NEAR EAST UNIVERSITY

INSTITUTE OF GRADUATE STUDIES

DEPARTMENT OF BUSINESS ADMINISTRATION

EVALUATING THE EFFECT OF FINANCIAL ACCOUNTING REPORTING ON MANAGERIAL DECISION MAKING- A CASE STUDY OF RICE IMPORTING COMPANIES IN LIBERIA

MBA THESIS

RICHLIEU DADDY FOLEY

NICOSIA

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Approval

We certify that we have read the thesis submitted by RICHELIEU DADDY FOLEY titled **"EVALUATING THE EFFECT OF FINANCIAL ACCOUNTING REPORTING ON MANAGERIAL DECISION MAKING- A CASE STUDY OF RICE IMPORTING COMPANIES IN LIBERIA"** and that in our combined opinion it is fully adequate, in scope and in quality, as a thesis for the degree of Master of Business Administration.

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Declaration

I hereby declare that all information, documents, analysis, and results in this thesis have been collected and presented according to the academic rules and ethical guidelines of the Institute of Graduate Studies, Near East University. I also declare that as required by these rules and conduct, I have fully cited and referenced information and data that are not original to this study.

RICHLIEU DADDY FOLEY

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Glory be to God. Great thing he has done and more incredible things he will do. I am thankful to the Almighty God for giving me the strength, courage, and determination to conclude this research successfully.

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Richlieu Daddy Foley

Abstract

An Evaluation of the Effect of Financial Accounting Reporting on Managerial decision Making- (Sonia incorporated, DeeHa business center, Hanmat and Virtuous incorporated).

Richlieu Daddy Foley

MBA, Department of Business Administration

January, 2023, 90 Pages

Purpose - The purpose of the study was to evaluate the effect that quality financial accounting reporting can have on managerial decision-making at various importing companies in Liberia (Sonia incorporated, DeeHa business center, Hanmat and Virtuous incorporated.

Design - The quantitative research design was used for this study. The study used that design because primary data was collected from employees of Sonia incorporated, DeeHa business center, Hanmat, and Virtuous incorporated by means of a well-adapted and analyze it so as to determine the relationship between the study variables Financial Accounting Reporting Quality and Managerial Decision.

Findings – the study found out there exists a positive and significant correlation between decision-making and comparability, reliability, and relevance. The conclusion is that financial accounting reporting quality significantly influences management decision-making

Practical application - This study has helped managers and accountants at the Sonia incorporated, DeeHa business center, Hanmat, and Virtuous incorporated in Liberia to see the need to give serious attention to the preparation and structure of the financial reports so as to make an important decision that will lead to the advancement of the companies.

Recommendation - the management of Sonia incorporated, DeeHa business center, Hanmat, and Virtuous incorporated employ qualified and competent people to take care of their financial departments for quality and accurate reporting

Keywords: Financial Accounting reporting quality, managerial decision making

Özet

Finansal Muhasebe Raporlamasının Yönetsel Karar Verme Üzerindeki Etkisinin Değerlendirilmesi- (Sonia şirketi, DeeHa iş merkezi, Hanmat ve Vir-tuous şirketi)

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MBA, İşletme Bölümü

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Amaç - Çalışmanın amacı, kaliteli finansal muhasebe raporlamasının Liberya'daki çeşitli ithalatçı şirketlerde (Sonia şirketi, DeeHa iş merkezi, Hanmat ve Vir-tuous şirketi) yönetimsel karar verme üzerindeki etkisini değerlendirmekti.

Tasarım - Bu çalışma için nicel araştırma tasarımı kullanılmıştır. Çalışmada bu tasarım kullanılmıştır çünkü birincil veriler, Sonia anonim şirketi, DeeHa iş merkezi, Hanmat ve Virtuous şirketi çalışanlarından iyi uyarlanmış bir yöntemle toplanmıştır ve bu verileri, çalışma değişkenleri arasındaki ilişkiyi belirlemek üzere Finansal Muhasebe Raporlaması analiz etmektedir. Kalite ve Yönetsel Karar

Bulgular – çalışma, karar verme ile karşılaştırılabilirlik, güvenilirlik ve alaka düzeyi arasında pozitif ve anlamlı bir ilişki olduğunu ortaya çıkardı. Sonuç, finansal muhasebe raporlama kalitesinin yönetimin karar verme sürecini önemli ölçüde etkilediğidir.

Pratik uygulama - Bu çalışma, Liberya'da kurulan Sonia, DeeHa iş merkezi, Hanmat ve Virtuous'daki yöneticilere ve muhasebecilere, finansal raporların hazırlanmasına ve yapısına ciddi bir önem verilmesi gerektiğini görmelerinde yardımcı olmuştur. şirketlerin ilerlemesine yol açacak önemli bir karar.

Tavsiye - Sonia anonim şirketi, DeeHa iş merkezi, Hanmat ve Virtuous anonim şirketi yönetimi, kaliteli ve doğru raporlama için finans departmanlarıyla ilgilenmek üzere nitelikli ve yetkin kişiler istihdam etmektedir.

Anahtar Kelimeler: Finansal Muhasebe raporlama kalitesi, yönetsel karar verme

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List of Abbreviations

AFRSB:	American Financial Reporting Standards Board
AGM:	Annual General Meeting
SWOT:	Strength Weaknesses Opportunity and Threads
GAAP:	Generally accepted accounting principles
FASB:	Financial Accounting Standards Board),
IRS:	Internal Revenue Service,
SEC:	Securities and Exchange Commission
IFRS:	Standards for International Financial Reporting
GDPR:	General Data Protection Regulation
EPS:	Earnings per share
SMEs:	Small Medium Enterprises
MAI:	Management accounting information

CHAPTER I

Introduction

This chapter concern itself with the problem statement of this study, the aim, the research question, the importance of the study, and the limitations of this study Business managers of all stripes have been troubled by the ever-changing nature of the modern corporate environment and the globalization of the whole globe. That's why, as stated by Liesen, Figge, and Hahn (2013), poor decision-making performance inside an organization presents a wide range of difficulties for managers to tackle. Although they vary from industry to industry, controllable and uncontrolled variables impact every choice and, in the end, help the business succeed (Al-Kake & Ahmed, 2019). Thus, for choices to be made by managers, they need access to information that meets the criteria of being accurate, genuine, transparent, and relevant (Abdullah & Rahman, 2015. Quality Financial reports, which optimize accuracy and eliminate serious mistakes, are the most effective data that assures management judgment.

It is important to keep in mind that the pursuit of financial gain is often one of the primary goals pursued by organizations. The pursuit of financial success is another important motivation in every business, and it is the responsibility of management to make sure that this objective is met (Al-Kake, et al., 2019). For you to achieve the goal, information that may be gleaned from an organization's financial records has to be reviewed, appraised, and put to use as a guide for decision-making (Needham & Dransfield, 2007).

The financial and profit trends of the market, both now and in the future, may be gleaned from a report on the economy. This has beneficial effects and aids in the collection of accounting data from a wider group of people (Sultan et al., 2020). Manufacturing and marketing, for example, rely heavily on data to influence their organizational decisions and improve their workings (Prabhu, Ahmed 2020, Abdullah; Gardi, et al., 2020). The demand for managers to have expertise increases in proportion to the size and scope of the firm. The decision-making processes of corporate entities should always include understanding the entity's money operations. Inclusion of money operation as a record is the fundamental objective of the financial statement as a document. Therefore, it is essential to arrive at the conclusion that the capability to execute accounting knowledge is essential to the operation of a corporation.

At the end of each financial year, a business will compile a variety of financial statements. These remarks provide a concise summary of the developments that have taken place throughout time. This will enable the consumer to make choices. The accounting data in the financial report, after being evaluated, gives managers the ability to make decisions that are better informed (Jaf, et al., 2019). Reviewing a company's financial statements is one of the most important methods for establishing how efficient an organization is, as well as for ensuring that decisions are based on data rather than on a rule of thumb.

An analyst of financial markets examines the financial records of firms to identify potential organizational and financial problems that might have an effect on such enterprises (Bousfield, 2016). Anyone who analyzes the financial records of firms need to also establish the cause of these organizations' financial and operational problems as well as the effect such problems have.

A difficulty in terms of either finances or operations may be traced back to an event that had some kind of impact (the problem). The mechanism that is a predictor of the problem, however, may be monitored to establish the source and impact of the operational or financial difficulty. This technique is known as perception (Moynihan, Pandey, and Theory, 2005), and it's what lets accountants record enough information about any industry in their books. This thus allows the accounting of spending to be provided in a fashion that is both consistent and clear to the reader. The true and equitable financial state of the firm may also be used to evaluate this aspect of the market.

Accounting information has these positive outcomes because it benefits a wide variety of users within an organization. These needs might arise from any number of business domains, such as finance, production, marketing, etc. As a rule of thumb, larger enterprises have greater need for sophisticated information systems. When it comes to making significant decisions, such as those involving investments, financial statements have a crucial part in the cooperation to make decisions. Pazhani and Abdullah (2019) Keeping track of monetary transactions is the main reason for financial reporting. The reporting language the firm uses was also discussed. Additionally, it is said that the capacity to broaden one's accounting abilities is crucial to the success of a business; at the conclusion of a fiscal year, a corporation creates a wide variety of records. This research compiles advancements made throughout time. All the data in this financial analysis must be interpretable so that decisions can be made based on the similarities, differences, and patterns that emerge over time. Quality Accounting information in the financial report helps management make better decisions. As far as the institution can assess her real and equitable money state, it should be given adequate reporting in all areas of organization and economic activity. Owners, creditors, banks, authorities, employees, potential purchasers, and the entity's leadership are all important audiences for financial performance. To gauge the scope of their financial contribution, the groups rely on information provided by the institution's transactional reports to ascertain the organization's condition. Decision-making in areas like spending, saving, credit, and business operations all benefit from the exchange of relevant quality financial accounting information.

Consolidated financial statements are prepared for the benefit of stakeholders and any interested clients/publics to reveal the financial condition and results of operations of a parent organization and its subsidiaries as if the group were a single institution with one or more branches or divisions. Separate statements are assumed to be less informative than combined ones.

According to Thomas (2008), The term "financial reporting" refers to the practice of communicating economic data to stakeholders including management and investors as well as the public. To make educated judgments and decisions, it is vital for organizations to give data that shows how far along they are in achieving their stated objectives. It's a report made by the firm's board of directors that details how well the company spent money it got from the government and its shareholders. (Benedict & Elliot, 2011). Companies' successes and failures may be quickly evaluated with the help of financial reports. Decisions involving investment, spending, and asset management, among others, cannot be made without the aid of financial reporting (Better, Meigns et al., 2009).

According to Akintoye (2002), investors and creditors utilize financial data to decide whether to put their money into a company. Non-financial and financial data are compiled and presented by the company in financial reports so that stakeholders may make informed well-informed choices. But financial reporting's goal is to give information that may be valuable enough for judging how well management is meeting user demands with the resources it has available.

According to Koko (2018), one way to evaluate whether an organization can achieve its aims for effective decision-making is via its financial management. Management can make informed judgments based on accurate financial information provided in the form of financial statements.

Financial Accounting Reporting Quality

The term "report" is often used to refer to any kind of written communication that is delivered on paper (Hall, 2004). To put it simply, a financial report is a written piece of financial information that has been signed, sealed, and sent to the recipient. Financial reporting is the process of disseminating financial data to those in positions of authority, as defined by Meigns, Williams, and Haka (2007). It's a good source for data that might aid in making prudent financial choices. For its users to make informed judgments, it discloses both qualitative and quantitative data. Simply said, it provides data in a manner that people can comprehend. Once again, the most convincing argument for this view comes from Larson (2008), who redefined financial reporting as the communication of actionable financial information to management and other stakeholders. American Financial Reporting Standards Board (AFRSB) activities described as "those that are performed primarily to meet the information demands of external consumers," as stated by Pendrill and Lewis. Due to a lack of discretion, these stakeholders can only make use of the financial data that has been provided to them by the organization's management. (2010). For this reason, management compiles financial reports for distribution to other parties, who must rely on the data provided to make choices about the organization. Many of the local mega corporations have grown so large that they are now able to draw funding from a wide range of investors. As a result, during the Annual General Meeting, these businesses must produce and submit financial reports covering the preceding year (AGM). Even smaller businesses aren't ignored here. According to Meigns et al. (2007), a "financial statement" is "just a declaration of what is thought to be true and which," where "which" refers to a specific monetary unit. That which is believed to be a fair representation of an organization's financial actions is described. It is the technique through which the reporting company disseminates to interested parties' information about its assets, liabilities, and operations.

The accounting department of a company is the central repository of financial data, with the responsibility of summarizing, interpreting, providing a recording platform for, and evaluating financial transactions. Ledger entries are considered official records; thus source papers are also generated and basic data is entered there (Trimisiu, 2012). That's why business transactions are the starting point for accounting records.

Most often utilized source documents are invoices, LPOs, cashbooks, and sales invoices. Good management of accounting procedures is essential for a company to give the information it needs.

An effective accounting system that assists management in addressing issues is also required. Accounting data is a "learning machine" since it shows management how different actions and resources might affect the company's bottom line (Eugenia & Tiberiu, 2013).

