and Business, 2019)

6: The Role of Accounting Information in Enhancing the Quality of Administrative Decision-Making: An Empirical Study on Palestinian Public Shareholding Companies” by Ahmad Abu El-Samen. (Palestinian Journal of Business Research, 2020)

7: Ali, H., & Ismail, T. (2014). The role of accounting information in managerial decision-making. International Journal of Business and Social Science, 5(9), 226-234.

8: Chen, C. Y., & Huang, J. W. (2018). The role of accounting information in management decision-making. Eurasian Journal of Business and Management, 6(4), 30-37.

9: Nørreklit, H., Nørreklit, L., & Mitchell, F. (2014). The role of accounting information in strategy formulation and implementation: A review and research agenda. Journal of Accounting & Organizational Change, 10(3), 277-310.

10: Otley, D. (2016). The contingency theory of management accounting and control: 1980-2014. Management Accounting Research, 31, 45-62

\*Among the most important recommendations of previous studies:

The stock exchange should determine the financial statements that must be published by the economic units registered in it, so that they include, in addition to the budget and the result accounts, the cash flow statement, because they are of great importance. Significant for the investor when making his decision to buy new shares.

This study aimed to demonstrate and analyze the role of the accounting system in producing accounting information of appropriate quality to meet the administrative needs in the industrial public shareholding companies in Palestine, and to indicate the extent of the organic relationship between the level of accounting information quality and the effect of It is used on administrative performance in the areas of planning, control and decision-making. In our research, we have relied on a methodology in collecting data related to the study on secondary and primary data, We also selected a random sample representing the study community according to the rules of scientific research, consisting of (45) companies, equivalent to (60.8%) of the study community.

The results of the study showed the following:

1: 1 There is a positive and statistically significant relationship between the components of the accounting system and the level of quality of the accounting information it produces.

2: There is a statistically significant effect and relationship of the use of accounting information on the managerial performance of the industrial public shareholding companies in Palestine in the areas of planning, control and decision-making.

In light of the results of the study, the researcher recommended:

\*The importance of the interest of the various departments in the public shareholding companies in Palestine to expand the use of accounting information to achieve optimal use in the various administrative fields (planning, control, decision-making) to accomplish tasks and achieve the objectives efficiently and effectively.

General comment on previous studies: By reviewing the previous studies, the researcher finds that the previous studies agree on the importance of accounting information in decision-making, whether for managers or investors. The subject of accounting information as the main pillar on which using them when making decisions, so there is an urgent need at the present time with the information and communication revolution to carry out a series of scientific studies with a holistic and comprehensive perspective of the role of accounting information and its importance in the efficiency of administrative performance and administrative decision-making, and therefore it was necessary and the importance of the role of that accounting information, the researcher This study is on public shareholding companies in Palestine.

Chapter Two

Accounting for information

1-2 Introduction.

2-2 Definition of accounting and its development.

3-2 The concept of accounting as an information system.

4-2 Characteristics of the accounting system as an information system

5-2 Concept of accounting information.

6-2 The importance of accounting information and the need for it.

7-2 Classification of accounting information.

8-2 Characteristics of accounting information.

9-2 Accounting information quality standards.

10-2 Users of accounting information.

1-2 Introduction: Accounting is a branch of social science that has played a prominent role in preserving rights and guarding Interests and their protection, and like many other branches of knowledge, the concept of accounting has evolved as a result of the multiple developments in the scientific and practical fields to become an integrated system for the production and communication of information. This led to an increase in its effectiveness in serving the beneficiary groups and parties. The accounting system is considered one of the main components of management information systems, and it includes all activities and operations that aim at producing and communicating information to its internal and external users in various fields. The accounting system, in light of the technical revolution that we are experiencing, is considered one of the most important systems that produce information useful in making economic decisions that affect in the well-being of individuals and communities. The accounting system is based on a set of basic components and is characterized by a set of characteristics that contribute to the production of accounting information of appropriate quality to the different needs of users. Matt in the accounting system within a series of successive stages and steps, and this is governed by a set of basic considerations specific to each of the stages, as The process of producing accounting information is subject to a set of internal and external factors and influences, such as economic, political, social, cultural, legislative, and others (Siam, Saadeh, 1995, pp. 1-2).

