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### Managerial Decision

- Individuals make decisions.
- Decisions determine the performance of the organization.
- Managers use information from the accounting system to make decisions.
- Owners evaluate organizational and managerial performance with accounting information.

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**Cost Classification by Relevance**  
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- Relevant  
- If cost influence a decision
- Cost that are applicable to a particular decision
- Cost that are avoidable
- Irrelevant  
- If cost do not influence a decision

**Cost Classification by Behaviour**  
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cost behaviour refers to how a cost will react to changes in the level of business activity

- Fixed cost
- Variable cost
- Mixed cost

**Cost Classifications**  
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Cost can be classified:

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**Managerial decision in cost accounting**  
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- The Value Chain describes a set of activities that transforms raw materials and resources into the goods and services and users purchase and consume.
- Value added activities
- Non value added activities



**Conclusion**

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## Rational Choice and Managerial Decision-Making



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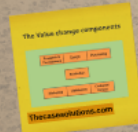
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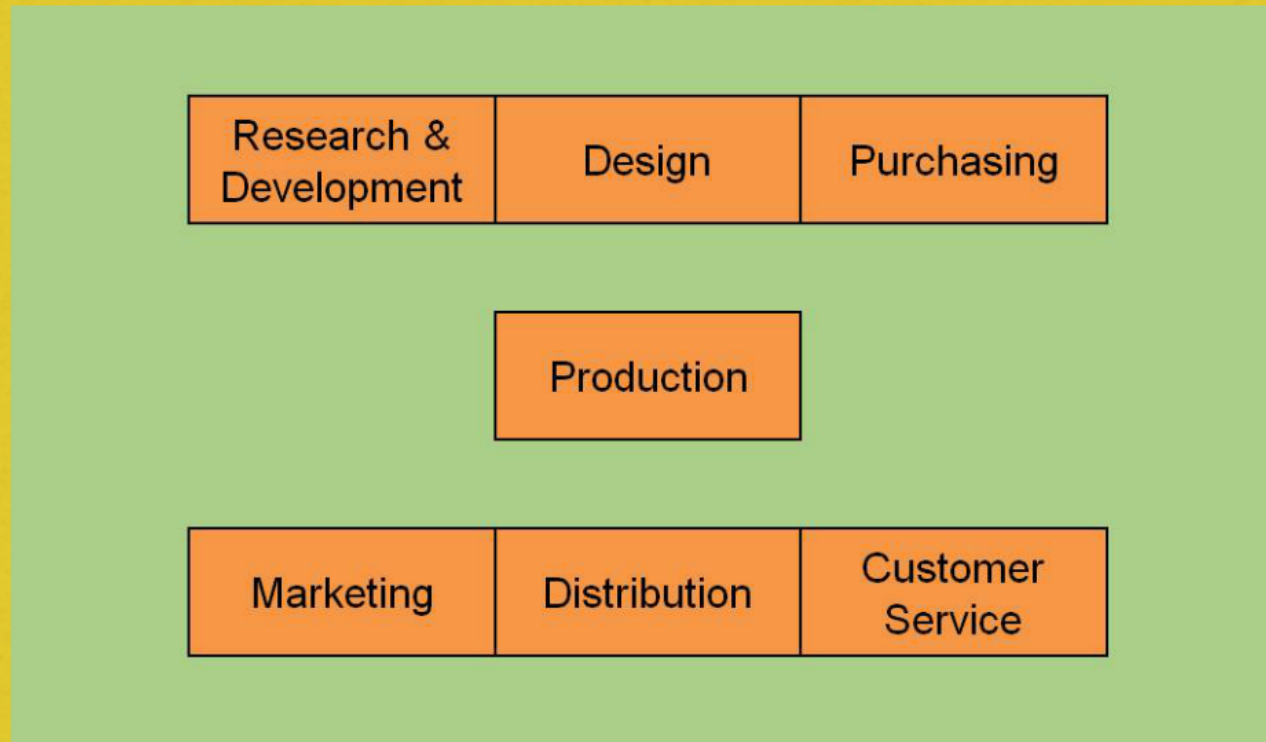
## Rational Choice and Managerial Decision-Making

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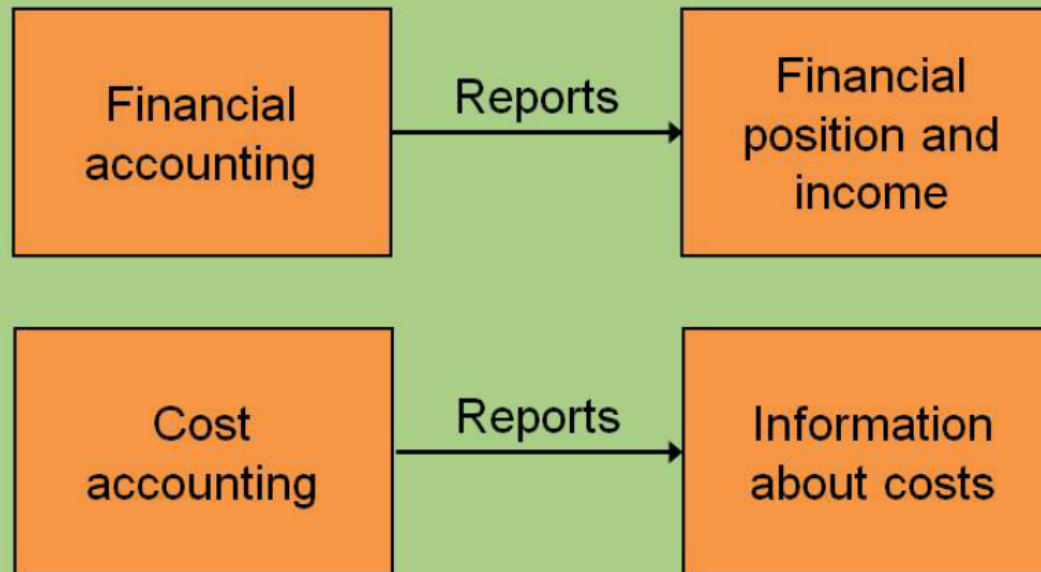
# The Value change components



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# Accounting System

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