Managers place a premium on accounting and financial data when making crucial management choices (Royaee, Salehi, & Aseman, 2012). The value of financial accounting data lies in the fact that it provides useful insights into a company's operations in both monetary and qualitative terms. Gaining an information advantage aids a business in being more knowledgeable, productive, and decisive (Glomstead, 2001). The higher qualitative aspect of accounting information is its information advantage, which may improve an organization's evaluation, assessment, and prediction of economic events. Effective financial information is that which accurately reflects the state of the company's finances and operations and can be relied upon by stakeholders.

Consequently, the findings may be utilized as evidence in deliberations or as a basis for projections of the organization's future success (Fisher & Kingma, 2001). Managers need financial reports for several reasons, but the most crucial is that they provide them with reliable information that they can use to steer the company in the right direction (Pongsatitpat & Ussahawanitchakit, 2012). Because it refers to what will happen in the future, financial data utilized as the foundation for internal financial data used to guide managers in making specific decisions is of paramount significance. Financial data may be useful for making decisions, according to Krumwiede et al. (2007) and Zager and Zager (2006).

Management Decision Making

One of the most important aspects of any company is the management's ability to make decisions that affect the entire thing, whether that's forward progress toward goals and objectives or a failure to do so (Yatim, 2009). Today's businesses must navigate an environment of extraordinary economic volatility, heightened regional and global competitiveness, and widespread uncertainty (Tickell, 2010). Due of this, it is essential for managers to make well-informed judgments if the company is to advance successfully. It is the quality of the information provided by the systems surrounding a management that has the most impact on the choices the manager makes (Nooraie, 2011).

Since decisions have long-lasting consequences for firms, it's crucial to examine financial data to arrive at a more accurate strategic evaluation. Long-term choices like this are often made by upper management, who then directs the company's primary resources toward achieving the chosen objective (Eugenia & Tiberius, 2013).

Strategic choices are among the most notable outcomes of the decision-making process, and businesses use them to establish priorities and chart a course for their organization's growth over the long term (Yatim, 2009). The responsibility for making such choices falls on upper management. Whenever a corporation makes a poor strategic choice, it hurts its bottom line. The ultimate weight of responsibility for this lies squarely on the shoulders of whomever makes the strategic decisions (Trimisiu Tunji, 2012). Access to relevant data is essential for making sound decisions.

Accounting is a crucial tool for making informed decisions. There are two main types of accounting, financial and managerial. Measurement, analysis, and reporting for management purposes are the hallmarks of management accounting, whereas financial accounting focuses on disseminating a company's financial data to the outside world. (Woods, 2008). To help managers make sound choices, management accounting includes both financial and other relevant data (Zager & Zager, 2006).

Financial Accounting & Decision Making

Financial reporting overarching goal is to provide information about a company's financial health to the public so that stakeholders may evaluate management's performance and guide strategic business decisions (Elekwachi, 2010).

Management is a 20th-century phenomenon; nearly no organization operates without its own management team, and the quality of that team has a huge impact on the organization's chances of success or failure. Organizational management is responsible for a wide variety of tasks, including, but not limited to, making decisions (Pandey, 2006).

According to Barkovic (2009), decisions are made when one business strategy is selected above others. Kurfi (2015) argues that decision making is the process by which one chooses among competing alternatives to a given course of action. Help management make the essential, on-going decisions that will have an impact on the company, which is the key to financial managers' success. It is important to emphasize, however, that financial reporting is essential for investors, creditors, marketers, shareholders, and other decision-makers to make sound investment, credit, marketing, dividend, and other financial choices (Kaurdi, 2007).

The statement of financial situation is an important part of any financial reporting organization's assets, liabilities, and equity (or lack thereof) as of a certain date (often the end of the fiscal year) are summarized in a financial statement called a statement of financial status.

The statement must include true and comprehensive facts. (Helfert, 2010). According to Akpan (2009), management's ability to rescind a previously planned investment in the event of a change in circumstances is largely dependent on the information provided by the company's statement of financial status.

Damodaran (2012) echoed this sentiment, noting that management must have access to data like the statement of financial condition in order to prepare for the long-term success of their company. Thomas (2008) argues that management should use the statement of financial position as a foundational tool when making investment decisions.

The reason for this is that if an organization's investment decisions are fruitful and improve the wealth of its shareholders, the value of the organization will rise. The cash flow statement is an additional factor to think about while analyzing financial statements. This report is generated at the conclusion of the accounting period and details the impact on cash flow from all operating, investing, and financing activities throughout the time. A company's cash inflows and outflows over a certain time period are detailed in a document called a "statement of cash flow" (John & Wokeh, 2017).

According to Glautier and Black (2016), The statement of cash flow limits management's decision-making authority and, hence, their ability to pay dividends to shareholders. Experts agree that dividends should be distributed from a company's cash flow rather than its accrued profits, since this better reflects the management's ability to generate cash. According to their analysis, dividends paid from sources outside the corporation might reduce its available cash and threaten its financial stability.

Kurfi (2012) stressed the fact that many studies have relied on the assumption that cash flow information is connected to dividend policies and that the statement of cash flow is preferable to accrual profits for understandingdividends policies. Considering how important liquidity is in establishing management's dividend policy, the cash flow statement gives a transparent metric of liquidity.

There is a growing need to use data gleaned from financial records to evaluate financial accounts prior to making judgments. Accounting record analysis, in this sense, is the process through which management-critical financial data is transformed into information that can be used for performance evaluation. Most managers work hard to assure the growth and survival of their companies in light of the external market conditions; thus, it is crucial for them to have a firm grasp on the quality of the business as it is right now. The management process, including the subsequent step of planning, should always follow a thorough review of the most recent financial statements (Nooraie, 2011).

Assuming excellent management is a goal at all, planning is the most important function in every company. Organizations that take the time to do a SWOT analysis are better prepared to make sound financial decisions. In order to find the best qualities in a firm, you need to rely on solid financial research. The analysis's benefits might be included into the company's planning procedures. The ability to identify and address shortcomings is essential for every successful business. As a result, a company's management must become its primary consumers of financial information (Royaee, Salehi, & Aseman, 2012).

First, it takes into account the vertical analysis methods alongside the structural and horizontal analysis of a certain financial institution (Eugenia & Tiberiu, 2013) in order to choose the best course of action. provide their company's financial information. Horizontal analysis is used to try to learn about the patterns of change in the financial health of different businesses (Ovidia, 2013).

Organizational competence may be estimated by looking at the ways in which it fluctuates. Information on the structure of the company's finances is the foundation for a vertical analysis. An organization's financial framework is crucial in judging its performance (Iacob &Karim, 2013).

Financial Accounting Reporting Quality

Financial managers need to have an analytical understanding of the instruments at their disposal to produce a dependable financial report that can be used for planning and decision-making. Fraud, cash mismanagement, bankruptcy, and liquidity are all challenges that have sparked debate. throughout some years at the various rice importing companies in Liberia. For some months at Rice importing companies in 2019 and 2020, there was continuous go–slow by workers and lawsuits against these companies by citizens due to the companies' failure to pay workers and meet their social cooperate responsibilities. These issues lead to a halt in business activities and, in the majority of instances, become quite dishonest to the naive members of the public whose resources are employed by such firms. In addition, there have been breaches in several standards that govern the reporting of financial information. These breaches include deficiencies in the process of preparing financial reports owing to human error in certain instances. As a result, with the information presented above serving as a launching point, the influence of financial reporting on management decision-making at these rice-importing companies has been so cardinal to this research.

Accounting is the most essential source of information for the decision-making process. In order to make educated business decisions, accounting data is used as a starting point because of the clarity it provides on the company's financial standing (Ullah et al., 2014).

Accounting data is often used to back up management's choices inside a company (Vitez & Baligh, 2011). In order for Rice importing firms in Liberia to be successful, they must be able to make informed judgments, especially long-term strategic ones, about the link between these two factors (Tickell, 2010).

There is a large body of literature exploring how accountants' numbers might inform decision-making. Kariyawasam's study shows that in the manufacturing sector of Sri Lanka, there is a statistically significant positive association between accounting information and both marketing-linked strategic making of choices and industrial-related strategic decision-making(2016).

Accounting information is highly correlated with the success of Bangladeshi manufacturing companies, according to research by Hafij, Jamil, and Syeda (2014). Siyanbola (2012) conducted research in Malaysia on the use of accounting data in managerial decision making and found a significant link between the two. According to a study by Botha (2014) on the connection between information in cash-based accounting in the Northern Cape Provincial Legislature and management performance (three E's), the management of the legislature does not see a clear connection between the performance information and financial information. Odero (2014), a Kenyan researcher, found that financial accounting information has a positive and strong link with financial performance in small and medium enterprises.

Statement of the Problem

Financial managers need to have an analytical understanding of the instruments at their disposal in order to produce a dependable financial report that can be used for planning and decision-making. Fraud, cash mismanagement, bankruptcy, and liquidity are all challenges that have sparked debate. throughout some years at the various rice importing companies in Liberia. For some months at Rice importing companies in 2019 and 2020, there was continuous go–slow by workers and lawsuits against these companies by citizens due to the companies' failure to pay workers and meet their social cooperate responsibilities. These issues lead to a halt in business activities and, in the majority of instances, become quite dishonest to the naive members of the public whose resources are employed by such firms. In addition, there have been breaches in several standards that govern the reporting of financial information. These breaches include deficiencies in the process of preparing financial reports owing to human error in certain instances. As a result, with the information presented above serving as a launching point, the influence of financial reporting on management decision-making at these rice-importing companies has been so cardinal to this research.

Objectives of the Study

The study is geared toward evaluating the effect of quality financial accounting reporting in management decision-making at various rice-importing companies. The special goals are:

1. The purpose of this investigation is to determine whether the comparability of financial accounting reporting quality of various rice-importing companies has an impact on management decision-making.
2. To evaluate how the reliability of financial accounting reporting quality has on decision-making at various rice-importing companies in Liberia.
3. Examine the extent to which the relevance of financial accounting reporting quality has on management decision-making at rice importing companies in Liberia.
4. To recommend solutions to the problem

Research Questions

1 Does financial accounting reporting quality influence management decision-making at rice importing companies in Liberia?

2 Is the reliability of financial accounting reporting quality influencing management decision-making at rice importing companies in Liberia?

3 Is the relevance of financial accounting reporting quality affecting management decisions at rice importing companies in Liberia?

4 What is the relationship between the comparability of financial accounting reporting quality on management decision-making at rice importing companies in Liberia?

5 What mechanism can be put in place at the various rice importing companies to tackle the issue of quality financial accounting reporting on decision making?

Significance of the Study

This research is useful for a wide range of audiences. Financial accounting reporting quality has a significant effect on decision-making, which is something that many firms involved in the import of rice will recognize. This research will aid non-governmental organizations (NGOs), coordination boards (CoBs), enterprises of all sizes, and policymakers in their pursuit of quality financial reporting practices. The findings of this research will aid policymakers in developing more forward-thinking and efficient rules to guarantee the continued development of financial accounting reporting quality.

Once the results of the research have been published, academics and scholars in the field of management will be able to access it via public repository domains such as journals and online open-access academic sites. As a result, they will be able to fill in some of the blanks that this research has shown. The study contributes significantly to the body of knowledge and aids scholars, practitioners, and others in the field by highlighting places where advancement is needed. Public sector researchers and practitioners have easy access to this report, and therefore they can help fill the gaps it identifies. Furthermore, it adds to the canon of literature about the impact of financial accounting reporting quality on managerial decision-making.

Limitations of the study

The focus of this research work was on various rice-importing company Liberia. As seen, this work is limited to those rice-importing companies. It might be challenging in some instances to generalize the findings from this research to other companies since their financial accounting system might be different.

Definition of Terms

Business managers - Business manager is an umbrella phrase that refers to a variety of managerial jobs inside a corporation or business that are responsible for supervising aspects of day-to-day operations within the organization. However, most job descriptions for business managers include overseeing employee productivity, utilizing leadership skills such as problem-solving and decision-making, and assisting a company in achieving its financial goals. The specific role that a business manager plays can vary depending on the industry or type of business in which they are employed; however, most business manager job descriptions include these responsibilities. (https://www.masterclass.com).

Financial accounting - a branch of accounting concerned with recording, summarizing, and reporting the many transactions that arise because of business operations throughout time. Putting together the company's financial statements, which report on its success in terms of money and assets during a certain time, requires a summary of such occurrences. The income statement, balance sheet, and cash flow statement detail these exchanges. (www.investopedia.com).

Business growth - is when a firm has reached a size where further expansion is required, and it begins to seek for possibilities to expand its operations and boost its bottom line. Expansion of an established firm depends on a number of factors, including where it is in its lifecycle, the growth trends of its industry, and the owners' desire to increase equity value. (www.attractcapital.com).

Financial statements - are a company's written records that communicate the company's commercial operations as well as the company's financial performance. Accounting companies, government agencies, and other organizations all undertake audits of financial records from time to time to ensure that the records are accurate and conform to legal standards for taxes, financing, and investment. (www.attractcapital.com).

Management decision - is defined as “the review by the management of an institution of the findings and recommendations contained in an audit report and the issue of a final decision by management about its reaction to such findings and recommendations, including actions judged to be required. (definitions.uslegal.com).