Information in the contemporary time is an important wealth, as its optimal control and utilization achieve profits and success for future plans and a guarantee of continuity and development companies and institutions. Good institutions are produced by a modern and developed information system , The accounting information system is considered part of the overall information system, and this system plays a role important and effective, represented in providing the various levels of decision-making with ready-made, correct and accurate information inappropriate time helps them in making various administrative decisions, and this information is provided on Through reports and lists that are prepared from the actual daily data. Al-Ammari, 2004, p. 124 confirms that accounting information is the means by which companies present their financial position, performance, and monetary and non-monetary expenditures, and the technical means used to communicate Accounting information is the financial reports, which must be appropriate and well prepared, It includes sufficient credibility so that it can be relied upon and used in making appropriate decisions. And he adds (Zumu: 1998 p. 171) that accounting information can have a positive role in The soundness of administrative decisions, and then the success of development plans, and this role comes from providing the necessary information for the preparation, implementation and follow-up of these plans. The goal of the accounting system is to produce accurate reports at the appropriate time, which helps decision-makers to make rational decisions. Accounting is considered as an information system in its raw form (financial statements). It also plays a role in transforming these financial statements to produce the information necessary for various decision-making.

The accounting system has tended to be an information system that does not stop at the limits of data and financial information Rather, it exceeded it to include quantitative and descriptive data and information that benefit the manufacturer of And users who are distinguished by plurality and diversity

As a result, the accounting information system provides additional information in addition to financial information, for example.

\* Provide quantitative and financial data and information with appropriate accuracy and quality and at the appropriate time.

\* Increasing certainty of external information for planning purposes

\* Adjustment in reports submitted to management in light of inflation.

2-2 Definition of accounting and its development:

accounting is the process of recording, summarizing, analyzing, and communicating financial information about an entity's economic activities. It involves capturing financial data, organizing and analyzing it, and communicating the results to stakeholders. Accounting provides essential information for decision-making, financial reporting, and performance evaluation.

accounting has evolved over time to meet the changing needs of businesses and regulatory environments. Key developments include the introduction of double-entry bookkeeping, the growth of industrialization and the need for more advanced accounting practices, the professionalization and standardization of accounting principles and standards, advancements in technology that led to computerized accounting systems, international harmonization of accounting standards, and increased emphasis on financial transparency and corporate governance. Accounting continues to adapt to new challenges and advancements to provide accurate and reliable financial information for decision-making and stakeholder trust.

(Ali, 2004, p. 11) adds that accounting in general is an information system that produces information suitable for the purposes of making economic decisions.

The American Institute of Certified Public Accountants defined it in Accounting Bulletin No. (4) in 1970 as: A service activity whose function is to provide quantitative information of a financial nature mainly for a specific facility that is intended to be useful to stakeholders in making economic decisions.

\*According to the previous definitions and concepts, we understand some things:

1: 1 Accounting is an art represented in the manner in which transactions are recorded, classified, summarized, posted, credited to accounts, and results prepared.

2: Accounting is a science that has its principles, theories, concepts, assumptions, and classified rules that are recognized and generally accepted.

3: Accounting is a science that is used in all types of activities and times in one way and another in order to achieve justice and preserve the rights of all parties with common interests in a specific time and place.

Where the importance of accounting information and the need for it has increased as a tool that derives its importance and necessity from the extent of its contribution to decision-making processes, which are subject to all indicators and environmental variables that occur to it, such as In the market and provide the needs of various resources and allocate them optimally in light of risk and uncertainty.

3-2 The concept of accounting as an information system.:

Accounting plays its role as an information system in a continuous and integrated process through a homogeneous and interdependent group of material and human resources in the organization that are responsible for preparing accounting and financial information and delivering it to the next level. administrative mechanisms for the purposes of planning and monitoring activities, as they constitute a framework through which resources (financial, material and human) are coordinated to transfer inputs (data) into outputs (information) to achieve the objectives of the project (Al-Dahrawi, 2002, p. 18). The accounting system is considered one of the basic components of the overall management information system in the accounting unit, which consists of a group of partial information systems such as the marketing system, the costs system, the production system, and Personnel system..and others.

