



**ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES**

**THE ROLE OF ACCOUNTING INFORMATION ON
MANAGEMENT DECISION-MAKING OF SUNSHINE
CONSTRUCTION PLC.**

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May, 2022

ADDIS ABABA, ETHIOPIA

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DECLARATION

I, the undersigned, declare that this thesis is my original work, prepared under the guidance of **Mohammed Seid (Assistance Professor)**. All sources of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

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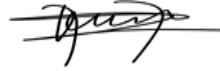
ENDORSEMENT

This thesis has been submitted to St. Mary's University, School of Graduate Studies for examination with my approval as a university advisor.

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May, 2022

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ABSTRACT

In all organization decisions are regularly made as part of smoothening activities of the organization and to achieve their objectives. Decision makers use different types of information to make these valuable decisions. Accounting information is one of this information that managers and other concerned bodies use when they make decisions. The main purpose of this study is to assess the role of accounting information in management decision making in Sunshine Construction Plc. The study adopted descriptive survey design. The target population for this study was 42 which contains 16 managers and 26 accountants of Sunshine Construction Plc., Single stage sampling procedure was applied to come up sample size. Data was collected using questionnaire sand interviews and was analyzed using descriptive analysis and results was presented in form of tables and figures. To elicit the role of accounting information on management decision making, questionnaires were distributed to General Manager, Financial Manager, Human Resource Manager, Project Managers and Accountants who are thought to be influenced by the information. All of them were selected by personal judgment of the research. The results of the study showed that majority of managers are influenced by the accounting information to the relevant range. In addition, the dedication of managers in incorporating accounting information in their decision making was found to be weak. The reason for this fact is that managers are not as such comfortable to make decisions with the type of information being produced. They have doubts on the competency of accountants. In response of these findings, the researcher forwarded possible recommendations that will enhance managers' use of accounting information.

Keywords: *Accounting, Information, Accounting Information System and Decision Making.*

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List of Abbreviations

- (AICPA) American Institute of Certified Public Accountants
(AIS) Accounting Information System
(G.C) Gregorian calendar
(GDP) Gross Domestic Product
(GTP) Growth and Transformation Plan
(MIS) Management Information System
(PLC) Private Limited Company
(SMU) Saint Mary's University
(SPSS) Statistical Package for Social Sciences
(USD) United States Dollar
(VOI) Value of Information

CHAPTER ONE

1. Introduction

1.1. Background of the Study

Technology and information era has imposed many changes on various areas of life, many countries of the world raced to keep up with this development, everyone is trying to find the best and easiest ways to keep up with this progress.

As a result of the prominent role played by construction companies in the investment life of any country, this cannot be performed properly only if appropriate technology and information on the sector were available to perform all its functions to the fullest such as taking wise decisions in managing its resources and activities. Accounting provides for the construction companies' accounting information that would help them in providing the necessary information to choose between different decisions' alternatives to achieve higher profits and maintain its financial resources.

All organizations have two things in common. First, every organization has a set of goals or objectives. Second, in pursuing an organization's goals, managers need information. The information needs of management range across financial, production, marketing, legal, and environmental issues (Ronald, 2001).

In pursuing an organization's goals, managers engage in four basic activities: decision making, planning, directing operations, and controlling. For all of these managerial activities managers need information. The information comes from various sources, including economists, financial experts, marketing and production personnel, and the organizations' managerial and cost accountants. There are also individuals and institutions that need information about the organization like suppliers, banks, insurances, customers, investors, taxing authorities, regulatory bodies, and so forth.

For any organization of any type, be it small, medium or large, service or manufacturing, to survive in this dynamic and global world, there is need for proper management of information. Therefore, information is the backbone of any business. However, there is need for information to be well process, and the means to process information is through an integrated set of components called an information system. Thus, information system is the combination of different component to perform a specific function and basically it can be sourced from both internal and external. According to Elvisa and Erkan (2015), the most important part of management information system is the one that is concern with data processing, known as

Accounting Information System (AIS). AIS involved identifying, recording, analyzing, summarizing and communication of economic information to its end user for decision making. Making decisions is part of our every day's lives. Considering organizational life, it is often one of the main functions and tasks of management, as underlined also in the statement above. Indeed, management and decision-making are often regarded as belonging together, as management usually makes the major decisions of the organization (Young, 2002).

Decision-making involves the selection of the best course of action. In order to decide on the best option, management has to judge the effectiveness of various alternatives.

Therefore, they need some guidance that is usually provided in form of data and information. For this reason, they often rely on financial and economic information gathered by management accounting (Drury, 2008).

The term "Management Accounting", observe, Broad and Carmichael, covers all those services by which the accounting department can assist the top management and other departments in the formation of policy, control of execution and appreciation of effectiveness. This definition points out that management is entrusted with the primary task of planning, execution and control of the operating activities of an enterprise. It constantly needs accounting information on which to base its decision. A decision based on data is usually correct and the risk of erring is minimized.

As can be derived from this definition, accountants play a crucial role in providing information for making economic and financial decisions. These decisions are an important element for the organization. Implementing the wrong ones can affect the company in a very negative way and may sometimes also lead to its bankruptcy. Suma (2010) even goes so far to claim that "the road to bankruptcy is paved with poor decisions as the outcome of a decision cannot always be predicted with certainty; management often faces the risk of choosing the wrong ones". Hence, management always needs to have some courage as well when facing decisions. Apparently, good decisions are important and ensure the wellbeing and also the survival of an organization.

Construction companies are different from most other companies and are faced with many unique challenges and problems not faced by companies in other industries. Although the construction industry is producing a product—as do manufacturing plants—the construction of buildings, roads, and other structures is different from the manufacturing of most other products. Because of these unique characteristics, the financial management principles applied

to other product-producing industries often need to be modified before they are applied to the construction industry, otherwise they are useless.

1.2. Background of the Company

Sunshine Construction Plc is a company that was established in 1984 as a sole proprietorship and later in 1993 transformed into a private limited Company. After three decades of a successful engagement mainly in the construction sector, it evolved into and become Mother Company to the three autonomous business and philanthropic entity. Since its inception, the company has set its first target to reach to a level of highest contractor's category and diversify itself into various investment potentials and social responsibilities. The 30 years milestone career (from 1984-2014 G.C) of the company has enabled Sunshine Construction to build a reliable capacity and exhibit practical excellence mainly in the construction sector. In the early years of its establishment, Sunshine Construction had started to engage itself in minor construction and water proofing works with less than ten employees. Since the establishment of Sunshine Construction PLC in 1984, the last 30 years have been marked by hard work, tough challenges & sweet successes. Sunshine construction has attained a prestigious role position at the helm of the sector and become a bloodline to the establishment of other businesses and philanthropic entities under Sunshine Investment Group. With industry experience spanning three decades, the Company is a well-established player in the Construction industry. It has a proven track record in the Construction industry of building, road, bridge & real estate developments. Sustained hard work, efficient leadership and encouraging economic environment have enabled the company to build a reliable operational capacity and prove itself a dynamic force particularly in the construction sector & real estate developments. Enduring lesson of experience of the company for the last 30 years has helped it dig its heels deeper in the industry and stretch itself into the other businesses. The total investment cost of Sunshine Construction PLC is estimated to be around 1 billion-birr, equivalent to 50 million USD.