CHAPTER II

Literature Review

The aim of this research is to investigate the impact that financial reporting quality has on the management decision-making of various rice-importing companies in Liberia. (Sonia incorporated, DeeHa business center, Hanmat and Virtuous incorporated). This chapter is divided into 3 sections. The first section has related literature about financial accounting reporting quality, management decision-making, and a comparison between financial accounting reporting quality and management decision-making. The second section is the theoretical framework, and lastly, and the third section is the research hypotheses.

Business managers of all stripes have been troubled by the ever-changing nature of the modern corporate environment and the globalization of the whole globe. Therefore, poor decision-making performance inside an organization presents a wide range of difficulties for managers, as stated by Liesen, Figge, Hahn, and Hahn (2013).

Although they vary from industry to industry, both controllable and uncontrolled variables have an impact on every choice and, as a result, contribute inexorably to the realization of the organization's objective (Ahmed & Al-Kake, 2019). To make sound judgments, managers must have access to information that meets strict criteria for quality, accuracy, authenticity, transparency, and applicability (Abdullah & Rahman, 2015). Financial reports, which increase correctness of the choice and eliminate large mistakes, are the most effective data that assures management decision.

Bear in mind that maximization of shareholder value is a primary objective of organizations. A company's management also has a responsibility to guarantee that it is profitable (Al-Kake, et al., 2019). For this reason, it is necessary to assess, evaluate, and base judgments on the information provided by a company's financial statements (Needham & Dransfield, 2007).

Market profitability and financial circumstances may be assessed in both the short and long term via business reports, which benefits a wide audience and contributes to the body of accounting knowledge (Sultan et al., 2020). Any business, from marketing to manufacturing, has knowledge requirements that must be met for optimal results (Gardi, et al., 2020; Prabhu, Abdullah, Ahmed, 2020). The greater the scope of an organization, the greater the premium placed on managerial expertise. The financial accounts of a company play a crucial role in the decision-making processes of that company. The fundamental purpose of a financial statement is to serve as a record of financial transactions.

As a result, it's clear that being able to put accounting knowledge into practice is crucial to the success of any organization. A variety of financial statements are generated by an organization after the end of its fiscal year. These claims are a condensed version of the progress made throughout time. The financial report's usefulness hinges on the reader's ability to make sense of the data and draw conclusions about the relationships between different time periods.

Quality financial report contains accounting information that, when reviewed, helps management make better decisions (Jaf, et al., 2019). Reviewing financial statements is a vital strategy used to ascertain an organization's efficacy and guarantee that decisions are based on data rather than ad hoc assumptions. To help identify potential organizational and financial problems, a company's financial records are analyzed by a financial analyst (Bousfield, 2016). Anyone doing financial statement analysis for a business should also be looking at the causes and effects of the company's money and operations problems.

A monetary or operational problem has its roots in an occurrence with repercussions (the problem). The financial or operational problem's source and effect may be seen by monitoring the mechanism that serves as a predictor. Perception (Moynihan, Pandey, & Theory, 2005) is a strategy that aids in the inclusion of adequate information in the financial records of any kind of organization or economic activity, so making it possible to report both the substance and consistency of the accounts of expenditures. The true and fair financial health of the firm is two more yardsticks with which to measure this.

Ideas of Financial Accounting

One branch of accounting, known as "financial accounting," is concerned with keeping track of, summarizing, and reporting monetary transactions that occur inside an organization over time. To keep track of how well a firm did during a given time period, accountants compile summaries of these transactions into financial statements (balance sheet, income statement, and cash flow statement). (Will Kenton, 2022)

Thomas (2004) defines financial accounting as "the process of creating and maintaining an information system to collect, measure, and record the transactions of an enterprise and to summarize and communicate the results of these transactions to users in order to facilitate their making financial and economic decisions." The first part of the name refers to the practice of double-entry bookkeeping, which involves recording the nature and monetary value of a company's transactions separately.

The second part of the term, which refers to distributing the results, refers to the process of preparing final accounts and statements from the books of account to indicate the profit earned during a given time and the financial situation of the business at the conclusion of that period.

He continues by saying that this account has traditionally been considered the "keeper of the purse strings" and the person responsible for "safeguarding" the company's assets.

For decision-makers including shareholders, suppliers, bunkers, employees, government agencies, owners, and other stockholders, financial accounting is the "branch of accounting concerned in the preparation of financial accounts," as defined by Ferris (2000). He thinks it's possible to measure the cost of financial capital maintenance in nominal or constant purchasing power terms. He argues that financial accounting's major purpose is to mitigate the main agent problem by keeping track of agents' performance and making that data available to everyone who's interested. For people who aren't involved in the day-to-day running of the company, he said, financial accounting is the way to go. Reiterating his former stance, he argues that financial accounting is beneficial since it provides management with accounting information that can be utilized to make informed company choices.
Based on his research, he concluded that financial accounting is defined as the act of compiling and disseminating summaries of an organization's accounting records in reports intended for audiences outside the company.

According to him, financial reporting is governed by both national and international standards. Financial accounting, as defined by Farlex (2012), is the area of accounting that deals with the creation and dissemination of financial statements, earnings reports, and other documents for the purpose of informing investors, government agencies, and other interested parties. He continued by saying that firms with shares on public exchanges, as well as other corporations, need financial accounting. He specifies that it must be done in line with GAAP (or the local equivalent) for all countries involved. According to him, the main distinction between financial accounting and management accounting is that the former is intended for external use, while the latter is used mostly internally.

According to Gautam (2005), a business has to compile a set of closing financial statements—including a balance sheet, profit and loss statement, and statement of cash flows—to assess its performance and standing financially after each fiscal year ends. A truthful and fair assessment of the company's condition of affairs as of a certain date and its profit or loss for the period (often a year) ending and on the date of the balance sheet, he claims, is required under section 211 of the India Companies Act 1956. He continued by saying that the company's final financial statements must be produced and presented in line with schedule V1 of the India Companies Act of 1956.

Financial accounting, in the opinion of Ranjan (2012), serves as a valuable resource for both internal and external users, including management, shareholders, prospective owners, creditors, investors, workers, and governments. According to him, financial accounting tells us how a company is doing financially and what effects its operations have. He went through the many financial accounting functions, such as:

Financial Happenings - outlined how the scope of accounting is limited to monetary changes, or "financial transactions." No matter how important a concept may be, financial accounting does not include it if it cannot be translated into monetary terms.

Keeping track of information's- Accounting is the practice of keeping track of a company's financial transactions since human memory can only hold so much. Keeping track of every change that has occurred in a company is impossible. Therefore, the data is recorded in a group of books known as journals and other subsidiary books, where it may be accessed and used by management for making informed decisions.

Standards for financial Reporting

Financial accounting standards are set by the Financial Accounting Standards Board (FASB), the Internal Revenue Service (IRS), and the Securities and Exchange Commission (SEC). The norms and requirements for paperwork and monetary operations are laid forth here. The Securities and Exchange Commission (SEC) establishes rules for trading on Wall Street. Participants in the market are required by the SEC to provide periodic financial reports to investors. GAAP is a reporting standard that is established and monitored by FASB. The Internal Revenue Service (IRS) monitors tax compliance. Many businesses adhere to one of three basic reporting standards that are widely used across the world. (Jaya Sharma, Sep 19, 2022)

Standards for International Financial Reporting (IFRS) – International Financial Reporting Standards (IFRS) is a collection of norms for how public firms' books should be kept. These norms guarantee that the firm's accounting processes are in accordance with those used elsewhere in the world. Over time, IFRS keeps financial markets accountable, transparent, and efficient. The company's financial statements are being prepared in accordance with these sustainable disclosure requirements. Money providers and those who want to use that capital have less of an information gap thanks to IFRS. Management is held to account by these guidelines.

Generally Accepted Accounting Principles (GAAP) - Financial statements must adhere to generally accepted accounting principles (GAAP). Listed corporations in the United States follow these guidelines. GAAP provides uniform reporting, allowing for easier business comparison. The FASB published these guidelines for accountants to follow while putting up financial statements. Complete and consistent financial statements are guaranteed by this collection of norms and regulations. It's founded on 10 guiding ideas.

General Data Protection Regulation (GDPR) - Data privacy is an important issue, and GDPR is a rule meant to safeguard personal information. It has been accepted by the nations of the European Union and the European Economic Area. This privacy law's goal is to provide people more say over their own information. If a company breaches GDPR, it must pay a fine in one of two amounts. Either €20 million or 4% of their annual worldwide income is due (whichever is higher). In this case, we'll look at the fee for service compensation. To what extent may we utilize your personal information?

The data may be used since the owner has provided permission.

Based on the information, contractual responsibilities must be met.

For the data controller's legal requirements In the national and public interest

If the information is harmful to other people, it is important to have access to it.

Importance of Financial Accounting Reporting Quality

With the help of financial accounting, a consistent framework for generating economic forecasts is established. This uniform set of guidelines ensures comparability across reporting periods and organizations.

An increase in responsibility, which is reflected in quality financial accounting, reduces risk. Creditors, government agencies, tax collectors, and others depend on accurate financial reporting, and quality financial accounting guarantees that no shortcuts were used in compiling the numbers.

Management can gain useful insight from quality financial accounting. If a company analyzes its financial results and makes reactive investment decisions, quality financial accounting can drive strategic concepts, even if other methods, like cost accounting, provide better insights.

Credibility in financial reports is bolstered by financial accounting. Because financial accounting regulations are overseen by separate entities, they are separate from the control of management and can be relied upon as a foundation for correct reporting.

As a result of quality financial accounting, organizations are more open to scrutiny. Financial accounting mandates specific business disclosures about operations, risks, and financial performance, regardless of the company's health.

Composition of Financial Accounting Reporting

Four key financial statements should be kept. All businesses need to have a balance sheet, income statement, cash flow statement, and equity statement. The balance sheet is a record of a business at a certain point in time that lists its assets, liabilities, and net value. The income statement breaks out a company's earnings and expenditures. The cash intake and outflow of a firm over a certain period of time is outlined in a cash flow statement. The fourth report is titled "statement of shareholders' equity," and it shows how the company's ownership has changed over time. (U.S. Securities and Exchange Commission Feb. 5, 2007).

Balance Sheet - The financial health of a business is documented in a balance sheet as of a given date. Financial statement information, such as the balance sheet, is carried forward from one accounting period to the next. The rules of financial accounting specify how a business should keep track of money, assign values to assets, and disclose liabilities. Management, lenders, and investors all use the balance sheet to gauge the financial health of a company. Financial accounting facilitates such comparisons between entities by means of financial ratio analysis. One such ratio is the current ratio, which measures a company's liquidity by contrasting its current assets with its current liabilities (Will Kenton, August 27, 2022)

Assets or an organization are its tangible resources. They may be purchased and sold on their own, or put to use in the creation or delivery of other products or services that the company can subsequently sell. Examples of physical assets include buildings, machinery, and stock.

Real-world examples of intangible assets are trademarks and patents. Cash, in and of itself, is an asset. Financial commitments made by a business are also significant. (U.S. Securities and Exchange Commission Feb. 5, 2007)

The quantities of money owed by a firm to outside parties are known as its liabilities. Borrowed funds for a new product launch, rent for the use of a facility, payments to suppliers for supplies, payments to workers in the form of wages, expenditures associated with cleaning up polluted areas, and taxes payable to the government are just a few examples. In addition, liabilities include promises to provide goods or services in the future. (U.S. Securities and Exchange Commission Feb. 5, 2007)

Capital or net worth are other names for shareholders' equity. The term "net worth" refers to the sum that would remain after a business liquidated all of its assets and paid off all of its debts. The shareholders, who are also the company's owners, are entitled to this surplus. (U.S. Securities and Exchange Commission Feb. 5, 2007)

A balance sheet formula is: ASSETS = LIABILITIES + SHAREHOLDERS' EQUITY

Every single balance sheet starts with the aforementioned accounting calculation. The left side of a balance sheet is where a company's assets are detailed. On the right is a breakdown of financial commitments and shareholder equity. On a balance sheet, assets typically appear first, then liabilities, and ultimately shareholders' equity. Cash flow potential is a common metric used to rate assets. Financial assets that can be swiftly and readily changed into cash are called current assets. A practical application of this idea is seen in the management of inventory. The goal of many companies is to convert their shares into cash within a year. Noncurrent assets are those owned by a company but not expected to be liquidated within the next year. Noncurrent assets, in contrast to current ones, comprise fixed assets like buildings and machinery. Fixed assets include things like vehicles and office equipment that are necessary for day-to-day operations but are not for sale. Typical lists of liabilities will also contain the dates by which those responsibilities must be met. Liabilities that need immediate attention are called "current," while those that can wait till later are called "long-term.". Financial obligations that a business must meet but expect to settle within a year are called current liabilities. Debts that are more than a year distant are considered long-term. Earnings or losses since the company's inception are added or subtracted from the initial stock purchase price to determine the amount of profit or loss available to stockholders. Financial gains are sometimes shared with shareholders rather than kept in-house. Dividends The term "dividend" is used to describe these payouts. At the end of each reporting period, a company's assets, liabilities, and shareholders' equity are all summarized in a financial statement called the balance sheet. Neither incoming nor outgoing funds for the time period are shown. (U.S. Securities and Exchange Commission Feb. 5, 2007).

