

# **How far the Media of Managerial Accounting can percept the Expectations of Current and Prospective Investors in rationalizing Credit and Investment Decisions: Field Study in KSA**

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## **Abstract**

The study aims at identifying the contribution of media management accounting in rationalizing credit and making investment decisions. Results of the study indicate that management accounting contributes in rationalizing credit and investment decisions and its stages represented by planning, negotiating, completion and integration, identification and estimation of the merge- related results. The study recommends the need for further attention to the role of management accounting and its tools. In addition, management accounting itself should take the results of this study into consideration as a guide offering them assistance and guidance when performing their functions.

**JEL classification numbers:** G11

**Keywords:** Managerial Accounting, Current and Prospective Investors. Media Content

## **1 Introduction**

As a result of the financial crisis, international and arab financial markets have been affected. Many investors pulled their money from banks and enterprises clients. This creates the need to examine the effects and consequences of this crisis on the money and its impact on accounting, led to highlight the important role played by financial institutions including banks, investment funds and hedge institutions in the case of the availability of adequate information through specific policies and procedures that can be followed by the provision of adequate security to the level of quality. With a legal or professional obligation to meet the needs of users of financial statements to give

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confidence to this kind of information, there is a need for confirmation of their ability to survive and to reduce disputes. This creates a need for the availability of accounting information system to provide sufficient appropriate information for decision-making consistent with the behavior of investors toward risk where the decision-making process centralized its operation in the Organization's management and of the most important functions of the Director (Shara, 2002). Decision-making function is associated with choosing a suitable variant of different alternatives in order to achieve the objectives set by the management where accounting plays an important role in providing information to assist the Department in evaluating the options and determining the best alternative to choose to make rational economic decisions (Abu Hashish, 2005, Abdel Samie, 2010). That's where financial forecasts represent the basis for comparing the potential acquisition process and reaching a final decision to choose or reject company,

But before these predictions to be effective, they must be analyzed carefully including all hypotheses of the inference data which must be characterized by being specific, also to have resident components, precision and rationality (Richards, 1986). This step involves an assessment of the company's financial forecasts for objective; whereas these forecasts are especially important if the company examines the acquisition process to obtain an alternative (Allison, 1984). Researcher believes that the creation of an investment environment of credibility, relevance and transparency highlights the important role of the media service of accounting as one of the dimensions underlying accounting as a tool for connection and communication to supply the current investors and potential investors with information to help them in making investment decisions and others. Especially decisions concerning the future which aim to maximize the investors' ability to realize investment opportunities in companies in which they put their shares in the stock market. This would attract individual savings towards venture capital to finance companies. This also followed by subsequent analyses and explanations which are done by specialists in the foundation upon which all internal and external parties are making decisions. Accountants have realized the rapid development of information technology, and the need of many parties for them. So, they start prompting them to find accurate accounting specialties to serve each category which aims primarily to provide financial information in addition to the non-financial information for the purpose of service of the various departments established in carrying out its functions and duties Entrusted (Abu Nassar, 2005).

The function of managerial accounting is in the creation of information for all parties after counting, analyzing and extrapolating them by the facility and the relevant authorities for use in decision-making and oversight (Adam, 2006). This assists the Department in planning and the adopting of future policies to achieve their desired objectives, and, hence the need to use the media dimension of managerial accounting in decision-making is a critical necessity (Kahale, 2009). The current financial crisis might put pressure on accounting to counter its effects, whether locally or regionally or globally, as an effective way to verify the validity and accuracy of financial statements and to express an Professional opinion about all transparency and objectivity which would take decisions to ensure continued good performance and keeping of client rights. It has been pointed that that the financial collapses that have occurred recently in the United States have resulted from the lack of commitment to the principles of accountability, integrity, efficiency and, transparency properly (Du et al., 2010) (Mardjono, 2005). Also, it is considered as a result of excessive use of complex derivative financial instruments which are traded through the unregulated markets in the absence of specific laws .

From what is mentioned above, it can be recognized that the circumstances that have created this crisis, revealed a motivation and a need for more transparency, integrity and honesty. One guarantees to restore confidence to the stock market dealers is by providing more convenient Accounting information that assists in making rational decisions by different parties, whether management at different levels, or other related parties or link established. In other words, the necessity of finding a new concept media accountants which is able to put the budget in global financial institutions and re-build the future of the financial industry in coordination with all through broader, more conscious and clearer perspective in order to assists beneficiaries in appropriate decision-making. But, this maybe is not independently use from managerial accounting tools and its functions that provide information which serves in planning, decision-making, and supervision to achieve the objectives' and performance's measurement. So, the corner stone of the study in measuring the impact of media content of managerial accounting system on recognition of perception and awareness of current and prospective investors in making investment decisions. Given the effect of the vagueness because of continuous development, the impact of uncertainty due to the constant and rapid IT development, gives the real picture about the role of media content in management decision-making process and correcting decision-making mechanism.