\* The accounting system specializes in collecting, classifying, processing, analyzing and communicating appropriate financial information, making decisions to external parties and managing the institution (Moscov, Schemen, 2002, p. 25)

The accounting system is based on collecting, organizing, storing and processing data manually and automatically and displaying it in the form of raw data, analyzed data, knowledge and by any of the text, visual and audio means (Mosk Waf, Sikman, 2002, p. (21).

\* The accounting system, in general, is considered one of the most important information systems in most modern projects, and this system aims to supply project management with information to serve three main purposes:

1: Preparing internal reports for the management, which include the necessary data for business planning and control.

2:Preparing internal reports for the management, which include the necessary data for making non-routine decisions and preparing important plans and policies for the project.

3: Preparing the required reports to the external authorities, especially the owners of the project, its investors, the government and other governmental agencies.

\* The accounting system consists of a group of parts and sub-systems that are linked to each other and to the surrounding environment and work as a single group. It includes it so that each part of it depends on the other in achieving the goals that the comprehensive system of accounting seeks. and set by sound principles and rules, which are prepared in an integrated manner with the aim of providing the data and information needed by the decision-maker in an appropriate manner, and the parameters of the accounting role can be defined as For information through the following stages (Matar, 2000, p. 25)

The flow in any information system takes place in three successive steps, as shown:

Figure No. (1): accounting system operations

|  |
| --- |
| Input: data processing that data Outputs: information |

The outputs of the accounting system include four financial statements of general purpose to provide external users with accounting information to help them make their economic decisions, which are the following lists:

1: Income statement (profit and loss statement).

2: The budget (financial position statement).

3: property rights list

4: Statement of cash flows.

The accounting system also produces additional information in the form of additional lists, detailed statements, or notes on the financial statements.

The accounting system also produces special reports, for example: tax reports or reports submitted to banks to obtain credit or a loan.

The term financial reports represents a more general expression than the term financial statements, as it includes, in addition to the financial statements and notes on them, another amount of information related directly or indirectly to the operations of the company. Financial calculator

It should be noted that the financial reports, with their accounting information, do not represent the only source of information available to external users. Many of these external users, such as financial analysts, It collects information other than accounting information, such as: information about the general economic situation and the economic sector to which the concerned establishment belongs.

\*Figure No. (2):

Financial reports as outputs of the accounting system and the parties benefiting from them

Facility management

investors

Government agencies

lenders

trade unions

Workers

Financial Statements

Government agencies

taxation authorities

Administrative data and reports

tax reports

Special reports

\*2-4 Characteristics of the accounting system as an information system:

Through the previous definition of the concept of accounting and its development, the characteristics of the accounting system as an information system can be identified as follows (Yassin, 2000, p. 115):

1. The accounting system consists of a group of physical and human parts that come together to form
2. The general framework of the system.
3. The accounting system includes a set of procedures, rules and principles that link the parts and components of the system and move them dynamically.
4. Communication of accounting information to its users The accounting system consists of a group of partial systems that are linked to each other by hierarchical relationships, meaning that each partial system is linked to another partial system. from a higher level
5. Whereas all these systems form the structure of the accounting system, the accounting system is considered one of the partial systems that make up the overall information system in the accounting unit and occupies a middle position between them.
6. The partial systems that make up the accounting system seek to achieve a set of sub-objectives of their own that are compatible and consistent with the main objectives of the accounting system.
7. The accounting system is a comprehensive and integrated unit and cannot be viewed as separate parts independent of each other.
8. The accounting system is in constant and continuous movement to accomplish its tasks and achieve its goals, and the state of stagnation in the system eventually leads to fading and disappearance.
9. The limits of the accounting system. Each of the systems has borders that separate it from other systems, which helps in defining its components (components of each system). one way or the other, it is easy to determine in some systems, for example, the transportation system, but it is difficult to determine precisely in Economic and administrative systems, and the term “intermediate” is used to express the virtual space between the borders of the systems and refers to the space or medium in which the output of another system is transmitted or transformed.