Income Statements - Revenue earned by a business over a given time period can be found in the income statement (usually for a year or some portion of a year). Earning that money comes with a price, and the income statement details what it takes. The net income or loss of the business is typically listed at the very end of the financial statement, hence the name. The profit or loss for the time period is revealed. Earnings per share (EPS) are also included in income statements. If the company decided to pay out all of its net earnings for the period, this is how much money shareholders would get. (Most businesses prefer to reinvest their surplus cash rather than pay out dividends.)

Income statements can be visualized as a staircase to help readers better grasp their structure. The sum of all sales made during the accounting period serves as the first starting point. Then you carefully make your way down the steps. The revenue-generating process involves a series of steps, each of which involves deducting a portion of the revenue to cover costs and other operating expenses. Once all the costs have been deducted, the net profit or loss for the accounting period is revealed at the foot of the stairs. The "bottom line," as it is commonly known, is this. The top line of an income statement is the sum of all cash received from selling goods and services. This primary metric is also known as gross sales or revenues. Because no costs have been subtracted from it, the term "gross" is used to describe it. Therefore, it is a "gross" or unrefined number.

The following item represents anticipated receivables shortfalls for a certain line of business. This may happen, for instance, when customers return purchased items or when prices are lowered to attract new customers. After deducting the amount of returns and allowances from the company's total revenue, the net revenue is calculated. Net revenue is the amount of money that remains after all other types of revenue (such as returns and allowances) have been subtracted. From the top line, representing net revenue, one descends to the bottom line, representing operating expenses of varying types. Even though the sequence in which these lines appear in a report might vary, sales expenses are normally included after net revenues. This figure reveals how much cash was used in the accounting period to create the products or services that were sold. A subtotal, known as "gross profit" or "gross margin," is calculated by deducting the costs of sales from the net revenues in the following line. The costs of running the business are discussed next. Spending on things like salaries for office workers and the cost of doing market research are examples of operational expenditures. Another instance is money spent on advertising.

In contrast to the "costs of sales" subtracted before, running expenditures are not directly related to the creation of the goods or services in question. When calculating net income, depreciation costs must be subtracted from the initial sum. Some assets, such as machinery, tools, and furniture, are subject to depreciation to account for their gradual deterioration over time. Businesses typically amortize the price of such assets over the time that they are used. Depreciation or amortization refers to the method by which these expenses are gradually written off over time. The "charge" for utilizing these assets over time is not even close to covering the full cost of the assets.

The term "operating profit" refers to the amount left over after deducting the costs of running a business from the total revenue earned. This is what most people mean when they talk about "profits from operations." The next step for businesses is to record their interest earnings and costs. When a business parks its cash in interest-bearing savings accounts, money market funds, and the like, it reaps a tidy sum every month. Interest expense, on the other hand, represents the sum that a company forked over to lenders in exchange for using their money to finance operational expenses. Interest earnings and interest costs may be presented on two different lines of some income statements. Some financial reports include both figures.

In order to calculate operating profit before income tax, the operating profits are added to or subtracted from interest income and expense, respectively. After accounting for income tax, the remaining figure represents the net profit or loss. (Net profit is also known as net income or net earnings.) This metric reveals whether or not a business actually made money during the accounting period. (U.S. Securities and Exchange Commission Feb. 5, 2007).

Cash flow statements - A company's cash outflow and inflow during a given time frame is detailed in a cash flow statement. The report is segmented to provide a concise overview of the report's operating, financing, and investing uses. Financial accounting regulations specify when transactions must be recorded, but they are notoriously rigid when it comes to the dollar amounts that must be reported for each purchase or sale. Managers may get a clearer picture of cash outflows and inflows by examining this document. Accrual accounting is used in financial accounting to keep track of transactions for which payment has already been received, as well as those for which payment may take some time. If you want to dig deeper into the specific uses of cash, a statement of the cash flow will only include those items that have an effect on cash. (Will Kenton, August 27, 2022).

In the cash flow statement, the last line item summarizes the period's net cash inflows and outflows. There are three primary components that makeup cash flow statements. Cash flow from operating activities, cash flow from investing, and cash flow from financing are each examined in their own section.

Operating Activities - A cash flow statement begins with examining the company's net income or losses and how those results translate into cash. This section of the cash flow statement typically reconciles the net income (as shown on the income statement) to the actual cash received or used by the company in its operating activities. This is accomplished by removing the effects of non-cash items (like depreciation costs) and factoring in the cash flows generated or consumed by other operating assets and liabilities. (U.S. Securities and Exchange Commission Feb. 5, 2007).

Investing Activities - The second section of a cash flow statement details the inflow and outflow of funds generated by investments in long-term assets like property, plant, and equipment and investment securities. A cash outflow from investment operations would be recorded when a business spends money on equipment. The cash inflow from investing operations would be attributed to the sale of investments from the investment portfolio if the corporation elected to do so. (U.S. Securities and Exchange Commission Feb. 5, 2007).

Financing Activities - The cash flow from financing operations is included in the cash flow statement’s third section. Raising capital through the sale of stocks and bonds and bank borrowing are common ways to generate cash flow. The repayment of a bank loan would also be reflected as a cash outflow. (U.S. Securities and Exchange Commission Feb. 5, 2007).

Types of Financial Accounting

According to Ama (2004), cash and accrual are the two main financial accounting categories. In order to record, analyze, and report transactional data at the end of a given period, such as a month, quarter, or fiscal year, both approaches use the same conceptual framework of double-entry accounting. The timing of when transactions are recorded is the main distinction between the two types of financial accounting.

Accrual Accounting - When generating financial accounts, the accrual method of accounting treats transactions as having occurred regardless of whether or not cash was actually exchanged. Certain financial accounting standards acknowledge the effect of a transaction over time, and journal entries may be posted before an item has to be paid for (as opposed to the entire impact being recorded in the period the cash impact happened).

Let's say a consulting firm is paid $1,000 this month for a project that won't be finished until the next month. To comply with financial accounting regulations based on the accrual approach, the corporation must wait to record the $1,000 as revenue until it has completed the labor that generated the money. For financial statements prepared using the accrual basis of accounting, this entry would show as a credit to the liability account representing unearned revenue and a debit to the cash account representing the proceeds from the sale. Unearned income is eliminated, and true revenue is recorded the next month after the company has earned the money. Unpaid bills are another kind of expenditure that might trigger the accrual method of accounting. Let's suppose a corporation got a bill for $5,000 due to July utility use. The accrual method of accounting requires the company to record the transaction in July even though the payment won't be made until August. A credit to accounts payable is also recorded with the debit to Utility Expense. A credit will be "cleared" after the invoice has been paid. (Will Kenton, August 27, 2022).

Cash Accounting - Making financial statements using the cash approach is less cumbersome and more flexible. Only cash transactions are documented when using the cash method of accounting. Only when a transaction has been completed via the facilitation of money is revenue or expenditure recorded. When the consulting company above got $1,000, it would have been considered Consulting Revenue. The cash method requires revenue recognition upon receipt of cash, even if the performance of the service is delayed until the following month. Because the transaction will have been documented in full the month before, no journal entry will be required when the firm does the service the following month. Utility costs in the alternative scenario would have been reported in August (the period when the invoice was paid). The cash method of financial accounting requires that costs be documented when they are paid, rather than when they are incurred. (Will Kenton, August 27, 2022).

Table 1

Comparison and contrast of cash & Accrual Accounting

Cash Accounting	Accrual Accounting
When a currency is received or dispersed, transactions are recorded in the ledger.	Keeps track of financial dealings at the time of benefit or obligation
An often-simpler approach of accounting that reduces a company's focus to what has already taken place and is thus more straightforward.	Frequently a more precise way of accounting that displays a truer picture of how an organization really operates.
Primarily used by privately held businesses that are either very tiny or have very few reporting obligations.	As part of their required disclosures to the public, bigger public corporations must comply.

Source: Will Kenton, 2022

Basic Concepts in Financial Accounting Reporting Quality

There are five fundamental concepts that govern all of the financial accounting. All other financial accounting technical assistance is based on these fundamental principles and uses them as a starting point when advising businesses on how to construct their financial statements. The five tenets listed below are all integral parts of the accrual approach to bookkeeping. (Will Kenton, August 27, 2022).

According to the Revenue Recognition Principle, money should be counted as such only once it has been legitimately obtained. To what extent income should be recorded, when it should be reported, and under what conditions revenue should not be shown in financial statements is all governed by this concept.

According to the Cost Principle, all expenditures must be recorded against some sort of basis. Expenses must be recorded accurately (i.e., at transaction cost) and recognized over time (i.e., in a timely manner) according to this concept (i.e. a depreciable asset is expensed over its useful life).

According to the Matching Principle, income and expenditures must be reported in the same accounting period. According to this rule, businesses shouldn't book profits in one fiscal year while still include the expenses they incurred to make those profits. This concept establishes the timeframe during which financial dealings must be documented.

According to the Full Disclosure Principle, a company's financial statements should be produced in accordance with financial accounting advice that contains footnotes, schedules, or comments that provide a clear picture of the company's financial health. According to this approach, only certain types of data need to be disclosed in financial statements.

An objective and non-prejudiced set of financial statements should be compiled by accountants, according to the Objectivity Principle, even if financial accounting requires some use of estimates and expert opinion. This rule specifies the areas in which expert technical accounting judgment should be utilized rather than intuitive calculations.

Audiences for Financial Reports and Accounts

Financial statements are the end goal of financial accounting. These financial statements are relied on by many different parties, and the firm creating them is typically compelled to provide them as part of contractual obligations. Financial accounting reporting is used by a variety of parties, not only management, to get insight into business operations. (Will Kenton, August 27, 2022).

Investors want to know how a firm has performed and what they may anticipate from it going forward, so they look to financial reports produced in accordance with financial accounting standards.

Auditors. It is possible that auditing firms may request companies to provide their financial data. Auditors examine the financial accounts to check for any substantial misstatements and to verify that they adhere to generally accepted financial accounting principles.

Institutions Charged with Regulating Business Activities. Financial statements must be filed with regulatory agencies like the Securities and Exchange Commission by publicly traded corporations. Companies risk being fined or removed from the list of stock exchanges if their financial statements do not conform to financial accounting laws.

Suppliers. Credit applications from vendors and suppliers sometimes need financial data. Before extending credit or raising existing credit, suppliers may need proof of creditworthiness or profitability.

Banks. Financial statements are a standard requirement of lenders and other comparable financial organizations when applying for a company loan. Before issuing a loan, creditors will want to examine fiscal records demonstrating the company's sound financial condition (or as part of determining what the cost, covenants, or interest rate of the loan will be).

Financial accounting different functions

Thomas (2004) argues that financial accounting serves the following purposes.

For reliable data recoding - This is because every transaction is recorded twice in double-entry accounting, making it the most reliable approach. As a type of internal check, duplication like this draws attention to any mistakes.

In compliance with the legislation - Companies are required by law (the Companies Act) to maintain accurate records of their financial dealings. Unfortunately, neither sole proprietors nor partners are specifically required by law to maintain accounting records. However, the Inland Revenue sometimes requests more in self-employed income tax than company owners would owe if they disclosed their annual profits in a financial report. Thus, businesses that are run by one person or a couple have a financial need to keep accurate records.

In order to provide a final report to the company's shareholders - These include a balance sheet detailing the financial standing as of the end of the reporting period and a profit and loss statement detailing the financial performance throughout the reporting period.

To report and analyze financial data - The purpose of which is to record and assess fiscal information:

a company's financial success

The rate of work and output

Both the solvency and liquidity levels

How effective credit control processes are

How well inventory management works

What effect, if any, loans have on the company's bottom line and capacity to pay employees

Financial Accounting Reporting Quality

Meaning of financial report

"Communication of financial information important in making investment, credit, and other business decisions," Igben (2007) defines a financial report as. Financial statements, balance sheets, equity reports, cash flow statements, and notes thereto are all examples of such documents. He claims the financial report is beneficial to many parties, including investors, creditors, banks, regulators, workers, prospective buyers, and the company's management. He thinks that the quality of reports used to make business decisions has a direct impact on the performance of an organization in terms of both effectiveness and efficiency. As a result, it is essential that financial reports provide sufficient details on all facets of the business and its economic operations.

“The financial report gives you an overview of the company's financials from a broad (2004) perspective, according to Wild”, which can help you make more informed choices. According to him, financial reports are written documentation of a company's financial dealings that summarizes its short- and long-term financial health. Here we have four interconnected accounting reports that provide an overview of the company's cash on hand, debts, profits, and operating expenses. The balance sheet, income statement, cash flow statement, and statement of retained profits are the four fundamental accounting reports, in addition to the notes to account.

Why we keep financial records.

According to Thomas (2004), financial reports educate those who contribute capital to a company, including investors, creditors, and others. In addition, he notes that the financial Accounting Standard Board, the private sector's official rule-making organization, has developed a new set of financial reporting goals to direct the financial reporting procedure. What follows are synopses of these goals and their connection to the main financial statement.

To make educated choices about where to invest and how much to borrow, you need reliable financial information. Investors and creditors are the primary targets of financial reporting. therefore, the goal is to provide them with information that will help them make informed choices.

Investors and creditors may evaluate cash flows (their size, timeliness, and unpredictability) with the use of information provided by financial statements. This goal is related to the first since it involves expanding the definition of "valuable" data. The document makes it clear that monetary returns are the primary focus of investors and creditors. The company's capacity to create such cash flows has an impact on those cash flows.