## **2 Purposes and Significance of the Study**

This study aimed to illustrate and provide an evidence of the extent of the contribution of managerial accounting in highlighting the role of media accounting by communicating and disclosing of an appropriate and consistent information to increase awareness of internal and external parties for the contribution of management accounting information in evaluating the risks for current and prospective investors, allowing investors and others to assess the performance of the company's management and its ability to configure earnings and trends the distribution of these profits in the future to achieve the desired objectives and achieve confidence by investors through the communication function or media accounting as one of the core functions of management accounting.

## **3 Questions about the Study**

The study has one question that has been generated for the purposes, which Is: "How far the media content of managerial accounting can percept the expectations of current and prospective investors in rationalizing credit and investment decisions?"

## **4 Literature Review**

Analytical study to illustrate the impact of the media content of managerial accounting on the awareness and understanding of the current and the expected investors in making investment decisions as follows:

1) Study (Jaradat & Alshabil, 2014) entitled: "the contribution of managerial accounting in mergers of commercial banks".

This study aimed to identify the contribution of managerial accounting in mergers of commercial banks, and the sample of the study population consisted of managerial accountants and managers, heads of the department, financial managers, audit managers and directors of departments in the preparation of financial statements of commercial banks and distributing them to members of the sample for each Director or head of Department. Bringing the number of questionnaires distributed to (91) identification, the total questionnaires used in the statistical analysis were (81) identification (89%) Almost. A number of statistical methods were adopted to analyze data using statistical package for the Social Sciences (SPSS). By extracting duplicates and percentages to identify characteristics of the study sample, the study found that information provided by managerial accounting contributes to the integration of commercial banks, through the stages of (the planning phase, the negotiation phase, the termination phase, phase of estimate and determine the effects of the merger).

2) Study (Sheehan & Jashim, 2012), entitled: "An evaluation of the changing role of the change in the roles of Management Accountants in recent years".

This study aimed to evaluate the role of managerial accounting firms in Bangladesh and to examine whether the use of advanced tools arising from the administrative and accounting techniques have led to a change in roles from what was traditionally seen as a broader roles into critical and more strategic in terms of planning and decision-making. The study has used the existing literature on the activities, roles and skills required of managerial accountants to reach the most important results of the study that the role of managerial accountants has expanded in Recent years, and that their roles have changed more in those companies that have adopted modern managerial accounting techniques.

3) Study( Baraka, 2012 ) entitled: "The role of managerial accounting techniques in the activation of corporate governance, applied to the industrial companies operating in the Gaza Strip".

This study aimed to clarify the role of managerial accounting methods in the activation of corporate governance, this study aimed to study the governance of the different aspects and to identify the most important factors that could affect them, and focused on the managerial accounting manners as they have a big role in the financial and administrative work, and to achieve the objectives of the study and testing of hypotheses relying on the primary and secondary data in gathering questionnaire which was designed and distributed to (54) industrial companies operating in the Gaza Strip and distributed to all the sector,

It has been recovered (50) questionnaire, the study relied on the descriptive statistical analysis method in the analysis of the study variables and test hypotheses.

The study found a range of results Perhaps the most important: that the application of traditional and modern managerial accounting contributes significantly in increasing the effectiveness of corporate governance. And based on the study results some recommendations were made: the need to develop awareness among managers of industrial companies in the Gaza Strip, the importance of the methods of managerial Accounting and its role in providing appropriate information to make decisions.

4) Study (Alina, et.al.,2011), titled: "The role of managerial accounting in providing information for decision making within an entity"

The study depended on the descriptive addition to experimental research. This study aimed to indicate the role of managerial accounting in providing the necessary information to managers within organizations in order to reach the best decisions through

a case study of industrial enterprises Roman manufacturing. The study was based on a descriptive approach as well as empirical research

The most important results of the study were that a very importance of managerial accounting information within the entities, as the managers of these institutions need managerial accounting and timely information for decision-making. The study recommended the need to work on improving the managerial accounting. Beside, there is a need for further future studies with respect to the function and role of management accounting within the institutions..

5) Study of Nicholas, 2011, entitled "The role of management accounting in creating and sustaining competitive advantage: A case study of Kenya Equity Bank"

The aim of this study is to indicate the role of managerial accounting in creating, supporting and maintaining competitive advantage within the banking sector, through the case study of Kenya's equity Bank. In order to achieve the objectives of the study, identifications were designed and distributed to relevant cadres within the Bank, in addition to interviewing some managers involved in strategic decision-making. And the most important results of the study were that managerial accounting skills and general techniques are used to build competitive advantage. Managerial accounting practices plays an important role in the planning, developing and implementation of competitive strategy and evaluating policies which lead to the creation of competitive advantage within the Bank. The study recommended for further experimental future studies to prove these allegations with greater emphasis on modern managerial accounting practices, particularly in the banking sector.