1. 3. Statement of Problem

A construction company is a risky venture. Each year, many construction companies go out of business. Operating a successful construction company requires a specialized set of financial management skills, because of the unique nature of the construction industry. Unlike other industries, the construction industry faces a number of challenges including: constantly building unique, one-of-a-kind projects, building a project at a different location each time,

dealing with retention and progress payments, and relying heavily on the use of subcontractors to complete the projects.

Therefore, to avoid those challenges and financial disasters in construction companies in Ethiopia through wrong and ineffective decisions, there is nowadays a vast pool of financial tools available which can be used to support the decision-making process. Nevertheless, this accounting information are not properly used in all organizations including construction companies. Some likely problems that may be encountered on the use of accounting information include:

- Managers may not give due attention to the outputs of accountants.
- Some managers think that the accounting information prepared is not suitable and others perceive that accounting information is not as such important for making fundamental organizational decisions.
- Managers consider accounting departments just as a controlling unit. They also have doubts on the competency of accounting personnel.
- The level of qualification of the accounting staff if not adequate will pose a serious problem on the quality of accounting information supplied as it may likely be inadequate.
- Lack of job experience may also affect the quality of information passed into management to enable it work effectively.
- The poor improper utilization accounting information there any be difficult in acquiring relevant account information needed by the management of a firm decision-making needs. On the other hand, if this information is gotten, it may not be properly utilized for the purpose for which it was required.
- The lack of timely relevant information of the accounting personnel in the department.
- The new and improved technological innovations in the method of accounting especially experience in its operations are likely to reduce the usefulness of the accounting information supplied.

On the other hand, managers may not use accounting information in their decision-making process due to inadequate understanding of what accounting information implies and lack of provision of sound financial analysis.

Local studies were conducted regarding the impacts Accounting Information System and accounting information on management decision making (Gosawork, 2014; Serkaddis, 2017; Mesfin, 2009). The use of Management Accounting Practice in Managerial Decision Making

(Yohannes, 2018). Assessment on the use of Management Accounting Information for Decision Making and Management Control (Tewodros, 2009). These studies gave great emphasis on The Impacts of Accounting Information on Management Decision Making Process.

The above Literature review highlights most of the studies so far conducted are mainly discussing that are related to the different elements and aspects of the impacts of accounting information system on management decision making process. Some studies also covered accounting information on management decision making, but there are no in-depth specific study has been conducted covering substantial aspects on the role of accounting information on management decision making process related to construction companies on the best knowledge of the researcher. Attempts were not made in construction industries which plays a significant role in the economy.

For accounting and information that we produce, many operators of economic units are interested. From this great interest from their side can clearly see the importance that has accounting information for them. Without complete information, their decisions would have been incomplete, and this then would reflect an ineffective decision-making on their side. Accounting provides to users of information to have clear way of looking at the business, to help business operators to define clearly where they start and where they end up, to know whether they have achieved the goals. In general, users of accounting information include current and potential investors, employees, customers, creditors, suppliers and other trade creditors, governments and their agencies and the public. If we further analysis the reasons for using the abovementioned accounting information, then we can see clearly the importance of accounting information worn by certain legal framework, for decision-making within the business unit. Regarding to this, the questionnaire addressed to accountants employed in small businesses, medium and large businesses, construction companies, banks, insurance companies, tax administration and management of these units, connected with it that how does information standardized accounting affect at making fair and transparent decisions.

By taking these views into account, the research attempted to evaluate the managers of Sunshine Construction Plc. basing their Head Office in Addis Ababa effectively assume the role of accounting information in their decision-making activities.

1. 4. Objective of the Study

1. 4.1 General Objectives

The main objective of the study is to examine the roles of accounting information in the decision making of Sunshine Construction Plc. in Ethiopia that base their Head Office in Addis Ababa.

1. 4.2 Specific Objectives

The specific objectives of the research were to:

- Describing the degree to which managerial decision rely on accounting information
- Identify which accounting information have better role in Sunshine Construction Plc.
- Clarify the types of information that managers frequently use to make decisions
- Explore the attention given to accounting department that produces accounting information
- Assess whether failure of accommodating accounting information in the decision-making process can be the grounds for not attaining stated objectives
- Assess Sunshine Construction Plc. have skilled and qualified accounting personnel

1. 5. Research Questions

1. 5.1. Main Research Question

Does accounting information have any role on decision making process in Ethiopian with a specific case study on Sunshine Construction Plc. in Addis Ababa?

1. 5.2 Specifics Research Question

- Do managers of Sunshine Construction Plc. rely on accounting information in their decision-making process?
- Identifying which accounting information have better role on management decision making process?
- What are the major accounting reports which are mostly used in the decision-making process of Sunshine Construction Plc.?
- What does the accounting information prepared look like and do they really have roles on management's decision making?

- Do Sunshine Construction Plc. establish accounting information system that converts data into information?
- Do have Sunshine Construction Plc. skilled and qualified accounting personnel?

1. 6. Scope and Limitation of the study

The study area of this research work is concerned with the role of accounting information as a management tool for decision making within the context of Sunshine Construction Plc. as case study.

As in the case with all human endeavors, there are some limitations that rob research studies of it perfection: there is no exception in the case of this study. Thus, the level of accuracy in this study is proportional to the availability of information that the respondents gave (Managers and Accountants of Sunshine construction Plc.). Also, there is this uncertainty that information given is without bias. Hence, making the information gathered to have some element of errors which may affect the generalization of the findings of the study. However, it should be pointed out that these draw backs are not peculiar to this study alone but to all other studies that use survey method. The finding of the research would be better if it were conducted by considering other similar firms. However, due to time, Labor and money constraint it would be too cumbersome and out of the reach of the researcher to include all firms. Therefore, the study is limited to assess on The Role of accounting information on Management Decision Making Process in Sunshine Construction Plc.

1.7. Significance of the Study

The purpose of this study is to assess the Role of Accounting Information on Management Decision Making in Sunshine Construction Plc. Specifically, this study is significant in the sense that:

The study finding helps scholars to seek more knowledge about the Role of Accounting Information for management Decision Making in many other industries, the findings are also helpful in building on the already existing literature, policy makers and the government can use the study findings in building and widening the awareness of Management Decision making Process, the study helps the managers in making decision by using management accounting information and the study also helps management accountants produce useful information for decision makers.