The purpose of financial reporting is to reveal a company's economic resources and the claims on those resources. Achieving this goal is what the balance sheet is there for.

There must be information in financial reports on how well a company is doing operationally. This was the intended use of the income statement, and it was successful.

Management's stewardship responsibilities toward owners should be reflected in financial reporting. The term "stewardship" is used to describe how well a company handles the assets it has been given. There is no one sentence that adequately evaluates stewardship. Instead, shareholders should evaluate management performance by reviewing all three financial statements and the notes.

Users of financial reports should be supplied with explanations and interpretations to ensure that they can make use of the information presented. This purpose is met by the inclusion of schedules and notes with the financial statement.

Reporting concept in Financial Accounting Quality

For quite some time, the process of financial reporting has been the target of criticism, with three main concepts being established to try to lessen the scope of the controversy:

Concept of Stewardship - As an alternative to agency theory, the stewardship theory is a component of corporate governance. A simple explanation of the stewardship theory is that it explains the presence of a strong link between satisfaction and organizational performance and postulates that managers, when given the freedom to do so, would behave as responsible stewards of the assets they govern. Donaldson and Davis are generally credited with the development of this idea (1989). Good stewards collaborate instead of competing and aren't driven by personal gain, unlike agency theorists. According to stewardship theory, an individual's own personal, career, and other interests may be served by working for the larger benefit of the organization. Trust, reputational gain, reciprocity, discretion and autonomy, amount of responsibility, job satisfaction, stability and tenure, purpose alignment, and other similar factors are all intrinsic motivators for stewards. The initial trust disposition of the principal and the steward is a crucial foundational element of stewardship theory. Stewardship habit is strengthened through encouragement and inspiration. Relational leadership activities under the stewardship idea foster a climate of trust between leaders and their subordinates. Further, the availability of helpful contexts may have a salutary effect on inventiveness, which is in turn connected to stewardship behavior and motivated by the same. (Silvia Dewiyanti, 2022)

Concept of Decision-Making This idea expands stewardship accounting by ensuring that the report is useful for shareholders' and investors' decision-making processes. If the information provided in a company's reports can accurately predict future performance and circumstances, shareholders and investors will be more confident in allocating their capital accordingly. The basic principle of financial reporting is that all stakeholders should have access to information regarding a company's financial and operational status

.**General User Concept -** According to this theory of financial reporting, everyone who has a stake in a company should have access to its financial records.

Attribute of a quality financial report

Financial reports are built pillars of quality: accuracy, reliability and Comparability which are 3 of the four increasing qualitative features. (Birt J., et al., 2020).

Accuracy - Having predictive and confirmatory value for users in making and assessing economic choices is an indication of significance. The type and substance of data can impact its usefulness. Any piece of data that, if left out or misrepresented, might influence a decision is considered significant. All information relevant to a certain organization should be included in the financial report.

Reliability - If financial data has the quality of faithful representation, it accurately depicts the phenomena it claims to reflect. By appearances, one may conclude that the monetary data presented here is comprehensive, unbiased, and error-free.

Comparability - The capacity to compare across entities and over time within an entity is implied by the comparability feature of financial statements. Therefore, it is important that transactions and events be monitored and reported consistently throughout an organization, or that any discrepancies are adequately explained.

Meaning of decision making

Ugwu (2003) defines decision making as the process through which a plan of action is chosen from a set of feasible options. It also, in his view, contains things that need to be done before a decision can be taken. Decision making, according to sociological theory, is an intentional, social, and individual phenomenon-based process that culminates in the selection of one behavioral action from a set of options. To be considered reasonable, he argues, one must try to achieve a goal that is not attainable without taking some kind of proactive step. They need to know all the ways out there that they can still achieve their objective. They need to know what they're doing and know how to look at several options and choose which ones will get them the best results. They should want to get the optimal answer by picking the method that most completely meets the need for success in reaching the set objective. The value of financial reports is in the information they provide and the analysis they enable. Having decided on the best course of action, we will likely focus only on quantitative considerations. It's more probable that a decision based on solid evidence will be a good one.

Types of Management decision

According to Emekekwue (2005), the term "management" is used to describe the team of individuals in charge of running a company daily. This group is formally known as the management team and is tasked with planning, coordinating, or organizing, regulating, and making decisions. Management decisions are fundamentally about finding answers. As said before, management is intrinsic to the other management processes. As a result, it would be difficult to compile a comprehensive list of the many sorts of problems that management choices of commercial organizations encounter. It is feasible, however, to classify these fundamental managerial choices.

Strategic Planning decision - A process of determining the organization, the goals to be achieved, the means to achieve those goals, and the regulations to control the acquisition and distribution of those means. While the goals of, and the strategies for achieving them in, strategic planning are long-term in nature, their effects and outcomes may be more immediate. The process of making strategic planning decisions include primarily the formulation of plans, but it also includes a significant aspect of management. Strategic information is another name for the data necessary to make such a judgment.

Control Decision - Decisions made by those in charge of an organization are weighed against established goals and strategic laws. It guarantees that the organization's goals are met via the efficient and effective utilization of its resources. When input (resources) is used effectively, as they should be, the output (results) are maximized. Being effective indicates that efforts are directed toward productive goals. In a semi-structured manner, management makes choices. Tactful information is what's needed at this level.

Operational Control decision - Management decisions of this sort guarantee the efficient and successful completion of individual projects. It is task-oriented and adheres to clearly articulated guidelines established by management control and strategic planning. Control decisions for many types of operations may be automated or programmed. There are programmed controls with well-defined input/output relationships, allowing for the specification of optimum relationships for every given task.

Determinants of decision making

Decision-Specific Characteristics

The degree of knowledge about the issue at which a decision is made. In his analysis of how strategic choices are made, Nooraie (2011) finds that familiarity has a largely positive relationship with politicization but a big negative relationship with the decision-making processes themselves. According to research by Dutton (2006), decentralization is associated with crises. Research (see, for example, Milburn, 2003) has shown, however, that in times of genuine crisis, the connection tends to become more hierarchical. The importance of the choice to the decision maker influences the decision's features. Carter (2011).

Astley et al. (2012) found that the difficulty of a choice is proportional to the number of times it is made. According to research by Papadakis et al. (2008), a new company's marketing spending is negatively correlated with the degree of rationality in its decision-making process, but positively correlated with the degree of decentralization in its operations.

Organizational Structure and Power

The term "organizational structure" may be understood in a few different ways. This is the time when everything becomes standardized, centralized, and formalized, according to Frederickson (2006). There is a positive correlation between formal integration and the degree of rationality and teamwork that exists in successful businesses.

While Miller (2007) found a positive correlation between formalization and decision-making rationality, he found a negative correlation between centralization and decision-making.

When a company's decision-making is centralized, Wally and Baum (2014) found that executives took longer to weigh the pros and cons of each possible course of action. Bourgeois and Eisenhardt argue that the level of politicization is affected by the degree to which authority is centralized (2008).

Organizational models, such as bureaucracy and machine adhocracy, influence the kinds of decision-making patterns that emerge in companies. These models are often tied to the physical layout of a company or to the dominant style of management (Langley, 2010).

The size of the organization

The magnitude of an organization influences its strategic choices. Managers of smaller businesses take engage in decision making to a considerably higher extent than their counterparts at bigger organizations. A. Duhaime and B. Baird (2007).

When it comes to the size of the business and the formulation of strategic choices, the conclusions generated in the Literature study are conflicting. As an example, Fredrickson (2006) found a positive correlation between thoroughness and sound judgment. However, Dean and Sharfman's (2013) research turned up no evidence of such a connection. Alternatively, Nooraie (2008) found that although there is a positive correlation between organization size and rationality in decision making, this correlation is reversed when contrasted to politicization.

Education and Experience of Management

According to Nahavandi and Malekzadeh (2013), certain characteristics have a significant impact on the heuristics and reasoning capabilities used by managers during the strategic decision-making process. Hambrick and Mason (2014) found that the quantity of a manager's education, rather than the type of education, has a positive relationship to innovations, and that the length of top management's service has a negative relationship to the decisions they make on product innovations.

Types of management decision making

According to Emekekwue (2005), the term "management" is used to describe the team of individuals in charge of the company's day-to-day activities. In formal parlance, they are the management team, and they are the ones tasked with planning, coordinating, or organizing, regulating, and making decisions. Management decisions are fundamentally about finding answers. The management function is intrinsic to the others listed above. Management choices in businesses encounter a broad variety of challenges, thus it would be futile to attempt to catalog them all. These fundamental classes of managerial choices may be identified as:

Tactical Planning decision

Resource allocation involves making choices about where and how money will be spent, what priorities will be prioritized, and how goals will be adjusted. While the long-term future is kept in mind while selecting goals and devising plans to accomplish them, the results and repercussions of these plans might have an immediate impact. The decision-making process involved in strategic planning is essentially one of plan-making, but it also includes a significant measure of management. Strategic information is another name for the data required to make such a judgment.

Management control decision

Management control choices are made in accordance with predetermined strategic law and goals. It guarantees that the necessary means to achieve the organization's goals are procured and used in the most efficient and effective manner possible. When input (resources) is used effectively, as they should be, the output (results) are maximized. The term "effective" refers to the degree to which available measures are used to achieve set goals. Choices within management's control are rather loosely organized. Tactful information is what's needed at this level.

Operational control decision

Management decisions of this sort guarantee the efficient and successful completion of individual projects. Strategic planning and management control decisions offer clear guidelines that are followed to the letter to ensure that each individual assignment is completed successfully. Decisions pertaining to the control of several operations may be automated or programmed. For every task, there is a programmed control whose input/output connection may be precisely described.

Result of quality financial accounting reporting on management decision making

Within a company, the accountant plays a key role in determining strategic decisions. Although accounting does not serve as a source of line authority (accounting is a staff function). The chief information officer is in a unique position of authority. This is accomplished by providing decision-makers with the information they need in the form of reports and interpretations. The accountant plays a pivotal role in steering a company in the right direction by providing and evaluating timely, relevant data.

According to Ugwu (2003),quality accounting reports have an impact on financial decision making since capital is the economic gasoline that propels corporate efforts. He claims that financial data is the primary basis for many corporate choices. It has been stressed that the quality of management decisions would reflect the quality of accounting and other information that it gets. Bad choices are usually the result of incorrect or inadequate knowledge. The accountant's financial report contains information that is primarily financial in nature and serves to aid management in three primary ways:

Organizing Successfully

Budgets are used to outline management strategies, and the word "budgeting" is commonly used to refer to management in general. To put the wishes and aims of management in concrete numeric terms, budgets are often developed on an actual basis (half-yearly or quarterly budgets do exist). Once the budgets have been established, the board of directors and the management team will want updates on the status of the plans. The information is available in financial reports. It provides all the aid that's required by delivering performance reports that enable managers to zero in on issues. It is clear from the performance reports if issues exist or not, and what kind of action management should do next. The accountant's financial reports serve as a kind of feedback to management, focusing their efforts where they will have the most impact.

Directing the organization workings

Management's demand for data in running the show is continual. For instance, new product pricing for a trade show will need to be checked against financial statistics to make sure it's in line with the company's marketing goals. Accountants help run a business by keeping track of financial transactions and reporting those numbers to upper management.

Solving problems in the organization

It is common knowledge that information is essential to the evaluation of potential approaches to a problem. Gathering and presenting accessible cost and benefit data is typically the purview of financial accounting. That company is helpful to the proper authorities. If it wants to keep its market share in the face of rising competition, a company will need to decide on whether to lower its prices, boost its advertising, or do both. In financial accounting, a great deal of extra analytical effort and forecasting is done in other essential data since it is not always easily accessible.

Relationship between financial accounting reporting quality and management decision making

Demski and Feltham suggest that the data may serve dual purposes in the decision-making process (1976). The goal of facilitating judgment via knowledge is to increase the likelihood of making well-informed judgments regarding the target targets by decreasing the decision-uncertainty maker's before making choices. Policy-makers may directly benefit from decision-friendly content by incorporating it into their deliberations. To be more specific, throughout a decision process, information utilized to make a conclusion is consulted to reconsider the conviction (Baiman & Society, 2011).

Accounting knowledge of contribution margins, for instance, might help a sales manager make profitable pricing selections, and relative contribution margins (per ability unit) could be utilized in situations with capacity constraints to identify the most effective development program. In addition, accounting information from prior periods might help inform (current) choices: For instance, administrators may learn how to adjust in order to meet goals by looking at spending discrepancies from a prior cycle. Although the weight of evidence plays a crucial role in both individual and group judgments, the decision-making process itself is only relevant when more than one person is involved. Knowledge with the potential to affect decision-making in the management context is called "decision influential." Knowledge that affects decisions encloses the results via activity monitoring, output evaluation, and appraisal, and either rewards or punishes performance.

Naturally, one need is that the person whose actions are at stake has an appreciation for how the relevant information is being used to inform the decision. To encourage frugal decision-making, for instance, upper management must be aware if export aberrations from the actual cost are found and negatively impact compensation. However, in practice, these two aspects of reporting are often intertwined. Decisions should be made with the use of specific pieces of accounting evidence. For instance, a price setter may improve the information at hand by looking back at the pricing and revenue figures from the preceding quarter and adjusting the demand forecast accordingly.