6) Study (Agyenim & Roberta, 2010), titled "Integrating management accounting systems in mergers and acquisitions: The Role of Management Accountants"

This study aimed to examine the role of administrative accountants in managerial accounting system in mergers and acquisitions among companies, the study depended on interviews which were conducted on a sample composed of eight companies. In the merging of managerial accounting, the focus is mainly on aspects of the tasks in the process of integration of management accounting systems with relatively little attention to humanity aspects in the merger. Results of this study also indicated that all nieces regardless of the size of the industry and application strategy used to adopt similar frameworks by post before consolidation and planning phase of the merger, this study indicated that companies use absorption directly to managerial accounting systems used in smaller firms. This study also revealed several recommendations including that liaison and communication between managerial accountants in small firms which have been acquired and between management accountants in corporate acquisitions are very important. The study also recommended that managerial accountants need equal attention to the process of integration of functions and the process of personal integration where the integration of managerial accounting systems in companies that acquires in the merge process.

7) (Al-Rifai, Al-Ramahi, Jalal, 2009) titled "the impact of computer use on the properties of accounting information from the viewpoint of investors".

This study aimed to identify the quality of the accounting information for investors to support the investment process, as well as to identify the most important accounting information which helps the investor in making a proper investment decision and determine the degree of appropriate and reliable accounting information system in financial data which is processed and converted into the accounting information can be used. The researchers made a questionnaire where the study sample consisted of 140

investor. The study reached a number of conclusions, including that the arithmetic mean of the answers of respondents to the dimensions of the use of the computer medium where the total average of 3.33, while the results of the arithmetic mean of the answers of respondents to pry information high as the overall average is 3.93. The study also pointed out that the sub characteristics variables relating to the quality of used computers and appropriate software is in the use more than the use of variables Computer influence in the accounting information characteristics and sub-variables and related support and training where provided computer users and ease of use had no effect on the characteristics of accounting information

8) Study (Abdelwahab, 2009), entitled: "The modern role of managerial accounting as a renew or threat".

This study aimed to Clarify the contemporary role of managerial accountants in light of the new changes in the business environment, and what are the requirements of the work to be developed by managerial accountants harmony with the changes, through a poll the views of academics in a number of Iraqi educational institutions through a questionnaire. It has been analyzed using the Statistical Package, and the most important results of the study that the largest number of the study sample had agreed that there are changes in the contemporary business environment, which means there is a need for the development of managerial accounting to adapt and shape to these changes which drives the need to change managerial accountants' role, response, and also the nature of the information provided by the managerial accounting which require the need to focus towards policy orientation in future. The study recommended that managerial accountants need to practice the partner role in the work instead of the traditional roles as providers of information. Also, it suggested that managerial accountant should be involved in the formulation and implementation of strategies and in operational standards. Finally, the management accountant should be aware of identifying trends and evaluating expectations.

9) Study (Xiao, 2007) entitled: "Managerial Accounting in China"

The study aimed to measure the extent of the application of managerial accounting techniques on Chinese companies. The study also aimed to measure the extent of development in the use of the latest methods. Further it tried to determine the relationship between managerial accounting techniques and firm's size by focusing on Scholar over 25 application methods of managerial accounting. The data were collected through a questionnaire distributed to a sample study of 337 Chinese companies listed in the financial market.

The study found that Chinese enterprises apply traditional managerial accounting methods and modern ones.it found also that the most commonly used is operational budgets, responsibility centers and to analyze the relationship Between cost, size, profit , etc.,

It was also found that there is a development in the use of managerial accounting methods since 2000 more than before. And this has led to an increase in levels of economic development in the Chinese regions relying on comparisons between the study and other studies by other researchers in the same field from previous periods. The study asked for further future studies regarding methods of management accounting in each sector separately.

10) Study (Jerboa ,2007) entitled: "contribution areas of accounting information in the financial statements, To improve the administrative decisions of public shareholding companies in Palestine."

This study aimed to clarify the contribution of accounting information in the financial statements to improve the administrative decisions of public shareholding companies and the ability of decision makers to benefit from the financial data published in the planning, controlling and evaluating performance processes

the study sample consisted of 64 public company in Palestine relied on Accredited information from accounting financial statements in making decisions as to joint-stock companies Using a specialized cadre of accountants have good knowledge of the rules and accounting standards and capacity, The preparation of financial statements which contain accounting information accurate and reliable.

11) Study (Altmbacta, 2005) entitled Recent trends for the development of management accounting methods within the framework of the appropriate critical analytical study application to industrial companies in Saudi Industrial companies in Jeddah

This study aimed to examine and analyze the causes that have led to severe criticism to the Traditional management accounting methods, in addition to study modern methods of accounting and the extent of the use of these methods in industrial facilities.

The researcher concluded that the Saudi Industrial companies are using traditional management accounting methods more than the modern ones and some of the companies that combines the use of methods, and the Saudi Industrial Companies intends to change direction and use methods In the coming year,, and that there is no strong influence of each of the company's ownership and the size of the environment ,In which it operates by the use of modern methods of management accounting.

The results of several previous studies have established a relationship between Media content of managerial accounting and the decisions of current and prospective investors. And, the goal of this study will be to strengthen and expand the previous findings by evaluating the interrelationship among all variables of Media content of managerial accounting and the decisions of current and prospective investors through a field study.