1. 8. Organization of the study

The research paper organized in to five chapters. Chapter one Introduction, Background of the Study, Background the Company, Statements of problem, Research Objectives, Research Questions, Scope and Limitation of the Study, Significance of the Study and Organization of the Paper are presented. Chapter two is review of literature in which theories, empirical evidence and conceptual frame work are identified. Chapter three contained Introduction, Research Design and Methodology, Target Population, Sample Design, Data Collection Instrument, Study Variable and Method of Data Analysis. Chapter four focused on the results and discussion in which the findings results that are interpreted. Finally, Chapter five brought to an end the research with summary, conclusion and possible recommendation.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter contains a review of literature presented by various authors and scholars based on the objectives of the study. The literature review provides an explanation of theoretical rationale of the problem being studied as well as what research has already been done and how the findings related to the problem at hand. The chapter discusses the Conceptual and Theoretical Literature, Empirical Review and Literature Gap.

2.1 Conceptual and Theoretical Literature

2.1.1 The meaning of Information

Information is an elusive concept and there is a continuing debate about its meaning and about its relationship to its correlates such as knowledge, expertise, the learning process and cognitive psychology. For our practical purposes, we will use the term in its widest sense to cover all kinds of facts and understanding having a bearing on organizational management. Information has meaning only when perceived and interpreted by the human recipient. Information is raw material for the mind, which uses it to develop skills, knowledge and, ultimately perhaps, wisdom. Practically speaking, any organization needs information both about its own internal processes, in order to ensure effectiveness and efficiency, and about its environment, in order to respond and adapt to the actions, attitudes and decisions of external agencies such as governments, competitors and social groups. Both types of information must be put together in a coordinated manner so that the actions and decisions of the organization can be matched closely to its external circumstances. (Clark,2004)

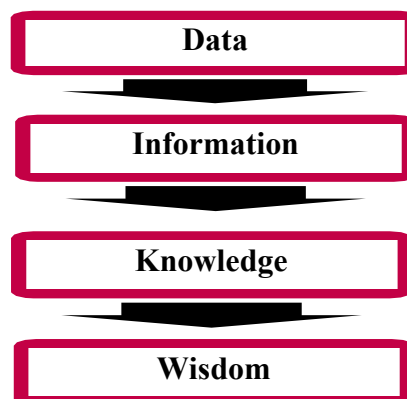


Figure 2.1. The DIKW Hierarchy

Data

Data are discrete, objective facts or observations, which are unorganized and unprocessed, and do not convey any specific meaning (Awad and Ghaziri, 2004, Chaffey and Wood, 2005, Pearlson and Saunders, 2004, Bocij et al., 2003).

Information

Information is data that have been shaped into a form that is meaningful and useful to human beings (Boddy, Boonstra, & Kennedy, 2005)

Knowledge

Knowledge is the combination of data and information, to which is added expert opinion, skills, and experience, to result in a valuable asset which can be used to aid decision making (Chaffey and Wood, 2005).

Wisdom

Wisdom is accumulated knowledge, which allows you to understand how to apply concepts from one domain to new situations or problems (Jessup and Valacich, 2003).

2.1.2 The “Value” of Information

This section offers a generic description of the value or benefit of information and summarizes many of the numerous studies that have assessed VOI in a host of applied areas. VOI is essentially an outcome of choice in uncertain situations (Hirshleifer and Riley, 1979) and (McCall, 1982). Individuals may be willing to pay for information depending on how uncertain they are, and on what is at stake. They may be willing to pay for additional information, or improved information, as long as the expected gain exceeds the cost of the information— inclusive of the distilling and processing of the information to render it useful. More specifically, the general conclusions from models of information are that its value largely depends on several factors:

- How uncertain decision makers are;
- What is at stake as an outcome of their decisions;
- How much it will cost to use the information to make decisions; and
- What is the price of the next-best substitute for the information

2.1.3. What is accounting Information?

Accounting information can be classified into two categories financial accounting or public information and managerial accounting or private information. Financial accounting include information disseminated to parties that are not part of the enterprise proper-stock holders,

creditors, customers, suppliers, regulatory commissioners, financial analysts, and trade associations although the information is also of interest to the company's officers and managers. Such information relates to the financial position, liquidity (that is, ability to convert to cash) and profitability of an enterprise. (Rose:2004) managerial accounting deals with cost profits volume relationships efficiency and productivity, planning control, price decisions, capital budgeting, and similar matters. This information is not generally disseminated outside the company. Whereas the general-purpose financial statements of financial accounting are assembled to meet basic information needs of most external users, managerial accounting provides a wide variety of specialized report for division managers, department heads project directors, section supervisors, and other managers. (Rose: 2004). Accounting information should include aspects such as flexibility and companies, ability to adopt to change. The context of the flexibility does not appear in any of the accounting definition because the definitions were developed during stable periods. The environment has changed and uncertainty has increased. In view of the fact that flexibility is one of the outcomes of uncertainty, greater value will be attached to flexibility in organizations uncertainly situation (Puxty 1993).

2.1.4. What is accounting?

Warren, Reeve, and Fess (2005) defined accounting as information system that produces reports to the interesting parties about economic activities and company's condition. The primary objective of accounting is to provide information that is useful for decision making purposes. It means that accounting is an information providing activity. Warren, et al. (2005) also stated that the objective of accounting is simply to produce information used by managers to run company's operation. Accounting also gives information to the interesting parties about economic performance and company's condition. According to Considine et al. (2010), accountings role is to gather data about a business's activities, provide a means for the data's storage and processing, and then convert those data into useful information.

The True blood Committee from American Institute of Certified Public Accountants (AICPA) listed twelve objectives which again emphasized the role of accounting for decision making.

The twelve objectives were:

- To provide information useful for making economic decisions.
- To serve primarily those users who rely on financial statements as their principal sources of information about an enterprise's financial activities.

- To provide information useful to creditors and investors for predicting, comparing and evaluating potential cash flows to them in terms of amount, timing and related uncertainty.
- To provide users with information for predicting, comparing and evaluating enterprise earning power. In other words, to show the profit-ability of the enterprise.
- To supply information useful in judging the management's ability to utilize enterprise resources, that is, to indicate how well they are using the resources on behalf of the owners.
- To provide factual and interpretive information about transactions and other events that affect earning power.
- To provide a statement of financial position. This statement is usually called a balance sheet.
- To provide a statement of earnings for the period. This statement is usually called a profit and loss statement.
- To provide a statement of financial activities that affects the cash position. This is often referred to as a cash flow statement.
- To provide information useful for the predictive process. That is, forecasts of future performance.
- In government and non-profit organizations to provide information useful for evaluating the effectiveness of the management of resources in achieving the organization's goals.
- To report on those activities of the enterprise that affect society. This includes its role as an employer, sponsor of worthwhile projects and supporter of charitable organizations as well as such negative aspects as its role as a polluter of the environment.

2.1.5. Data and Information

Data is raw, unorganized, unanalyzed, uninterrupted, and unrelated used in different contexts. For instance, facts and stats gathered by researchers for their analysis can collectively be called data. Data in essence lacks its informative fervor and relatively renders itself to be meaningless unless given a purpose or direction to acquire its significance.