Even though the sales manager can still rely on rates and revenue details from the previous cycle to shield his or her performance this period, and that the distinction between decision-making and affecting information is generally accepted throughout the discipline of accounting, management appears to be overly reliant on financial reports, as detailed in a review by Mosendz et al (2010).

Thus, Hall (2010) asserts that the balance sheet is utilized as an input for some judgements, but that this may not be the most essential use, according to analytical studies of decision-making, as documented in the Accounting Records. Instead, managers may learn more about the state of their workplace through accounting data and use this information to properly weigh the implications of future actions. So, gathering data is more of an exercise in building a store of knowledge than a means of aiding in decision-making (Baier, March, & Saetren, 2006; Hall, Daneke, & Lenox, 2010).

Accounting expertise also has the limitation because it is just a small part of an administrator's overall knowledge set. Given that the decision-maker often has access to other types of information, such direct process observation, gossip, or insight, the value of accounting knowledge is likewise relative. Simplifying correspondence, however, makes use of the simplified type, which is a subject area of expertise in accounting (Rowe, Birnberg & Shields, 2008).

Moreover, management control systems are means to impact managerial decision-making and preferences via their integrated decision-making information (Ahrens & Chapman, 2007). Therefore, we continue to emphasize the significant gap between the two processes. Given the above, we think about the many aspects that characterize the functions of management decision-making accounts. The ability of managers to think creatively about management is crucial to the success of businesses in the modern economy. Businesses can't compete strategically or survive in today's challenging environment unless they have high-quality management (Ganeshkumar, Prabhu, & Abdullah, 2019).

The manager's primary duties as a practitioner in an agency are executive decision management and strategic decision-making. The allocation of limited resources is a managerial decision. Specifically, he needs information on how reliable certain return options are (Hill, 2012). Management decision-making in organizations is akin to a black box, with most businesses employing some kind of decision-making mechanism that begins with recommendations and feedback from employees on the current state of the institution and its policy and considers risks and potential future implications.

Many people have a hand in organizations' decision-making processes, including bias and self-interested considerations; however, investors and financial managers armed with accurate data, pertinent evidence, and sufficient documentation can carry out the essential and sufficient analyses required for making sound business decisions and wise investments (Sari & Accounting, 2015; Abdullah, 2016).

Even while more context may be gleaned from other sources, financial outcomes are now the backbone of financial information services, and they too may be of a very high quality. Preparing and submitting financial statements in accordance with generally accepted accounting standards is a necessary condition for providing reliable financial information. The goal of accounting standard setting is to promote confidence in the financial data reported by businesses and other economic entities (Darabi, Rad, Heidaribali, & Commerce, 2012; Malekinejad, 2016). The financial report provides evidence of an understanding that the primary deliverable is a summary announcement of financial outcomes. Instances when it is useful for customers whose qualitative features are represented in financial accounts. There are many ways in which companies can benefit from greater transparency and accountability in their accounting practices, including increased long-term investments from buyers, easier access to foreign funds, reduced capital expenditures, more credible and accountable management, and ultimately higher equity values (Nobakht, Janani, & Goodarzi, 2014).

The authors Hafij, Jamil, and Syeda (2014) investigated the use of accounting data for decision-making in Bangladesh's manufacturing sector. The research focused on five decision-making domains, including production, human resources, fundamental strategy, long-term investments, and marketing. When defining the usefulness of accounting data for long-term strategic decision-making, the T-test, Mean, Standard Deviation, and Percentages were used. Findings from the research showed a significant correlation between accounting data and strategic choices in all the predetermined domains.

Ionu and Petec (2015) conducted research on the value of financial data for managerial decision-making. The study's authors singled out readability, clarity, comprehension, and applicability as four key qualitative features. Accounting data, according to the study authors, may provide significant support for economic choices and, by extension, provide a more precise depiction of economic phenomena and processes. Users consistently operate and make decisions based on data presented in financial statements. This demonstrates the useful correlation between accounting data and the selection of appropriate actions.

Organizational accounting data was analyzed by Gwangwava, Faitira, and Tendere (2016). Using the ZTA database, a random selection of 135 businesses was made. Database information was shown to have a beneficial effect on the efficiency of SMEs.

Harendra (2016) investigated the connection between accounting and choice-making in the Sri Lankan Industrial Division. The research used data from 70 publicly traded domestic manufacturers as its sample. Pearson's Correlation was used to examine the connection between financial data and the formulation of marketing and production strategies. According to the study's findings, there is a statistically significant positive link between accounting information and marketing-related strategic decisions and the manufacturing-related strategic decisions made by manufacturing firms in Sri Lanka.

Drury (2008) argues that accounting is the "language" through which economic information regarding company operations may be communicated. How well management accounting information (MAI) is linked to long-term strategic planning is a critical issue in both management accounting and decision-making (Atrill & McLaney, 2009). There is a growing body of writing exploring this link.

The tremendous advancement in technology has made the generation and strategic use of MAI possible (Bruening et al, 2008). Companies throughout the globe need better accountants and more strategic thinkers as the atmosphere for business becomes more volatile and unpredictable.

According to Nnenna (2012) and Drury (2008), companies need more recent accounting data for strategic planning because of the uncertain business climate. Strategic planning may benefit immensely from the use of MAI. As several dangers and problems persist in today's interconnected world, businesses must use management accounting as a strategic planning tool to steer their direction (Frezatti et al., 2009).

Conceptual Framework

This research is intended to evaluate the effect that financial accounting reporting quality has on managerial decision-making at various rice-importing companies in Liberia. The independent variable is quality financial accounting reporting which will look at **Comparability, Reliability, Relevance** of the accounting reports and the dependent variable is management decision making. Figure 1 below is presenting the conceptual framework upon which this research study is based.

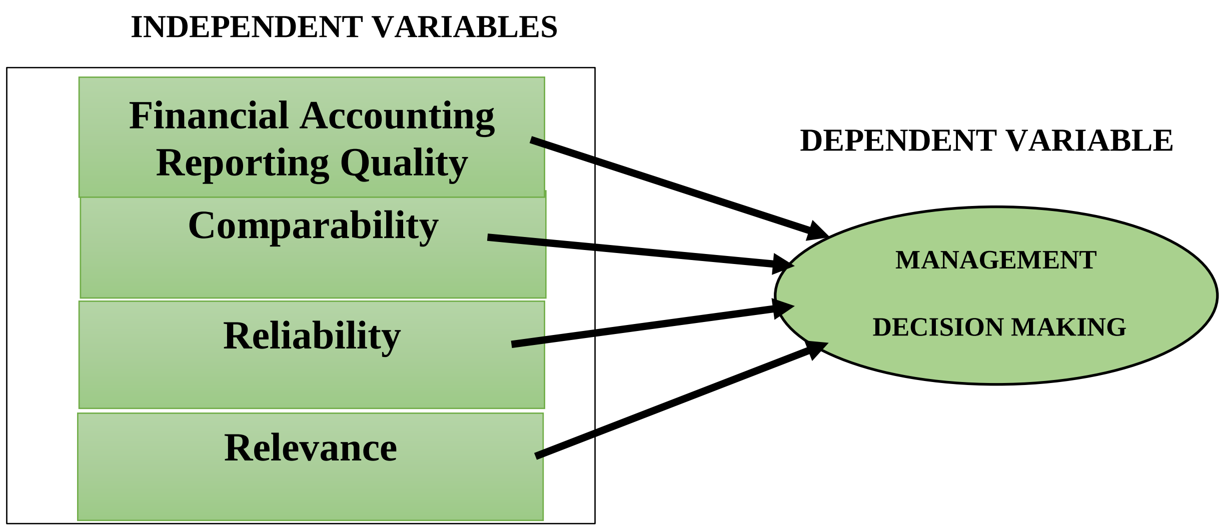

Fig. 1. Conceptual framework

Source: Author, 2022

Hypotheses of the research

H1: There is a direct relationship between financial accounting reporting quality and management decision making.

H1a: The comparability of financial accounting reporting quality and management decision-making is positively related

H1b: The reliability of financial accounting reporting quality and management decision-making is directly proportional.

H1c: There exist a positive relationship between the relevance of financial accounting reporting and management decision making**.**

CHAPTER III

Methodology

Building a plan to do research is called "research design" (Chukwuemeka, 2002). It may also, be seen as a series of choices that must be made before, during, and after data collection. A research design is an overarching strategy or blueprint for carrying out the study. The Population of the study, design, sample size, sampling techniques, data collection procedure, and how the collected data will be analyzed are the specific areas included in this chapter.

Research Design

A researcher may better evaluate a research challenge with the use of a study design (Coopers & Schindler, 2006). The document guides the researcher through the steps of conducting the study (Kothari, 2010). The quantitative research design was used for this study. The researcher chooses to use this design because the researcher will collect primary data from the respondents of the assigned research area which are the various rice importing companies in Liberia and analyze it to determine the relationship between the study variables, which is Financial Accounting reporting quality and Managerial Decision. Statistical analysis will be done to establish that relationship.

Research Population

The term "target population" is used to describe the narrow range of potential situations or factors for which data is sought (Kothari, 2004). Creswell (2003) defines a population as "a distinct collection of individuals, units of service, elements, events, groups of objects, or homes that are the focus of an investigation." The population of the study included the employees of various rice importing companies in Liberia (Sonia incorporated, DeeHa business center, Hanmat and Virtuous incorporated). According to the records from the human resource departments of the various rice importing companies, the total number of people from those various companies totaled 300. (Sonia incorporated have 81 employees, DeeHa business center had 53 employees, Hanmat business center had a total of 77 and Virtuous incorporated had 89 employees in totaled). According to Krejcie & Morgan, 1970 sample size table at a 95% confidence interval, the sample size for the 300 population is 169. Due to the uneven population of the employees from those various company, the research used the convenience sample technique to acquired even representation from each of those company. 46 employees were sampled from Sonia incorporated, 30 were sampled from the DeeHa business center, 43 were sampled from the Hanmat business center, and 50 were sampled from virtuous incorporated.

Data Collection Tools

The means through which data was collected for this study was by means of a questionnaire. The questionnaire is from an article titled “Effects of Quality Financial Accounting Information on Decision Making: A survey of Public Benefit Organization in Nairobi County, Kenya written by Faith Gacheru. The questionnaire is divided into 3 sections. Section one collected demographic information of the participants. Section 2 collected information about the independent variable, which is financial accounting reporting, and section 3 collected information about the dependent variable, which is management decision-making.

Section1: had questions that asked for basic demographic information of the study participant. Those questions collected information on gender, age range, years of work, level of education, and years spent with the company. The total demographic questions were 5.

Section 2: was based on a 5-point Likert scale question that collected information from the study participant on the independent variable, which is the effect of financial accounting reporting. To measure the effect of financial accounting reporting, 3 subscales were used that included comparability of financial reports, which included 5 questions; an example of one of the questions is “Financial statements of one accounting period are comparable to another, and this helps users to derive meaningful conclusions”. reliability of financial reports had 4 questions. One question that was asked was, “Accounting information used by management in Decision-making in the rice company is verifiable “. and lastly, the relevance of financial reports, it had 5 questions. An example of one of the questions is, “Accounting information used by management in Decision-making in the rice company is verifiable”.

Section 3: collected information on the dependent variable, which is decision-making. It was again based on a 5-points Likert scale and included 5 questions. One example of the various question is “Elaborate problem recognition measures have been put in place in our company to help make decisions on identifying gaps associated and the need for addressing such a problem.

Data Collection Procedure

The researcher got ethical approval letter on the 28 of December 2022 from Near East University. The researcher then contacted the management of the rice importing companies (Sonia incorporated, DeeHa business center, Hanmat and Virtuous incorporated) and clearly explained the purpose of the researcher and consent was then given by the management, and the management assisted in explaining to the workers about the study and the researcher also explain to the employees and answer their concerns. After the consent of the management and employees was given, the researcher, on the 30th of December 2022, began the distribution of the google form questionnaire to the study participants. The data collection lasted for 14 days.

Data Analysis Plan

Version 21 of SPSS was used for all the data analysis. Descriptive statistics were generated for the demographic aspect of the questionnaire. The means and standard deviation were developed for the Likert scale variables of the questionnaire. Testing of Reliability using Cronbach's alpha was done for the quantitative study variables. Pearson correlation was done for the Likert scale questionnaire variables. The researcher moved further to run a regression analysis between the dependent and independent variables.

CHAPTER IV

Findings and Discussion

This chapter is concerned with the analysis and interpretation of the data that was collected for this research and answers the research hypotheses that have been developed. It analyzes the research participants' demographic information, has the mean and standard deviation of the various Likert scale questionnaire, and a correlation and regression analysis.

Number of Respondents

The sample size of our research is 169. Out of the total 169 sample size, 151 responded to the questionnaire. The 151 is 89% of our total sample size. The demographic variables of the study are the respondent's gender, age range, work experience, level of education, and years of being with the company.

Demographic Information's

In a research study, the demographic information of the study participants enables the researcher to understand the basic characteristics of the study population. Below in Table 4, is the basic demographic information of the study participants. That information is: gender, age range, work experience, level of education, and years of being with the company.