The imposition of accounting information content associated with the concept of communication in accounting, and therefore the concept of accounting information associated with uncertainty, meaning that the more uncertainty the decision maker has when choosing a specific alternative, the more the need to increase the amount of media information useful. (Juma, et al. 2003) Also, the media dimension of the concept of accounting disclosure in the accounting, in which the reports and financial statements are not misleading and can be understood by its users as The most important communication tools for accounting

Therefore, we can say that the media content of accounting information as an early warning system or as immune system protects investors from falling into deception and fraud

#### **4.1 The Need for Managerial Accounting Information in making Investment Decisions**

Predictive ability of accounting information historic became limited if not non-existent. In spite of its importance, media content for is used for multiple purposes and diverse decision (operational or investmewnt) models. It is absurd to judge the adequacy and efficiency of the financial results of the current period by comparing the results of the work of the previous period which was not filled by the same circumstances and conditions. It is also unrealistic to use the results of the comparison in the estimation and prediction of the results of the project for the future suffix, and financial ratios associated

with both the income statement, financial statement and cash flow. These indicators become just the general trend indicators which are not reliable because they are based on information that lacks objectivity and appropriate. It is therefore important to develop the content of the reports and financial statements as a media message and as an accounting tool in order to achieve benefits for investors, lenders, current and prospective creditors and reduce the risk of exposure. In particular, the scope of interest of the accounting information media is no longer restricted to a particular category. Under rapid changes and as a result of successive shifts in the global economic system, there is a need for a way more accurate to judge the company's financial results during a certain period taking into account the general internal and external conditions that prevailed during the period when in particular the painted work events decided its ways, methods and identified its objectives and consequences that must be followed by the officials which appeared important content for managerial accounting .

The functions of managerial accounting is not only limited to operational requirements but in a changing environment as well which tends to be more strategic in nature and need some analysis through broader, more conscious and clearer perspective of a changing environment. And it will not be in isolation from the use of management accounting tools and functions as defined by professionals through providing information that serve the administration in planning and decision-making, guidance and supervision designed to achieve the goals, measure performance and assist banks to maintain competitive appearance and work to improve it in the long run. This expanded role to participate in finding solutions prior to problems facing organizations during the decision-making process (Abdelwahab, 2009)

It is considered as unacceptable claim that the managerial accounting information allocates only directors. But, it is right and acceptable logic to say that managerial accounting information concerning third parties from Investors , lenders and creditors just the same as company's management, including guarantees for the parties to preserve their rights.

From this standpoint, managerial accounting has become a basic functions in the accounting area depending on the sector to which it belongs whether financially or established service or industrially.

## **4.2 Role of the Media Channels for Managerial Accounting by in Guiding the Behavior of Investors**

Managerial accounting tools are considered as a notification message accounting. It is a system designed to provide information to assist managers in carrying out planning and controlling activities including managerial accounting activities of gathering, compilation, processing, analyzing and delivering reports information to managers (Kaplan, et.al., 1998). At the same the frame ,It has defined, (Juma, 2011) as a structured systematic science to assist management in policy-making and rationalizing decisions to achieve the objectives of unity variables through the provision of specific, measurable and appropriate information in a timely manner. And from the point of view of managerial accounting (Mown & Hansen, 2006) it is a system provides information for internal organization designed to support the administration and to help managers by identifying important issues and finding solutions to problems and work on performance evaluation. It is a planned list of income, financial and cash flow statements. This tool with comprehensive planning or budget target costs or balancing (Kaizen) or costs based on activities

contribute a minimum level of appropriate and transparent information in informing investors extrapolate future revenue and the extent of the change, in addition to the direction of distributions and the likelihood of failure before it happens and it all through:

1. Information indicating the Outlook for company profits which helps to evaluate its performance during the period via financial reports, and helps decision makers to make the necessary adjustments to their expectations and assess the degree of risk and uncertainty.

2. Information indicating the exact timing of future cash flows. These flows act as an indication of the company's ability to meet its external obligations and to fund operational needs, leading to profitable size.

3. By having actual and planned information, firms can achieve predictability in future performance through comparison between actual performance and planned performance. So, achieve the possibility of measuring the efficiency of the company's management in the planning process and ability to compare and measure deviations and report them, which are measurable indicators of the efficiency of management performance by using quantitative methods for the purposes of prediction.

There is no doubt that media channels including the content of accounting reports and financial statements from an investment perspective can be achieved by through compliance with the following :

1. Possibility of using modern tools of managerial accounting in making investment decisions.

2. Possibility of measuring the cost of the capacity necessary for the exercise of the company's activities, through disclosure of the elements of fixed and variable costs in the actual and planned income statement

3. The consistency of the information content of financial reports and display analytical and qualitative characteristics of the users' needs and their abilities to read and interpret in accounting information system.

The more effective media channels, the more benefit users of financial reports of information would have. Thus, it can be said that media channels accounting reports and financial statements from an investment perspective aims to provide accounting information that fits and makes investment decisions.