But when that data is analyzed, structured, and given composure or context to make it useful, we find information. Information etymologically dates back to its Middle and Old french roots,

which meant “the act of informing,” mostly used in the context of knowledge, instruction, and education. In essence, information is systematic, filtered, and useful.

Information system which is a collection (integration) of sub-system/component both physical and nonphysical which are interconnected and cooperate with each other in harmony to process transaction data related to financial problem become financial information called accounting information system (Azhar Susanto, 2013; Meiryani, 2016; Ali, et.al. 2016; Omodero and Ogbonnaya, 2018).

AIS performs three important functions in any organization:

- a. It collects and stores data about activities and transactions so that the organization can review what has happened;
- b. It processes data into information that is useful for making decisions that enable management to plan, execute and control activities; and
- c. It provides adequate controls to safeguard the organization's assets, including data. These controls ensure that the data is available when needed and that it is accurate and reliable
- d. It helps in the analysis of information presented in Payroll/Pay slips; Stocks report; List of debtors/creditors; Cost summaries; Budget reports; Labor turnover statistics.

2.1.6. Qualitative v. quantitative data

Decision problems involving accounting data typically are specified in quantitative terms or quantifying in terms of monetary terms. The criteria in such problems usually include objectives such as profit maximization or cost minimization. When a manager makes a final decision, however, the qualitative characteristics of the alternatives can be just as important as the quantitative measures.

Qualitative characteristics are the factors in a decision problem that cannot be expressed effectively in numerical terms.

2.1.7. The characteristics of ‘good’ information

What criteria should the managerial accountant use in designing the accounting information system that supplies data for decision making? Three characteristics of information determine its usefulness.

Relevance

Accounting information is relevant if it can make a difference in a decision by helping users predict the outcomes of past, present, and future events or confirm or correct prior expectations.

In this context, an “event” is a happening that is significant to a company. An “outcome” is the effect or result of an event or series of events. To be relevant, accounting information does not have to be expressed as a prediction. Information about a company’s current resources or obligations or about its past performance commonly is used as a basis for expectations. To be relevant, accounting information should have either predictive or feedback value, or both. In addition, it should be timely.

Timeliness

Accounting information is timely when it is available to decision makers before it loses its ability to influence decisions. Timeliness is an ingredient of relevance. If information is not available when it is needed, it lacks relevance and is not useful. Timeliness alone cannot make information relevant, but a lack of timeliness reduces its potential relevance. However, a gain in relevance resulting from increased timeliness may involve a sacrifice of other desirable characteristics of useful information (e.g., reliability).

Reliability

Accounting information is most useful when it is reliable as well as relevant. Reliable information is reasonably free from error and bias, and faithfully represents what it is intended to represent. That is, to be reliable, information must be verifiable, neutral, and possess representational faithfulness. Reliability does not necessarily imply certainty or precision. For instance, estimates may be reliable. Reliability has different degrees, and what is an acceptable degree of reliability will depend on the circumstances.

2.1.8. Accounting and the objective of the firm

People working in a business organizations need to know what its objectives are if they are to take the correct decisions. If they don’t, decisions will be taken on the basis of the individual beliefs of the decision takers and the business will suffer as everyone pursues different objectives.

Thus, everyone in the business needs to know what the objectives are, and accountants need to provide the decision takers with the information they need in order to

- (a). Pursue their objectives
- (b) Monitor performance in relation to the objectives, and
- (c) Amend the objectives when needed. Accountants provide information so that decisions can be taken that are compatible with the objectives of the organization.

2.1.9. Users of Accounting Information

The basic objective of accounting is to provide information which is useful for persons inside the organization and for persons or groups outside the organization. Accounting is the discipline that provides information on which external and internal users of the information may base decisions that result in the allocation of economic resources in society.

I. External Users of Accounting Information: External users are those groups or persons who are outside the organization for whom accounting function is performed. Following can be the various external users of accounting information:

1. Investors. Those who are interested in investing money in an organization are interested in knowing the financial health of the organization or know how safe the investment already made is and how safe their proposed investment will be. To know the financial health, they need accounting information which will help them in evaluating the past performance and future prospects of the organization. Thus, investors for their investment decisions are dependent upon accounting information included in the financial statements. They can know the profitability and the financial position of the organization in which they are interested to make that investment by making a study of the accounting information given in the financial statements of the organization.

2. Creditors. Creditors (i.e., supplier of goods and services on credit, bankers and other lenders of money) want to know the financial position of a concern before giving loans or granting credit. They want to be sure that the concern will not experience difficulty in making their payment in time i.e., liquid position of the concern is satisfactory. To know the liquid position, they need accounting information relating to current assets, quick assets and current liabilities which is available in the financial statements.

3. Members of Non-profit Organizations. Members of non-profit organizations such as schools, colleges, hospitals, clubs, charitable institutions etc. need accounting information to know how their contributed funds are being utilized and to ascertain if the organization deserves continued support or support should be withdrawn keeping in view the bad performance depicted by the accounting information and diverted to another organization. In knowing the performance of such organizations, criterion will not be the profit made but the main criterion will be the service provided to the society.

4. Government. Central and State Governments are interested in the accounting information because they want to know earnings or sales for a particular period for purposes of taxation.

Income tax returns are examples of financial reports which are prepared with information compiling statistics concerning business which, in turn helps in compiling national accounts.

5. Consumers. Consumers need accounting information for establishing good accounting control so that cost of production may be reduced with the resultant reduction of the prices of goods they buy. Sometimes, prices for some goods are fixed by the Government, so it needs accounting information to fix reasonable prices so that consumers and manufacturers are not exploited. Prices are fixed keeping in view fair return to manufacturers on their investments shown in the accounting records.

6. Research Scholars. Accounting information, being a mirror of the financial performance of a business organization, is of immense value to the research scholars who want to make a study to the financial operations of a particular firm. To make a study into the financial operations of a particular firm, the research scholar needs detailed accounting information relating to purchases, sales, expenses, cost of materials used, current assets, current liabilities, fixed assets, long term liabilities and shareholders' funds which is available in the accounting records maintained by the firm.

II. Internal Users of Accounting Information. Internal users of accounting information are those persons or groups which are within the organization. Following are such internal users:

1. Owners. The owners provide funds for the operations of a business and they want to know whether their funds are being properly used or not. They need accounting information to know the profitability and the financial position of the concern in which they have invested their funds. The financial statements prepared from time to time from accounting records depicts them the profitability and the financial position.

2. Management. Management is the art of getting work done through others, the management should ensure that the subordinates are doing work properly. Accounting information is an aid in this respect because it helps a manager in appraising the performance of the subordinates. Actual performance of the employees can be compared with the budgeted performance they were expected to achieve and remedial action can be taken if the actual performance is not up to the mark. Thus, accounting information provides "the eyes and ears to management".