Table 2

Participant Demographic Data

Variable	Categories	Frequency	Percentage
Gender	Female	29	19.2
	Male	122	80.8
	Total	151	100.0
Age Range	Below 20 yrs.	5	3.3
	21 - 30 yrs	29	19.2
	31 - 40 yrs	97	64.2
	41 - 50 yrs	17	11.3
	51 and above	3	2.0

	Total	151	100.0
	College Degree	30	19.9
	Diploma	7	4.6
Education	masters	1	.7
	Masters	110	72.8
	PhD	3	2.0

Variable	**Categories**	**Fre-quency**	**Percentage**
Years' of work with the Company	2 to 6 years	112	74.2
	7 to10 years	27	17.9
	Above 10 years	5	3.3
	Below1year	7	4.6
	Total	151	100.0

Table 4 The study had 29 (19.2%) females and 122(80.8%) males. The age range of the participants: below 20 years 5(3.3%), 21 to 30 years 29(19.2%), 31 to 40 years 97(64.2%), 41 to 50 years 17(11.3%), finally 51 and above 3(2%). The educational level of the study participants shows that 30(19.9%) had a college degree, 7(4.6%) had Diploma, 111(73.5%) had Master's degrees, and 3(2.0%) had PhD. As for the years, they have worked with their companies, 2 to 6 years were 112(74.2%), 7 to 10 years 27(17.9%), above 10 years 5 (3.3%) and below 1 year 7 (4.6%).

Reliability Test

Table 3 The reliability of questionnaires used in research studies is very important. To test the reliability of the study questionnaire, Cronbach's alpha analysis was used and the results are in table 5 below

Table 3

Cronbach's Alpha

Variables	**No. of Items**	**Cronbach's Alpha**
Comparability	**5**	**.70**
Reliability	**4**	**.72**
Relevance	**5**	**.71**
Decision Making	**5**	**.73**
Total	**19**	**.78**

The reliability coefficient of our Cronbach's alpha is as follows: Comparability .70 or 70%, Reliability .72 or 72%, Relevance .71 or 71%, and Decision making .73 or 73% and the total questionnaire .78 or 78%. These values show our scale to be reliable.

Measuring Financial Reporting Quality

The purpose of the study was to evaluate the effect that quality financial reporting quality can have on managerial decision-making at various importing companies in Liberia (Sonia incorporated, DeeHa business center, Hanmat and Virtuous incorporated) on the Likert scale questionnaire that was used, Five was for "Strongly Agree," four was "Agree," three was "Neutral," two was "Moderately Disagree," and one was "Strongly Disagree. Below is the result.

Comparability

One of the subscales used to measure accounting reporting is comparability, table 7 below presents the mean and standard deviation of Comparability.

Table 4

Mean and Standard deviation of Comparability

Variable	Mean	Std. deviation
Financial statements of one accounting period are comparable to another, and this helps users to derive meaningful conclusions	4.040	.5149

Financial statements prepared by our rice company are consistent with those of other companies, and this enables analyze its performance relative to other companies	4.556	.5494
Financial information makes it easier for users to choose between alternatives	4.238	.6294
Qualitative characteristics of financial statements in our rice company are easily compared to those of the industry average	4.510	.6818
Users of financial information are able to compare financial reports generated in different periods	4.291	.5365
Average mean for Comparability	4.327	

Table 6 The main variable Financial Accounting Reporting Quality had subscales, one of the subscales is comparability. The various questions and their mean are: Financial statements of one accounting period are comparable to another, and this helps users to derive meaningful conclusions = 4.040, Financial statements prepared by our rice company are consistent with those of other companies, and this enables analyze its performance relative to other companies = 4.556, Financial information makes it easier for users to choose between alternatives = 4.238, Qualitative characteristics of financial statements in our rice company are easily compared to those of the industry average = 4.510, and Users of financial information are able to compare financial reports generated in different periods = 4.291. The Average mean for Comparability = 4.327. The average mean of 4.327 for comparability means that the majority of the study participants agree that their company's financial account reports are comparable with other companies' financial reports, and it aid management decision-making.

Reliability

Table 5 below presents the mean and standard deviation of Reliability, which is another subscale of Financial Accounting Reporting Quality.

Table 5

Mean and Standard deviation of Reliability

Variable	Means	Std. deviation
Accounting information used by management in Decision-making in the rice company is verifiable	4.530	.6304
Financial information is faithfully represented, and this is key in the decision-making process.	4.298	.5266
Financial information is neutral and hence can be depended on when making decisions.	4.550	.6602
The information generated from accounting Systems displays an element of completeness, and this helps in decision making	4.311	.6021
Average mean of Reliability	4.422	

Table 5 shows the mean and standard deviation of reliability, a subscale of financial accounting reporting quality. The mean of its questions is: Accounting information used by management in Decision-making in the rice company is verifiable = 4.530, Financial information is faithfully represented, and this is key in the decision-making process = 4.298, Financial information is neutral and hence can be depended on when making decisions = 4.550; lastly information generated from accounting Systems displays an element of completeness, and this helps in decision making = 4.311. The average mean of reliability is 4.422, indicating that the majority of the participant agree to strongly agree that the reliability of financial accounting report help in management decision-making.

Relevance

The mean and standard deviation of relevance, a subscale of the independent variable financial accounting reporting is presented in table 6 below.

Table 6

Mean and Standard deviation of Relevance

Variable	**Mean**	**Std. deviation**
Accounting information used by management in Decision-making in the rice company is verifiable	4.510	.6620
There is feedback value associated with financial accounting information hence enabling managers act on feedback in relation to decision making	4.252	.5799
Information from Financial information system is clear and highly understandable	4.636	.5097
Users of financial statements have can depend on consistency in the release of development of financial data hence enabling them to make decisions	4.285	.5339
Financial accounting Information has a predictive value, which aids in decision making	4.656	.5039
Average mean of Relevance	4.468	

The questions that fall under relevance and the various mean are: Financial accounting information is timely, and this timeliness is important, especially when making critical decisions in the company = 4.510, There is feedback value associated with financial accounting information hence enabling managers act on feedback in relation to decision making = 4.252, Information from Financial information system is clear and highly understandable = 4.636, Users of financial statements have can depend on consistency in the release of development of financial data hence enabling them to make decisions = 4.285 and Financial accounting Information has a predictive value, which aids in decision making = 4.656. The average response mean for relevance is 4.468 which shows that most of the participants strongly agree that the relevance of financial accounting reporting helps management decision-making.

Decision Making

Presented below in table 7 is the mean and standard deviation of Decision making which is the dependent variable in this study.

Table 7

Mean and Standard deviation of Decision Making

Variable	**Mean**	**Std. deviation**
Elaborate problem recognition measures have been put in place in our company to help make decisions on identifying gaps associated and the need for addressing such a problem	4.305	.5415
Definition of the specifications, goals, and objectives that answer problems in decision-making are well-defined and outlined in our company	4.583	.5928
There is a clear methodology designed on how decisions are undertaken in an attempt to address any concern in the company	4.331	.5624
Action is well carried out on specific decisions according to the stipulated processes associated with decisions made in the organization	4.596	.5438
The management makes use of feedback gotten from other parties in aligning and making better futuristic decisions in our organization	4.166	.6576
Average mean of Decision Making	4.396	

The mean of the participant's response to the various questions about decision making is: Elaborate problem recognition measures have been put in place in our company to help make decisions on identifying gaps associated and the need for addressing such a problem = 4.305, Definition of the specifications, goals, and objectives that answer problems in decision-making are well-defined and outlined in our company = 4.583, There is a clear methodology designed on how decisions are undertaken in an attempt to address any concern in the company = 4.331, Action is well carried out on specific decisions according to the stipulated processes associated with decisions made in the organization = 4.596 and The management makes use of feedback gotten from other parties in aligning and making better futuristic decisions in our organization = 4.166. The average mean for decision-making is 4.396, indicating that most of the participants agree that management has a reliance on decision-making.

Correlation Analysis

To understand whether there is a correlation or relationship financial accounting reporting which has comparability, reliability, and relevance as a subscale, and decision making, the study ran a spearman correlation since the data was not normally distributed to run a Pearson correlation.

Table 8

Spearman's Correlation Coefficient Matrix between comparability, relevance, reliability and Decision making

			Decision Making	Comparability	Reliability	Relevance
Spearman's rho	Decision Making	Correlation Coefficient		.234**	.232**	.376**
		Sig. (2-tailed)	.	.004	.004	.000
	Comparability	Correlation Coefficient			.148	.194*
		Sig. (2-tailed)		.	.069	.017
	Reliability	Correlation Coefficient				.316**
		Sig. (2-tailed)				.000
	Relevance	Correlation Coefficient				
		Sig. (2-tailed)				.

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

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

Spearman Correlation coefficient seen from table 8 above is interpreted as follows: there exit a positive and significant correlation between decision-making and comparability ($r = 0.234$, $p = 0.004$), reliability ($r = 0.232$, $p = 0.004$) and relevance ($r = 0.376$, $p < 0.001$). There is no correlation between comparability and reliability. There is a significant and positive correlation between comparability and relevance ($r = 0.194$, $p = 0.017$). There is a positive and significant correlation between relevance and reliability ($r = 0.316$, $p < 0.001$)

Hypotheses Testing

The general simple linear regression model formula used is as presented below:

$$\mathbf{Y = \beta 0 + \beta_1 s_1 + \varepsilon}$$

Where

Y is the value of the dependent variable

S_1 is the independent variable

$\beta 0$ = is the value that y will take when the independent variable is set to zero

$\beta 1$ – the constant regression coefficients. It shows the change in y when there is a one-unit change in the respective independent variable.

ε_1 is the random error that shows the variation in our estimation of y.

Simple linear regression was conducted to show the impact of financial accounting reporting quality which has to do with the relevance, comparability, and reliability of the report has on Management decision-making.

H1: There is a direct relationship between financial accounting reporting quality and management decision making.

Tables 9

Regression coefficients of Financial accounting reporting and management decision making

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.537[a]	.289	.284	.26154

a. Predictors: (Constant), Financial_Accounting_Reporting

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4.135	1	4.135	60.443	.000[b]
	Residual	10.192	149	.068		
	Total	14.327	150			

a. Dependent Variable: Decision_Making

b. Predictors: (Constant), Financial_Accounting_Reporting

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.676	.350		4.782	.000
	Financial_Accounting_Reporting	.617	.079	.537	7.775	.000

a. Dependent Variable: Decision_Making

Table 9 shows the regression results between financial accounting reporting quality and management decision-making. The R^2 value of 29% means that financial accounting reporting explains 29% of the variation in management decision-making. F (1, 149) = 60.443, p-value < 0.001. The findings tell us that financial accounting reporting quality significantly influences management decision-making (β = .617, p <.001).

H1b: The comparability of financial accounting report quality and management decision-making is positively related.

Table 10

Regression coefficients of comparability and management decision making

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.456[a]	.208	.203	.27594

a. Predictors: (Constant), Comparability

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.982	1	2.982	39.162	.000[b]
	Residual	11.345	149	.076		
	Total	14.327	150			

a. Dependent Variable: Decision_Making

b. Predictors: (Constant), Comparability

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.557	.295		8.682	.000
	Comparability	.425	.068	.456	6.258	.000

a. Dependent Variable: Decision_Making

Tables 10 shows the simple regression done to show the influence that the comparability of the financial report has on management decision-making. The R^2 value tells us that 21% of the variation or change in management decision-making can be explained by the comparability of financial report F (1, 149) = 39.162, p-value < 0.001. The findings tell us that the comparability of financial reports significantly and positively influences management decision-making (β = .425, p <.001).

H1c: The reliability of financial accounting report quality and management decision-making is directly proportional.

Table 11

Regression coefficients of reliability and management decision making

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.410[a]	.168	.163	.28281

a. Predictors: (Constant), Reliability

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.409	1	2.409	30.122	.000[b]
	Residual	11.918	149	.080		
	Total	14.327	150			

a. Dependent Variable: Decision_Making

b. Predictors: (Constant), Reliability

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.861	.280		10.203	.000
	Reliability	.347	.063	.410	5.488	.000

a. Dependent Variable: Decision_Making

Table 11 shows the regression done to show the influence that reliability of financial report attention has on customer buying intentions. The R^2 value tells us that 17 % of the variation or change in management decision-making can be explained by reliability F (1, 149) = 30.122, p-value < 0.001. The findings tell us that the reliability of financial reports quality significantly and positively influences management decision-making (β = .347, p <.001).

H1d: There exists a positive relationship between the relevance of financial accounting reports quality and management decision-making**.**

Table 12

Regression coefficients of the relevance of financial accounting reports and management decision making

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.462[a]	.213	.208	.27507

a. Predictors: (Constant), Relevance

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3.053	1	3.053	40.354	.000[b]
	Residual	11.274	149	.076		
	Total	14.327	150			

a. Dependent Variable: Decision_Making

b. Predictors: (Constant), Relevance

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.169	.351		6.178	.000
	Relevance	.498	.078	.462	6.352	.000

a. Dependent Variable: Decision_Making

Table 12 shows the regression showing the influence that the relevance of financial reports quality has on management decision-making. The R^2 value tells us that 21% of the variation or change in management decision can be explained by the relevance of financial report F (1, 149) = 40.354, p-value < 0.001. The findings tell us that the relevance of financial reports significantly and positively influences management decision-making (β = .498, p <.001).