### **4.3 The Importance of using Financial Information planned in influencing an Investor's Decision**

The consistency of managerial accounting information with historical data gives indicators of reduced accounting measurement differences and equal opportunities in decision-making by all clients. Managerial accounting information represents a tool for comparison and judgment and predicts accordingly the general conditions surrounding the company taking into account the objectives and the results to be the directors of the company that contain reports and financial statements published as the future information about capital spending, the level of energy utilization, costs, revenues add to earnings, cash flows and distributions Planned. These reports requires the need to shift from passive information disclosure to impressionist disclosure aiming to provide information that affect behavior and trends of users and stakeholders through information which allows them to evaluate the performance of the company's management, the adequacy of resources , ability to configure earnings and trends of the distribution of these profits in the future. Further, the degree of confidence, convenience and integrity of the information

published or announced in these reports reflects the extent of approaching between the declared planned performance and the actual performance.

We conclude that there is need to adopt a clear media policy through open channels of managerial accounting information for eradicating illiteracy and cultural dissemination of investment to reach a high degree of efficiency consistent with the needs of investors in terms of relevance, timeliness, predictability and confidence so that this content is able to change the position of investor which favor increasing or reducing the degree of risk and uncertainty through a set of fundamental principles:

### **I. Disclosure of planned and actual income**

The presence of a good relationship between the financial ratios of components of income actual and planned reaffirms the effectiveness and quality of planning process. According to (Garrison, et.al., 2006). Managerial accounting provides reports about organization's performance and compare it with what was planned, and that the administration attempts to identify deviations through time. This comparisons is done through the use of financial ratios, performance indicators and deviations. Firms cannot achieve highest possible return without using managerial accounting tools. This seems to be consistent with (Al Haress , 2004) of the functions of the management accountant which implement and use a range of methods to support the administration to achieve greater efficiency and effectiveness. Also, it analyzes and interprets results. This function has been defined as the planning procedures and steps to be taken to set goals and develop appropriate programs for different resources and use them to achieve goals, the management accountant with the task of collecting data that assist the department in planning function (Abdel Samie,2010). Investors and lenders are granted appropriate confidence in income statement planned for the next period and have reduced the degree of risk and uncertainty. On the other hand, the deviations between the various components of actual income from the planned income, showing that the impact of any change in the company's product demand, revenues and costs increases the ability of investors and lenders on the extrapolation of the degree of risk and uncertainty more objectively. It shows also the role of managerial accounting in providing information to assist the department in the oversight function and analysis of deviations through the reports provided by the managerial accountant in the light of the schemes and the resulting distortions, with analysis of deviations by causes and propose actions corrected them and measures (Hooper 2003). As to the disclosure of the planned and actual income through a multi-stage, income and greater interest from investors and lenders. Also, the disclosure of fixed cost elements separately from variable cost components in this list which offers the investors and lenders the possibility of measuring the exercise of company activities, which they can modify their expectations for the future. The actual figure is planned to the net profit which is offered to the investment decision maker because it provides information about the probability of success or failure of the company to another time period.

### **II. The disclosure of future cash flows**

The planned cash flow Provides useful information list about future activities of the company to obtain cash through operations of debt repayment and dividends or reinvesting them to maintain operational and energy expansion. Also, it provides useful information about financing activities in the form of loans or equity. Moreover, it provides valuable information about the monetary investment in securities or long term use of linked information. The incoming and outgoing cash flows statements are designed

to help investors, lenders and shareholders to assess the degree of liquidity, the financial flexibility, ability to profitability and the degree of risk during the coming period. Also, disclosure of future cash flows alongside their other financial statements' information helps to know the reasons for the difference between net planned income and net planned cash flows of the company, in addition to helping them to assess:

- The company's ability to generate or produce positive net cash in the future.
- The company's ability to meet its obligations and payment of dividends, interest and exclusion the need for external financing..

The cash flow figures-actual or planned-be less vulnerable to distortion and misrepresentation, because the maturity in net income entails making some estimates of personal judgment. Cash flows from operations can be characterized by a greater degree of objectivity because it is only interested in incoming and outgoing cash flows of actual or planned cash flow so they are more realistic and easier to understand Information income statement and balance sheet. Thus, the actual or planned to cash flows from operations to net income preferred to use as a test for the quality of net income, the higher of the ratio, the higher the quality of the net income. But, the cash flows are focused on cash transactions and do not focus on measuring income, so they fit the process of assessing the risk of short-term liquidity and financial flexibility, in addition to assessing the company's ability to repay long-term debt. Also, the disclosure of the planned cash flow shows the amount and timing of future cash flows by examining the relationships between items such as sales and net cash flow from operating activities, or between net cash flow from operating activities and the increase and decrease in cash. In addition to, assessing the degree of risk of credit policy pursued by the company with its customers is better than those who use the data on an accrual basis .On the other hand, by examining the future cash flows of investment activity (such as planning for the purchase or sale of fixed assets) or funding them (such as planning for a loan Or angel investments and distributions), investors and other users of financial statements planned to understand better the causes of decline or the expected increase in the company's assets and liabilities in the coming period. Managerial accountant uses financial analyst to forecast for the company which intended to provide the basis for comparison of the acquisition process, and access to the final decision to choose or reject desired entity (Richards, 1989). Further, the management accountant examines the components of the company's assets, and review the data entered for a number of years prior (Allison, 1984)

The importance of preparing the planned cash flows include from three activities: operational, investment, and financing in addition to the accounting profit scheme.