3. Employees. Employees are interested in the financial position of a concern they serve particularly when payment of bonus depends upon the size of the profits earned. They seek accounting information to know that the bonus being paid to them is correct.

2.1.10 Management Decision Making Level

Decision making can also be classified into three categories based on the level at which they occur.

Strategic:

Strategic decisions set the course of organization they are the highest level; here a decision concerns general direction, long term goals, philosophies and values. These decisions are the least structured and most imaginative; they are the riskiest and of the most uncertain outcome.

Tactical:

Tactical decisions are decisions about how things get done, they support strategic decisions, and Tactical decisions are decisions about how things get done. They tend to be medium range, medium significance, with moderate consequences.

Operational:

Operational decisions are decisions that employees make each day to run the organization, used to support tactical decisions; they are often made with little thought and are structured, their impact is immediate, short term, short range, and usually low cost. The consequences of a bad operational decision will be minimal, although a series of bad or sloppy operational decisions can cause harm. Operational decisions can be preprogrammed and pre-made.

2.1.11. Short Term Decisions and Long-Term Decisions

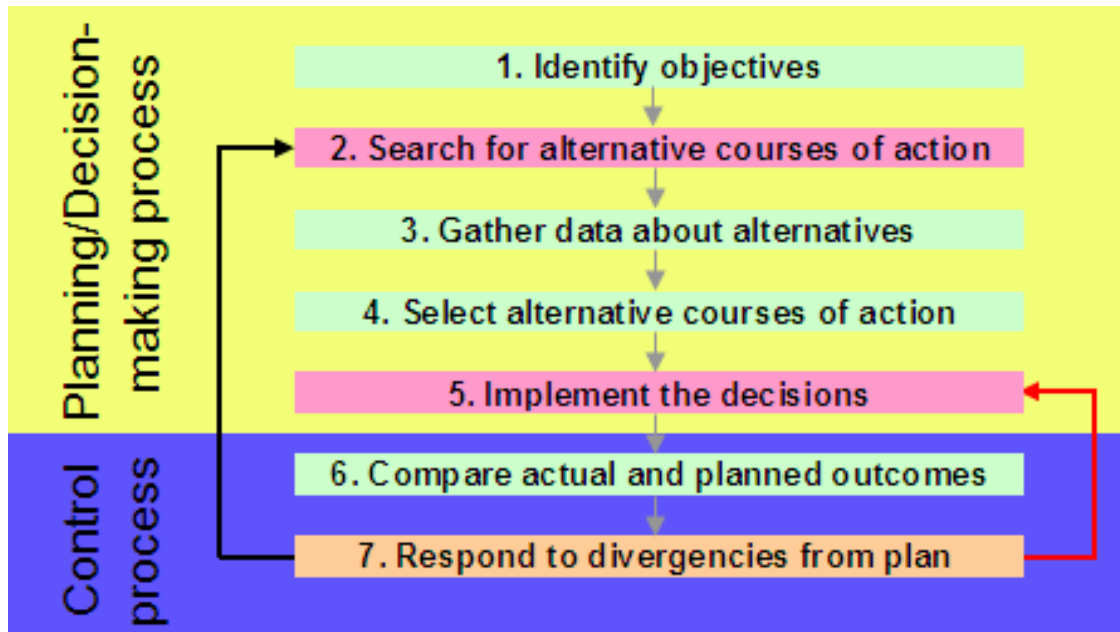
Hornigren et al (2002) stated that decisions can be grouped into short- and long-term decisions. It is necessary to consider decisions from both perspectives. According to Langley et al (1995), the short-term is usually defined as being one year or even less. In short term decisions, the importance of the time value of money is low. These decisions are mainly based on current or today's data. Short term decisions can usually be changed easily as opposed to long term ones. Long-term decisions have effects on longer periods of time. Consequently, such decisions demand a firm's resources for a longer period of time. Such decisions can influence future decisions and can have an impact on long-term potentials. Examples might be capital investments, such as the purchase of new machinery.

2.1.12. The decision-making process

Information produced by management accountants must be judged in the light of its ultimate effect on the outcome of decisions. It is therefore important to have an understanding of the decision-making, planning and control process. Figure 2.1 presents a diagram of the decision-making, planning and control process. The first four stages represent the decision-making or

planning process. The final two stages represent the control process, which is the process of measuring and correcting actual performance to ensure the alternatives that are chosen and the plans for implementing them are carried out (Drury, 2008).

Figure 2.2 The Decision-Making Process



Source: Drury's model Adapted from Drury C. (2008)

2.1.13. Elements of an Effective Decision-Making Process:

According to Gupta (2004), effective decision making implies objective quality of decision and their acceptance by those who are to execute the decisions. The following are guidelines for effective decision making.

1. Problem rationalization:

The clear rationalization that the problem was generic and could only be solved through a decision that establishes a rule or a principle. Know the problem you're solving.

2. Boundary conditions:

The definition of the specifications that the answer to the problem has to satisfy, that is, of the "boundary conditions" Know your range of options that will still count as success.

3. The right thing to do:

Before you decide what's feasible, first figure out what the right thing to do is.

4. Action:

Turn decisions into action.

5. Feedback:

Get feedback on what's working and what's not.

2. 1.14 Management Decision Requiring Accounting Information

Atrill and McLaney (2005) identified four broad areas of decision making where accounting information is required. The first area is at the stage of developing objectives and plans. Managers are responsible for establishing the mission and objectives of the business and then developing strategies and plans to achieve these objectives. Accounting information can help in gathering information that will be useful in developing appropriate objectives and strategies. It can also generate financial plans that set out the likely outcomes from adopting particular strategies. Managers can then use these financial plans to evaluate each strategy and use this as a basis for deciding between the various strategies on offer. The second area is when management performs evaluation and control. Accounting information can help in reviewing the performance of the business against agreed criteria. Currently non-financial indicators are increasingly used to evaluate performance along with financial indicators. Controls need to be in place to ensure that actual performance conforms to planned performance. Actual outcomes will, therefore, be compared with plans to see whether the performance is better or worse than expected. Where there is a significant difference, some investigation should be carried out and corrective action taken where necessary. The third area is at the time of allocating resources. Resources available to a business are limited and it is the responsibility of managers to try to ensure that they are used in an efficient and effective manner. Decisions concerning such matters as the optimum level of output, the optimum mix of products and the appropriate type of investment in new equipment will all require accounting information. The last area is when determination of costs and benefits is being made. Many management decisions require knowledge of the costs and benefits of pursuing a particular course of action such as providing a service, producing a new product or closing down a department. The decision will involve weighing the costs against the benefits. The information from management accounting can help managers by providing details of particular costs and benefits. In some cases, costs and benefits may be extremely difficult to quantify; however, some approximation is usually better than nothing at all.

2.2. Empirical Review

In this part, the researcher went through what other scholars wrote on the similar area of the study.