No.	**Hypotheses Developed for the Research Study**	**Decision**
	H1: There is a direct relationship between financial accounting reporting quality and management decision making	Supported
	H1a: The comparability of financial accounting reports quality and management decision-making is positively related	Supported
	H1b: The reliability of financial accounting reports quality and management decision-making is directly proportional	Supported
	H1c: There exists a positive relationship between the relevance of financial accounting reports quality and management decision-making**.**	Supported

CHAPTER V

Discussion

In this portion of the study, a discussion will be made on the result that this research has found and be compared with what other studies have said in relation to the topic of this research which has already been discussed in the literature review.

This research sought to find out the impact that quality financial accounting reporting has on the management decision-making of various rice-importing companies in Liberia. (Sonia incorporated, DeeHa business center, Hanmat and Virtuous incorporated). The found that there exists a positive and significant correlation between decision-making and comparability ($r = 0.234$, $p = 0.004$), reliability ($r = 0.232$, $p = 0.004$), and relevance ($r = 0.376$, $p < 0.001$). There is no correlation between comparability and reliability. There is a significant and positive correlation between comparability and relevance ($r = 0.194$, $p = 0.017$). There is a positive and significant correlation between relevance and reliability ($r = 0.316$, $p < 0.001$). showing the dependency of management decision-making on financial accounting reports, The R^2 value of 29% means that financial accounting reporting explains 29% of the variation in management decision-making. $F (1, 149) = 60.443$, p-value < 0.001. The findings tell us that financial accounting reporting significantly influences management decision-making ($\beta = .617$, $p <.001$).

Theoretical application of this study. This study, like many other studies, has again proven that financial accounting reporting quality, specifically the aspect of comparability, reliability, and relevance of the report, has an impact on management decision-making at the Sonia incorporated, DeeHa business center, Hanmat, and Virtuous incorporated in Liberia. The stable food in Liberia is rice as such, this study has proven that the financial reports of three of Liberia's leading rice-importing companies are cardinal to important decisions that the management will make. **Practical application of this study**. This study has helped managers and accountants at the Sonia incorporated, DeeHa business center, Hanmat, and Virtuous incorporated in Liberia to see the need to give serious attention to the preparation and structure of the financial reports so as to make an important decision that will lead to the advancement of the companies. There are different types of Management; Strategic Planning decision this decision helps managers determine the goals to be achieved, the means to achieve those goals, and the regulations to control the acquisition and distribution of those means. To get those things done, quality financial accounting reports are necessary.

Management Control Decisions help guarantee that the organization's goals are met via the efficient and effective utilization of its resources. When the input (resources) is used effectively, as they should be, the output (results) are maximized. Being effective indicates that efforts are directed toward productive goals. To achieve this at those, rice-importing companies and managers at those companies need to make sure that serious attention is given to the preparation of financial reports so that they meet their goals and aims. Operational Control decision - Management decisions of this sort guarantee the efficient and successful completion of individual projects. It is task-oriented and adheres to clearly articulated guidelines established by management control and strategic planning as such, this study has helped managers at Sonia incorporated, DeeHa business center, Hanmat, and Virtuous incorporated to monitor the financial report so as to achieve their projects and move forward.

Haven seen the theoretical application of this study; it is important to examine other **studies that have supported this study's results**. Among the many that have written on the importance of financial accounting reporting on management decision-making are:

Even though the sales manager can still rely on rates and revenue details from the previous cycle to shield his or her performance this period, and that the distinction between decision-making and affecting information is generally accepted throughout the discipline of accounting, management appears to be overly reliant on financial reports, as detailed in a review by Mosendz et al (2010).

Thus, Hall (2010) asserts that the balance sheet is utilized as an input for some judgments, but that this may not be the most essential use, according to analytical studies of decision-making, as documented in the Accounting Records. Instead, managers may learn more about the state of their workplace through accounting data and use this information to properly weigh the implications of future actions. So, gathering data is more of an exercise in building a store of knowledge than a means of aiding in decision-making (Baier, March, & Sae-tren, 2006; Hall, Daneke, & Lenox, 2010).

The authors Hafij, Jamil, and Syeda (2014) investigated the use of accounting data for decision-making in Bangladesh's manufacturing sector. The research focused on five decision-making domains, including production, human resources, fundamental strategy, long-term investments, and marketing. When defining the usefulness of accounting data for long-term strategic decision-making, the T-test, Mean, Standard Deviation, and Percentages were used. Findings from the research showed a significant correlation between accounting data and strategic choices in all of the predetermined domains.

Ionu and Petec (2015) conducted research on the value of financial data for managerial decision-making. The study's authors singled out readability, clarity, comprehension, and applicability as four key qualitative features. Accounting data, according to the study authors, may provide significant support for economic choices and, by extension, provide a more precise depiction of economic phenomena and processes. Users consistently operate and make decisions based on data presented in financial statements. This demonstrates the useful correlation between accounting data and the selection of appropriate actions.

Making a comparison between Ionu and Peter's research and this study, they both investigated the role that financial accounting has to play in the decisions that management will make, and they both took a quantitative research approach. To contrast between both of them, they both investigated different sectors and were conducted in two different countries, and finally, they both look at a different aspect of the financial report.

Based on the study result and other studies' results, financial accounting reports quality have a major influence on management decision-making. This study has contributed to existing literature and has helped those managers to see the need to give serious attention to financial reports for the achievement of the overall objective of the company goals.

CHAPTER VI

Conclusion and Recommendations

In this chapter, based on the findings that this study has gathered, a conclusion will be made, and recommendations will be given for this study and for future studies.

Conclusion

This research sought to find out the impact that financial accounting reporting quality has on the management decision-making of various rice-importing companies in Liberia. The research concludes that there exists a positive and significant correlation between decision-making and comparability, reliability, and relevance. The conclusion is that financial accounting reporting significantly influences management decision-making.

The research concludes that financial accounting reporting quality has a positive and significant influence on management decision-making at the various importing companies in Liberia (Sonia incorporated, DeeHa business center, Hanmat, and Virtuous incorporated).

Recommendations

The research has concluded that financial accounting reporting quality has a positive and significant influence on management decision-making at Sonia incorporated, DeeHa business center, Hanmat, and Virtuous incorporated). Based on those findings, the study recommends the following:

1. That the management of Sonia incorporated, DeeHa business center, Hanmat, and Virtuous incorporated employed qualified and competent people to take care of their financial departments for proper and accurate reporting.
2. Those who are in the financial area be monitored and supervised regularly to make sure that they are performing their task diligently and according to the best international practice.
3. Employees of those companies be paid according to their qualifications and be motivated to work properly by means of bonuses. This should be especially

Recommendations for future research

This research was concerned with financial accounting reporting quality affecting management decisions at Sonia incorporated, DeeHa business center, Hanmat, and Virtuous incorporated in Liberia and took into consideration 3 aspects of financial reporting such as comparability, relevance, and reliability. This research recommends for future research that all aspect of financial reporting be investigated to see how they impact management decisions.

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APPENDICES

Appendix A

Investigating the Effects of Quality Financial Reporting Quality on Managerial Decision making

Re: Participants Informed Consent Form

Dear Participants,

The attached questionnaire is part of a research study that we are carrying out to understand the relationship between Quality Financial reporting Quality on Administrative Decision making in Rice Importing Companies in Liberia. The data collected through this questionnaire will be used to evaluate the effects of financial accounting reporting on decision-making in Liberia Rice importing companies.

Please note that your participation in the study is voluntary. Your identity will not be revealed to any third parties. The data collected during the course of this study will be used for academic purposes only and may be presented at international academic meetings and/ or publications. You may quit participating in this study at any time by contacting us. If you opt out of this study, your data will be deleted from our database and will not be included in any further steps of the study. In case, you have any questions or concerns, don't hesitate to get in touch with us using the following information:

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APPENDIX: B

QUESTIONNAIRE

SECTION A: Sample Characteristics (Please tick as appropriate)

1) Please indicate your gender

1) Male []

2) Female []

2) Please specify your age

a. Below 20 yrs. []

b. 21 to 30yrs []

c. 31-40 years []

d. 51 years and above []

3) Please indicate your work experience

Below 1 years []

1 to 4 years []

And 5 to 9 years []

4) Please indicate your highest attained level of education

Diploma []

Degree []

Masters []

PhD []

5) How long have you worked in this public benefit organization

Below 1 year []

3 to 6 years []

6 to 10 years []

Above 10 years [ ]

SECTION B: FINANCIAL REPORTING QUALITY AND DECISION MAKING

This section is concerned with assessing Financial Reporting Quality and its relationship to decision-making in Public Benefit Organizations (PBO) in Nairobi County.

Section B1: Comparability and Decision Making

This subsection is concerned with assessing comparability and its relationship with decision-making. Please mark (x) in the box which best describes the extent to which you agree with each of the following statements.

Rate your response on a scale of 1 to 5;

(**1**= Strongly Disagree; **2**= Disagree; **3**= Neutral; **4**= Agree; **5**= Strongly Agree)

Comparability and Decision Making Statement	**1**	**2**	**3**	**4**	**5**
Financial statements of one accounting period are comparable to another and this helps users to derivemeaningful conclusions					
Financial statements prepared by our PBO are consistent with those of other PBOs and this enablesanalyze its performance relative to other PBOs					
Financial information makes it easier for users tochoose between alternatives					
Qualitative characteristics of financial statements inourPBO are easily compared to those of industry average					
Users of financial information are able to compare financial reports generated in different periods					

Section B2: Reliability and Decision Making

This subsection is concerned with assessing reliability and its relationship with decision-making. Please mark (x) in the box which best describes the extent to which you agree with each of the following statements.

Rate your response on a scale of 1 to 5;
(**1**= Strongly Disagree; **2**= Disagree; **3**= Neutral; **4**= Agree; **5**= Strongly Agree)

Reliability and Decision Making **Statement**	**1**	**2**	**3**	**4**	**5**
Accounting information used by management inDecision-making in the CBO is verifiable					
Financial information is faithfully represented and thisis key in the decision-making process.					
Financial information is neutral and hence can be depended on when making decisions.					
The information generated from accounting Systems isplays an element of completeness and this helps in decision making					

Section B3: Relevance and Decision Making

This sub-section is concerned with assessing the relevance and its relationship with decision-making. Please mark (x) in the box which best describes the extent to which you agree with each of the following statements.

Rate your response on a scale of 1 to 5;
(**1**= Strongly Disagree; **2**= Disagree; **3**= Neutral; **4**= Agree; **5**= Strongly Agree)

Relevance and Decision Making Statement	1	2	3	4	5
Financial accounting information is timely and thistimeliness is important especially when makingcritical decisions in the PBO					
There is feedback value associated with finan-cial accounting information hence enabling managers acton feedback in relation to decision making					
=Information from Financial information system isclear and highly understandable					
Users of financial statements have can de-pend on consistency in release of development of finan-cialdata hence enabling them make decisions					
Financial accounting Information has pre-dictivevalue which aids in decision making					

Section B4: Decision Making

This subsection is concerned with assessing decision-making in PBOs in Nairobi County. Please mark (x) in the box which best describes the extent to which you believe the following statements in regard to decision making

Rate your response on a scale of 1 to 5;

(**1**= Strongly Disagree; **2**= Disagree; **3**= Neutral; **4**= Agree; **5**= Strongly Agree)

Decision Making Statement	1	2	3	4	5
Elaborate problem recognition measures have been put in place in our PBO to help make decisions on identifying gaps associated and need for addressing such a problem					
Definition of the specifications, goals and objective that answer problems in decision-making are well-defined and outlined in our PBO					
There is a clear methodology designed on how decisions are undertaken in attempt to address anyconcern in the PBO					
Action is well carried out on specific decisions according to the stipulated processes associated with decisions made in the PBO					
The management makes use of feedback gotten from other parties in aligning and making better futuristic decisions in our PBOs					

Source: The source of the questionnaire is from an article titled "Effects of Financial Accounting Information Quality on Decision Making: A survey of Public Benefit Organization In Nairobi County, Kenya written by Faith Gacheru. https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=&cad=rja&uact=8&ved=2ahUKEwjnhs3ever6Ah-VgQfEDHX_ED08QFnoECBUQAQ&url=http%3A%2F%2Frepository.uonbi.ac.ke%2Fhandle%2F11295%2F103213&usg=AOvVaw1gsRn3XhwwuFqNGFwbrPdn

Appendix C

NEAR EAST UNIVERSITY

SCIENTIFIC RESEARCH ETHICS COMMITTEE

28.12.2022

Dear Richlieu Daddy Foley

Your application titled **“Evaluating the effect of financial accounting reporting on managerial decision-making. A case study on Rice importing Companies in Liberia”** with the application number NEU/SS/2022/1437 has been evaluated by the Scientific Research Ethics Committee and granted approval. You can start your research on the condition that you will abide by the information provided in your application form.

Prof. Dr. Aşkın KİRAZ

The Coordinator of the Scientific Research Ethics Committee

APPENDIX D

EVALUATING THE EFFECT OF FINANCIAL ACCOUNTING REPORTING ON MANAGERI-AL DECISION MAKING- A CASE STUDY OF RICE IMPORTING COMPANIES IN LIBERIA by Richlieu Daddy Foley

ORIGINALITY REPORT

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