There is no doubt that the preparation of planned financial statements provides guarantee to warn the company and avoid the cash deficit as a result of disclosure of financial statements and cash flow analysis of the sources. This will provide investors and other users with important information and useful about the company's cash position and the degree of risk and uncertainty for investment

From the above, we conclude the necessity and importance of using planned financial information that should be prepared and disclosed by different companies -as the platform for fundamental investors to rely on when making Investment decisions in companies which operate in practice.

## **5 Hypotheses of the Study**

Based on the literature review and research objectives, the following hypotheses were derived are as follows:

H1: There is no relationship between Media content of managerial accounting (independent variable) and the decisions about current and prospective investors (dependent variable).

H2: The Alternative Hypothesis:

There is a relationship between Media content of managerial accounting (independent variable) and the decisions about current and prospective investors (dependent variable).

The researcher will test the hypothesis researches through field study

## **6 The Field Study**

The field study aims to explore the common points of views in the study about the impact of media content of managerial accounting to recognize perception and awareness of current and prospective investors in making investment decisions.

### **6.1 Research Methodology**

This study is designed using a correlation framework and employ a survey through a questionnaire, in a common format in terms of the contents of the questions from different Audit firms of Jeddah and Riyadh in Saudi Arabia. The questionnaire was distributed among big and middle levels of different firms. Both inferential and differential statistical methods were used the results of this study will be carried out through statistical calculations, making use of both the Personal  $r$  technique and regression methods for measuring correlations, and Cronbach's alpha test to approve the reliability of study tool.

### **6.2 Data Collection, Sample and Study Tool**

#### **I. Data collection and sample**

A sample consists of (240) management accountants, heads of departments, financial managers, auditing managers, accounting departments' heads and managers, financial analysis heads of departments and financial sheets preparation heads of departments at companies in Jeddah and Riyadh. To achieve the objective of the study, the researchers develop a questionnaire. Validity and reliability were established in the questionnaire and was administrated to the sample of the study, and (221) usable questionnaires were returned (92%) and entered to SPSS statistical software, The researchers use a number of statistical procedures in data analysis using Statistical Package for Social Studies (SPSS) & (Minitab) to identify the response rates of the sample subjects on the questionnaire's items by using Linear and step regression methods to test the relationship between the dependent and independent variables of the study, besides using Spearman coefficient to clarify the link between variables, in addition to the use of Cronbach's alpha statistical to test the hypotheses of the study

The present study makes a questionnaire survey approach to collect data for testing the research hypotheses. Data is analyzed using principal components analysis and

relationships are tested using linear regression. The research sample included categories, namely: managers, heads of departments, Senior, Central and Executive management, and a sample was taken of the study population consisted of management Accountants, financial managers, heads of departments, audit managers, audit directors and, head of financial analysis departments. The majority of this sample of male, due to the long working hours and the nature of the community and the most of the respondents has higher education, qualifications, skills, knowledge and experience to help in facilitating data collection, and reducing the risk of measurement errors.

Table 1: the number of questionnaires distributed and received a sample

Statement	F	Percent
Number of questionnaires distributed	240	100 %
Number of questionnaires unanswered or non-refundable.	(8)	3.4%
Number of questionnaires excluded for being incomplete.	(11)	4.6%
Number of questionnaires resolvable	221	%92

This percentage is undoubtedly considered appropriate proportion due to the researches which used to close-style interviews to overcome differences, cultural, and educational

## II. Validity and reliability of study tool

The study tested the stability of the tool using Cronbach's alpha, in order to check the internal consistency. Ranging Krumbach value of the alpha coefficient between the (.80. - - 0.93) for study variables, and this means that the result is providing a high degree of credibility in the answers, and therefore we can disseminate the results of this study, and the table (2) shows the most important results of this test.

Table 2: validity and reliability of study tool according to internal consistency (Cronbach's alpha)

List Contents of the survey	Number of paragraphs	Reliability coefficient
1 The causes behind the gap between investors' expectations and managerial accountant's perception to his duties	4	.,80
2 The goal of media content of managerial accounting	9	.,83
3 The impact of media content of management accounting on the investor	9	.,89
Whole instrument	22	.,93.

### 6.3 Collect, Dump and Analysis Questionnaire List

The researcher has divided the questionnaire into a set of queries relating to the problem of research with a group inquiries regarding testing hypothetical research. All independent and dependent variables require five-point Likert style responses ranging from “strongly disagree” to “strongly agree”.

Disagree = 3    Neutral = 2    Agree =1

- Y refers to the dependent variable

- X1 X2 X3 X4 X5 ..... Refers to a set of independent variables.