According to Kanani Agripina (2016) through the Impact of Accounting Information on Management Decision Making Process. From his findings, it shows that accounting information play a vital role in making investment, financing, dividend and lending decisions. The sufficient supply and proper use of accounting information had gone a long way in helping management in making efficient and effective decision and for this, there is a significant of impact of the use of accounting information as an aid to management decision making in the institutions. The study also found that accounting information system leads to good financial reports and also leading to better decision making.

Furthermore, the findings showed that there were the challenges faced by users of accounting information such as: new technology, time consuming, manual work and external report.

According to Vera Lengauer et al (2006) examined the Impact of Accounting Information on Management Decision Making Process in Wexiödisk. Throughout this thesis the importance of financial information as gained through management accounting tools was underlined. Apparently, decisions are affected by this data. This is also the case in Wexiödisk. This leads us to the answer how those accounting tools affects the decisions made by the company.

Laws, (2010) carried out a study about the impact of accounting information on management decision making. The study found that the management makes good decision where there is clear accounting information within the organization. This encourages the company to improve because clear accounting information brings good result in decision making.

Also, Siyanbola and Trimisiu Tunji (2012), explained “accounting information as an aid to management decision. Findings on accounting information does not have any significant effects on management decision making concludes that accounting information has significant effect on management decision agrees with the work of Anil Keimer (2008) who found out that accounting information obviate the necessity of remembering various transaction.

Furthermore, he confirms that there is a significant relationship between the perception of employees and accounting information falls in line with the finding of Douglas (2007) who postulated that employees and their representative are interested in information about the stability and profitability of their employers and also interested in the information which enables them to assess the ability of the enterprises to provide remuneration, retirement benefits and employment opportunities.

Finally, he concludes that the study revealed that accounting information performs a crucial role on management decisions and organization performances, which has been shown to be major force in decision making. This is achieved by implementing the best fundamental concept of accounting suitable for each company.

Okoli Margaret Nnenna (2012), aimed at studying how effective and efficient the instrument of good accounting information is in decision making in an organization. From her findings, she revealed that the use of accounting information improves/enhances decision making in organizations.

Ng'wandu (2009) in his study titled "The Impact of Financial Statement in Decision Making Process" came up with the findings that the management relies on financial statement to the high extent of ninety-one percent. Reliability and accuracy of financial statement of a non-government hospital known as Mbeya hospital was due to the fact that it was somehow computerized this facilitated recording competence and developing experienced workers as well as good supervision by the management. He also found that some important information for decision making was not reflected on the financial statement. Normally financial statements issue historical information while decision making is about the future.

Again, Ng'wandu (2013) in his study entitled "The Impact of Financial Statement in Decision Making in Mbeya" came up with the findings that the management relies on accounting information to a high extent that was ninety-one percent.

Mollet Michael (2008) in his research study entitled "Factors to Contributing to Poor Accounting Information Systems", carried out a study on Mwanza city council. He found that in Mwanza City Council there is a shortage of accountants and computers, this leads to the results that accounting information does not go thorough in time the required; therefore, the organization needs to solve this problem. A failure to solve this problem can be a huge burden too few accountants are available. They should provide more training courses to the existing personnel in internal management. It was strongly recommended that the management especially in accounting system should attend short courses. Another recommendation was that the organization should improve its working condition. For example, by providing equitable working tools such as computer.

Amedu (2012), in her study entitled "The Contribution of Financial Statement Investment Decision making, a case study in Nigeria". She came up with following findings. Financial statements are useful for forecasting company's performance. They provided various facts of a

business such as accurate records of its income and expenses as well as its assets and liabilities they were relied upon in investment decision making.

Hafij, Jamil and Syeda (2014) did a study on what role accounting information has in making strategic decisions specifically in industrial businesses in Bangladesh. Five areas that require strategic decision such as manufacturing decision, human resource decision, basic strategic decision, long term investment decision and marketing decision were considered for the study. T-test, Mean, standard deviation and percentages, were used to define efficiency of the accounting information when making strategic decisions that are long-term. The study proved that there is noteworthy relationship that exists between accounting information and strategic decisions in all the designated areas that considerably depend on accounting information.

Ionu and Petec (2015) studied the significance of accounting information in decision making. The researchers identified four principal qualitative characteristics: Reliability, compatibility of information, comprehensibility, and relevance. The researchers also suggested that accounting information has a crucial role in substantiating the economic decisions, offering the possibility of an accurate representation of economic phenomena and processes. There is a consistent operation and making of decision by the users and they make use of information provided by financial statements. This indicates that accounting information has a positive relationship with decision making.

Harendra (2016) studied relationship that existed between accounting and decision making in the Sri Lankan Industrial Division. Sample for the study consisted of 70 public quoted manufacturing companies operating in the country. The relationship between accounting information and marketing and manufacturing related strategic decision making was analyzed using Pearson's Correlation. Findings from the study indicated that accounting information has a statistically significant strong positive correlation with both marketing related strategic decision making and manufacturing related strategic decision making of companies operating in Sri Lanka's manufacturing sector.

According to Drury (2008) accounting is the language that communicates economic information about the business activities. A central matter in both management accounting and decision-making relates to the linkage of management accounting information (MAI) with strategic planning (Atrill & McLaney, 2009). Literature on this connection is becoming more and more prevalent. The remarkable development in technology has opened up the possibility of generating and using MAI from a strategic standpoint (Bruening *et al*, 2008). In a climate of rising uncertainty and rapid change, organizations world over requires greater competence

when it comes to accounting practice and effective strategies. Nnenna (2012) and Drury (2008) all state that the turbulent business environment is forcing enterprises to seek more updated accounting information to use in strategic planning. MAI can be a significant aid to effective strategic planning. The use of management accounting as a strategic planning tool is necessary in driving organizations as myriad of threats and challenges continue in a globally connected world (Frezatti et al., 2009).

2.3. Literature Gap

The construction industry in Ethiopia is the major sector where public and private sectors are investing huge amount of fund. The percentage share of the construction sector to GDP at constant basic price has increased from 4.3 % in 1999/2000 to 5.8% by 2011/12 (source: National Bank of Ethiopia 2011/12 Fiscal year series Vol 28. Expansion of economic infrastructure (railways, roads, telecom, power, irrigation) being critical towards achieving the country's Growth and Transformation Plan (GTP). Significant amount of the country's budget is allocated to economic development through financing infrastructures for development of educational and power projects, construction of railways and road projects which increased road network density, construction of health projects, access for water and Sanitation infrastructure.

Various studies have been conducted relating to this study, The Role of accounting Information on Management Decision Making, in developed countries of the world. However, local studies were conducted regarding related topics there is a very little literature available in Ethiopian which are:

Yohannes Muluye (2018), Studied the use of Management Accounting Practice in Managerial Decision Making, a case Study of Selected Real Estate Companies in Addis Ababa

Tewodros Tesfaye, (2009) Studied Assessment on the use of Management Accounting Information for Decision Making and Management Control: A Case Study of Some Selected Manufacturing Companies in City of Addis Ababa

Serkaddis Fekade(2017) Studied the Impact Of Accounting Information System on Organizational Performance : A Case Study on Pharmaceutical Fund And Supply Agency

Gosawork Fikadu (2014) Studied Accounting Information System and its Impact on Administration; in the case of Commercial Bank of Ethiopia.

Mesfin Legese (2009) Studied Impacts of Accounting Information on Management's Decision-Making – Profit-Oriented Vs Not-for-Profit Organizations.

These studies gave great contribution for The Role of Accounting Information on Management Decision Making Process. Despite its importance, the role of accounting information on management decision making in Ethiopian construction sector in general Sunshine Construction Plc. in Particular has unexplored so far. As to the researcher knowledge, there is no empirical research on such area. Thus, examining the role of accounting information on management decision making in construction sector which has not been extensively studied yet in developing countries especially in Ethiopia can contribute to address the gap in the literature above.

CHAPTER THREE

METHODOLOGY

3. Introduction

This chapter describes the statistical methods used in analyzing the data obtained during the course of this study and the relevant interpretation for the statistical output, and this interpretation was used to determine the nature of relationship that exist between the dependent and independent variables.

3.1. Research Design and Methodology

The research design is mainly concerned with providing a plan study that permits accurate assessment of cause-and-effect relationship between independent and dependent variable. Research design is a plan, structure and strategy of investigation conceived so as to obtain answer to research questions and to control variances. Among other advantages, research design serves to provide answers on how the research questions and problems are determined, as well as control extraneous variable(s) and the errors that would be expected from randomness or measurements. Sika (2006) defined research design as the process of structuring investigation aimed at identifying variables and their relationship to one another.

There are three types of academic researches depending on the problem area and the nature of the phenomenon that it studies. The purpose of the research can be Exploratory which deals with unknown problem, Descriptive in which there is an awareness of the problem and Explanatory, where the problem is clearly defined (Ahmed 2011).

The type of research employed under this study is descriptive research. The purpose of descriptive research is description of the state of affairs as it exists at present. The objective of descriptive is to “portray an accurate profile of a person event or situation” (Robson, 1993), Thus this study described and critically assessed the Role of Accounting Information on Management Decision Making Process. In order to achieve the desired objective, the researcher analyzes the data collected from sample of targeted respondents and generalizes the data to population.

3.2. Target Population

Sunshine Construction P.L.C is one of the biggest and well-known local contractors responsible for numerous construction projects in Ethiopia since its establishment in 1984 G.C. The

population of this study was Managers and accountants of Sunshine Construction P.L.C working at head office and project.

Depends on direct relation with their accounting information and decision-making related activity the researcher purposely selects certain departments those have the target population of 42 employees; that contains 16 (sixteen) Managers 26 (Twenty-six) accountants. This was because the study required people with technical knowledge about the study.

Table 3.2 Sample Size

Departments	Population	Sample
Managers	16	16
Accountants	26	26
Total	42	42

Source: Research Survey (2022)

3.3. Sampling Design

A sample is defined as any part of a population. A sample therefore is a subset of the entire population of any kind. The procedure for drawing samples from a population is known as sampling. Such a sample is thus without bias, a prerequisite for making generalizations about the universe. Sampling in research is of two types-Probability sampling and Non probability sampling.

- Probability sampling is a sampling technique where a researcher sets a selection of a few criteria and choose member of a population randomly.
- Non-Probability sampling: - In non- probability sampling researcher chooses members for research at random.

There are varieties of probability sampling techniques like simple random sampling, cluster sampling, systematic sampling and stratified sampling that can be employed by any researcher thus; single stage sampling procedure was used to conduct the research. In single-stage probability sampling, the research start with a sampling frame, which is a list of every member in the entire population (Managers and Accountants). It should be as complete as possible, so that the sample accurately reflects the population.

This research is qualitative because it was used to gain an understanding of underlying reasons, opinions and motivations through individual interviews, and participation/observations. This

research was designed to find out the Role of Accounting on Management Decision Making Process.

3. 4. Data Collection Instrument

The data required for the research study generated from primary and secondary source of information. Primary data collection from subsets or respondents compared to using data already collected by someone else. The primary data collected through questionnaire that was distributed to selected managers and accountants of the target organizations.

Secondary data obtained from related literature from text books, journals, annual reports of the company and internet.

The questionnaire designed in to two parts; section A requested information, the researcher was able to know the caliber of people who have responded their qualifications and number of working experiences as well as the department in which the respondent works.

The researcher, for easy responses and analysis of data, set out in section B of the questionnaire and interviews are devoted to the questions on the role of accounting information for management decision making process.

3. 5. Method of Data Analysis

The relevant data after collection are processed and analyzed through the use of a statistical software package called Statistical Package for Social Sciences (SPSS) and coding/theming. SPSS was used, allowing the researcher to present the information in form of tables and figures. The data from questionnaire will be sorted out and at the same time information checked for completeness. Then, responses on the questionnaires are examined to derive relationship among variables of accounting information on management decision making.

A descriptive data analysis is chosen for its simplicity and clarity of presentation in drawing inferences. Average and percentage computations employed for analysis purpose when it is necessary.

CHAPTER FOUR

4. DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.1. Introduction

This chapter focused on data presentation, analysis and interpretation of the findings relating to this research topic, based on the data generated from the field survey.

For the purpose of data analysis, descriptive statistics like percentages and figures were used to summarize means of key dimensions and profile characteristics of the respondents.

The data from the questionnaire were coded and presented on excel spread sheet for further analysis. The data were then exported into a Statistical Package for Social Scientists (SPSS) software version 26.0.

4. 2. Reliability and Validity of Instruments

The validity of the data collection instruments was done with the help of an Expert to edit the questionnaire and the interview guide. The researcher forwarded the structured questionnaire to supervisor who is an expert in the area covered by the research for editing and reviewing.

Validity refers to the degree to which a study accurately reflects or assesses the specific concept that the research is attempting to measure (Bernheimer, 2008). This study was expected to be valid in the sense that it only investigated the Role Accounting Information on Management Decision Making. Validity is concerned with the study's success at measuring what the researcher set out to measure. In order to achieve this sample, the researcher included only Sunshine Construction Plc. Managers and Accountants. Researchers were concerned with both external and internal validity. External validity refers to the extent to which the results of a study were generalizable or transferable. Most discussion of external validity focused solely on generalizability (Campbell and Stanley, 1966). The findings of this research focused on Sunshine Construction Plc. Head office and projects.

Internal validity refers to (1) the rigor with which the study will be conducted (for instance, the study's design, the care taken to conduct measurements, and decision concerning what was and wasn't measured) and (2) the extent to which the designers of a study have taken into account alternative explanations for any causal relationships they explore (Huitt,1998).

To ensure the internal validity of the study, the researcher designed a simple questionnaire, close to ended where the responded was simply required to indicate at which extent the role of accounting information on management decision making.