#### I - Inquiries relating to research range

Table 3: The causes behind the gap between investors' expectations and managerial accountant's perception to his duties

Statement	Agree	Disagree	Neutral
The level of the reader's knowledge about managerial accounting reports has an effect on understanding it	130	42	49
Not cope with traditional accounting reports for new variables in society	148	27	46
The form and content of current accounting reports do not reflect the veracity and integrity of the information contained therein	133	35	53
The sharp decline in media awareness of managerial accounting	134	32	55

From the previous table, it is clear that most of the participants in the survey find that the stage of knowledge reader about managerial reports had received support in determining the perception messages. With the necessity to define a minimum quality of the service level, the sharp decline in media awareness of managerial accounting and coping the ongoing changes in society. All of these factors make the form and content of the managerial report does not reflect the sincerity and integrity of the information

Table 4: The goal of media content of managerial accounting

Statement	Agree	Disagree	Neutral
Providing the investor with media content and managerial accountant perception to perform most of his duties.	138	34	49
Need for preventive information controls to prevent errors and reduced to a minimum	140	44	37
Availability of minimum requirements for disclosure and transparency	151	35	35
The Need for accurate, timely, appropriate and sufficient Information with appropriate cost for Investors	149	33	39

The Provision of adequate and appropriate Information to Senior Management which helps them in planning , monitoring and evaluating Performance, and decision-making	139	33	49
Accounting information showing the size and timing of future cash flows	128	39	54
The need for an Instrument for comparing , judging , evaluating and predicting Performance	121	52	48
Information system helps in planning and selecting appropriate strategies and objectives for the organization	123	48	50
Media content allows shareholders and investors to keep their rights and maximize their fortune fairly	163	24	34

From previous table, it was found that the goal of media content of managerial accounting, is to keep shareholders and investors rights and maximize their fortune fairly. Also, the need for accurate, timely, appropriate and sufficient information with appropriate cost helps in planning and selecting appropriate strategies and objectives for the organization. Besides, the availability of minimum requirements for disclosure and transparency shows the size and future cash flows by using preventive information controls to prevent errors or at least reduce them to the minimum

**II- Inquiries relating to the hypothesis of the research**

Table (5) shows the degree of importance of media content of managerial accounting in increasing perception and knowledge of its investor

Table 5: importance of media content of managerial accounting in increasing perception and knowledge of its investor

Statement	Agree	Disagree	Neutral
YA. Media controls allow investors and shareholders to increase their perception of their rights and maximize their fortunes	153	30	38

And there is a question about the relative importance of media content of managerial accounting in increasing the perception of its investor. It was found that 86% of investors need for media controls helps them in increasing their perception and maximize their fortune while 14% rejected this idea.

Table (6) shows shows the effect of media content of managerial accounting as an independent variable on the perception of investor as a dependent variable

Table 6: media content of managerial accounting as an independent variable on the perception of investor as a dependent variable

Statement	Agree	Disagree	Neutral
XA1-. Provide trust, decrease misunderstanding and investors' uncertainty about their investment fate	130	42	49
XA2-maintain the rights of investors and expand their wealth fairly and ensure equal treatment for them	148	27	46
XA3- The elimination of illiteracy and dissemination of investment culture in the field of investment	150	37	34
XA4- Protect investors from falling into deception and fraud, reducing the overall threat level to the least possible degree	104	82	35
XA5- Helping investors to configure appropriate investment portfolio to avoid risk through diversification of investments	146	33	42
XA6- Accounting, analytical reports focusing on the causes of deviations, and the position of the company, including management indicators of liquidity and profitability, and credit	144	31	46
XA7- To enable investors to determine the amount and timing of future cash flows.	139	31	51
XA8- Identifying strategies that achieve a balance between the requirements and needs	142	30	49
XA9- Identify corrective actions required, and reduce unnecessary procedures	133	35	53

It was found that there is an effect of media content of managerial accounting on the perception of investor.....most of participants insure that providing trust decreases investor's misunderstanding and uncertainty about their investment fate. Moreover, it maintains the rights of investors and expand their wealth fairly and ensures equal treatment for them. Besides, it allows investors to know the causes of deviations, and the position of the company, including management indicators of liquidity, profitability and credit sources. Finally, most of the participants ensure that saving investors from falling into deception and fraud, reduces the overall risk level to the minimum.

#### **6.4 The Results of Statistical Analysis using Linear Regression, Stepwise and Spearman Coefficient**

##### **I. Statistical analysis using linear regression and stepwise using Minitab Program**

Table (7) shows linear regression equation to identify the effect of media content of managerial accounting policies and procedures as independent variables on the perception of the investor as dependent variables.

Table 7: Linear regression equation

The regression equation	F	R <sup>2</sup>	R	Factors affecting the dependent variable
$Y1 = -0.627 + 0.117 XA1 + 0.202 XA2 + 0.166 XA3 + 0.166 XA4 + 0.170 XA5 + 0.173 XA6 + 0.109 XA7 + 0.125 XA8 + 0.110 XA9$ (3.64)**(6.96)**(7.06)**(6.17)**(6.15)** (7.10)**(5.04)**(4.86)**	(238.)**	.91	<b>.95</b>	All independent variables affecting the dependent variable

**First: using Linear regression analysis:**

All of the independent variables have been shown in Table (7) Where the coefficient selection rate is 91% meaning that the effect of independent variables on the standard represents 91% and 9 % due to other factors.

**Second: the most influential factors using stepwise**

The most important impact factors on the dependent variable is XA2 where the degree of influence 61.6%

And then XA2 , XA1 The degree of influence collectively 75.7 %

and after that XA2 , XA1 , XA5 The degree of influence collectively 80 % collectively

and then XA2 , XA1 , XA5 , XA6 The degree of influence collectively 83%

and after that XA2 , XA1 , XA5 , XA6 , XA3 The degree of influence collectively 86%

After that XA2 , XA1 , XA5 , XA6 , XA3 , XA4 The degree of influence collectively 88 %

Finally XA2 , XA1 , XA5 , XA6 , XA3 , XA4, XA8 The degree of influence collectively 89%

P value = 0.01 and 0.05 there is a significant relationship.

2-Statistical analysis using the SPSS program to calculate Spearman coefficient

Note: the closer the R value 1 whenever the relationship is strong and if the R value, which are direct correlation and negative if the R value be counterproductive

**Nonparametric Correlations**

		Correlations									
		Y1	XA3	XA1	XA2	XA4	XA5	XA6	XA7	XA8	XA9
Spearman's rho	Y1 Correlation Coefficient	1.000	.492**	.778**	.777**	.544**	.703**	.642**	.507**	.700**	.634**
	Sig. (2-tailed)	.	.000	.000	.000	.000	.000	.000	.000	.000	.000
N		221	221	221	221	221	221	221	221	221	221

\*\* . Correlation is significant at the 0.01 level (2-tailed).

\* . Correlation is significant at the 0.05 level (2-tailed).

There is a strong positive correlation between Y1 and XA1 where R value = .778\*\*

There is a strong positive correlation between Y1 and XA2 where R value = .777\*\*

There is a strong positive correlation between Y1 and XA5 where R value = .703\*\*

There is a strong positive correlation between Y1 and XA4 where R value = .544\*\*

There is a strong positive correlation between Y1 and XA6 where R value = .642\*\*

There is a strong positive correlation between Y1 and XA7 where R value = .507\*\*

There is a strong positive correlation between Y1 and XA8 where R value = .700\*\*

There is a strong positive correlation between Y1 and XA9 where R value = .634\*\*

## **6.5 Analysis the Results**

From the field study, It is already clear that there is an effect of media content of managerial accounting policies and procedures on the perception of the investor

There is a strong and positive correlation between media content of managerial accounting policies and procedures as independent variable and the perception of the investor as a dependent variable.

## **7 Conclusion the findings and recommendations**

### **7.1 Study Conclusion**

This study found that media content including reports and financial statements which contains only historical accounting information does not represent anymore an urgent need. Contrarily, the urgent need now is represented by giving more importance to media and disclosure system of accounting about managerial accounting information which is considered to be the corner stone which affects investors' perception. Therefore, it is important to improve these declared reports and financial statements.

These reports are considered to be an important media source for the investors to predict degree of efficiency of the company's activities, results and performance in the form of reports which facilitates the readers' ability to read, understand and clarify it. These reports are considered to be output of accounting information system which are considered to be necessary for different decision makers. This makes it as a cornerstone for annual results. These reports also add credibility and transparency to this information and increases the trust to its users as they can specify the risk and uncertainty level.

### **7.2 Study Findings**

Findings the results of the study as follows:

- The company's ability to generate or produce positive net cash in the future
- Provide accounting information for assessing the performance of the company periodically
- Provide information on the efficiency of the company's management in the exploitation of resources and the performance of its functions and fulfill its responsibilities.
- Allow investors to extrapolate future revenue trends and the likelihood of risk and uncertainty associated with these revenues
- Help the investor to assess the company's cash position in terms of the degree of short-term liquidity and financial flexibility,
- In addition to its ability to repay long - term commitment on the due date
- Enables the investor to assess and test the quality of the net income number scheme to target investment company.
- Helps Investors to form an appropriate portfolio of investments, to avoid risk through diversification of investments.

- Enables the investor to determine the amount and timing of future cash flows.
- Protect investors from falling into deception and fraud, reducing the overall level of risk to the least possible degree.
- Disclosure elements of fixed and variable cost in actual and planned income statement - To provide factual information and planned, and thus achieve the predictive ability of future performance.
- Identify strategies that achieve a balance between the requirements and needs.

### **7.3 Study Recommendations**

The researcher recommends the following:

- Updating media content of the reports and financial statements for current and prospective investors up to date and in a timely manner and in accordance with their needs.
- Requiring listed companies on the stock market to submit to the authority of this market regular quarterly reports on their activities and the results of the actual and planned its illustrated liquidity ratios, profitability and credit, in addition to accounting reports and analytical analysis of the actual performance during the period including the reasons for the deviations and measures to cope with the prevention of recurrence. These reports should be easy for users to read, detect interpret and understand them.

### **7.4 Study Abstract**

The researcher highlighted the role of managerial accounting information content in bridging the shareholders and investors need to maintain rights and maximize their wealth equitably and providing appropriate security for quality, with a legal or professional obligation to provide an accurate, temporary, adequate, sufficient and affordable information to investors with a minimum of requirements of disclosure and transparency .

- Provide sufficient and appropriate information to senior management and to assist them in planning, control, performance evaluation, and decision-making for current and prospective investor.

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