4.3. Personal Profile of Respondents

Part of the questionnaire constituted of six items about demographic information of the respondents. The questionnaire covered the demographic data of employee respondents including: their Age, Gender, Position of Respondents, Educational Qualification, Year of Employment, and Location of Working Place. The following subsequent tables below summarized the total demographic characteristics of the employee respondents. The Response rate towards the questionnaire is 100%.

The demographic profile of the respondents was found to be diverse with 26 (61.9%) respondents reported as middle age group between 30-40 years, followed by 9(21.4%) respondents were adult age group 40-50 years, and a little below one-fourth 7(16.7%) as those claimed to be between (20-30 years). Majority 31(73.8%) of the respondents reported as male and the remaining 11(26.2%) as female. With respect to position, 1 (2.4%) respondent were stated themselves as General Managers with 1(2.4%) who claimed to be Finance Managers, 1(2.4%) Human Resource Manager, 1(2.4%) Supplies Manager, 12(28.6%) Project Managers and 26(61.9%) of the respondents were accountants. On the part of education, overwhelming majority claimed to be with first degree 39(92.9%) and the remaining some have masters 3(7.1%). Almost above one-half 23(54.8%) of the respondents have an experience of 5 to 10 years, less than one-third 8(19.0%) reported with 10-15, 7(16.7%) below 5 years and 4(9.5%) above 15 years. As revealed from the table below, 25(64.3%) of the respondents works on project and 15(35.7%) of respondents work at Head Office. (Table 4.2).

From a total of 42 questionnaires distributed, 16 to higher level managers and 26 to accountants, 42(100%) questionnaires were collected, 16(38.10%) from managers and 26(61.90%) from accountants.

Table 4.3 Personal Profile

Personal Profile of Respondent No	Profile	Description	Percentage (%)
1.	Age (in years)	20 to 30 Years	16.7%
		30 to 40 Years	61.9%
		40 to 50 Years	21.4%
2.	Gender	Male	73.8%
		Female	26.2%
3.	Position of Respondent	General Manager	2.4%
		Finance Manager	2.4%
		Human Resource Manager	2.4%
		Project Manager	28.6%
		Supplies Manager	2.4%
		Accountants	61.9%
4.	Educational Qualification	1st Degree	92.9%
		Masters	7.1%
5.	Year of Employment	Below 5 Years	16.7%
		5 to 10 Years	54.8%
		10 to 15 Years	19.0%
		Above 15 Years	9.5%
6.	Location of working Place	Head Office	35.7%
		Project	64.3%

Source: Research Survey (2022)

4.4 Availability of Accounting Information System Department

Accounting Information System is a system that collects and processes data which is measured in terms of money. AIS process accounting transactions and supplies information for the interested users which is used to take effective decision-making process, to help management for performing business activities properly and finally to measure the performance of the company. Every organization, to exist as an organization, it must account for all finance related activities properly. In this field of study while examining the Accounting Information System availability the following results were found.

Table 4.4 Accounting Information System (AIS) department

	Frequency	Percent	Valid Percent	Cumulative Percent
Yes, long time ago	14	33.3	33.3	33.3
Yes, recently	3	7.1	7.1	40.5
Not yet	25	59.5	59.5	100.0
Total	42	100.0	100.0	

Source: Research Survey (2022)

As the above Table shows, 33.3% of the study have established the accounting information system and 7.1% of them have started getting information from this unit recently. This means 59.5 of the company have not yet established a department that converts the data obtained from accounting department into information that suits the needs of managers to make the necessary decision. For organizations which do not have accounting information department, the question was forwarded to know which department is producing the information.

4.5 Responsible department for producing accounting information

The accounting department's focuses on the day to day financial activities (the inflow and outflow of money) in the company. It deals with the process of accounting information. It records accounts payable and receivable, fixed assets, payroll, inventory and other accounting elements. The table below shows that which department is responsible for producing accounting information.

Table 4.5 Responsible department for producing accounting information

	Frequency	Percent	Valid Percent	Cumulative Percent
Management Information System department	3	7.1	7.1	7.1
Accounts department	39	92.9	92.9	100.0
Total	42	100.0	100.0	

Source: Research Survey (2022)

From the Company under study, 92.9% of the organizations get accounting information produced by accounting department. The accounting information produced by accountants may not clearly portray the current situation of the organization since, as the literature says, accountants do not deal with qualitative data. And 7.1% of the organizations get their basic accounting information from Management Information System (MIS) department. Again the

link between the accounts department and this MIS department is, as the researcher saw, very weak. Their activity is limited to summarizing the data obtained from accounting department.

4.6 Competency and qualification of accounting personnel

When the accounting reports are prepared by accountants their qualification and competency is essential to meaningful and accurate information. According to the True blood Committee from American Institute of Certified Public Accountants (AICPA), one of the roles of accounting is “to supply information useful in judging the management’s ability to utilize enterprise resources, that is, to indicate how well they are using the resources on behalf of the owners.” To provide such valuable information, accounting staffs are supposed to be qualified and competent enough. This study showed that many of the managers who use the information have doubts on the competency of the staffs.

Table 4.6 Skills and Competency of Accountants

	General Manager	Finance Manager	Human Resource Manager	Project Manager	Supplies Manager	Accountants
Our accountants are highly Competent		1(100%)		3(25%)		17(65.38%)
Their Clearical Work is Satisfactory	1(100%)		1(100%)	9(75%)	1(100%)	9(31.62%)
They are not competent enough						
Total	1(100%)	1(100%)	1(100%)	12(100%)	1(100%)	26(100%)

Source: Research Survey (2022)

Most of the managers, that is, 12(75%) of the managers, believed that the accounting personnel are averagely qualified and competent. They thought that in one or another reason their organizations’ accountants are not well skilled to provide the required accounting information. Especially Project managers have a strong doubt since 75% of the respondents said that their accounting personnel’s competency is adequate for the current tasks. But they might have difficulties in competing with new jobs. Opposite to this, from 26 accountants who filled this questionnaire, 17(65.38%) accountants said that the accounting personnel are qualified and competent enough. While the remaining 9(34.62%) accountants agreed with the managers, that is, the accountants’ skills are at a medium level. That it requires additional training to accountants to be highly qualified and competent enough and also to ensure that the accountants are able to provide the required quality information in a timely manner.

4.7. The attention given to accounting department

Since Sunshine Construction Plc. need to have ascertained that their financial activities are well managed, managers and other concerned bodies should give special attention to accounting department that produces accounting information. Based on the respondents answer from both groups, managers and accountants, the researcher found that the attention given to this department can be said competitive as compared to other departments. For example, from 26 accountants 16(61.54%) evaluated the concern being given to accounting department as adequate to the level that many organizations could give. And from the 16 managers involved in the study 9(56.25%) agreed with this evaluation, that it is their attention is sufficient.

Table 4.7 Attention given to accounting department

	General Manager	Finance Manager	Human Resource Manager	Project Manager	Supplies Manager	Accountants
Excellent attention is given to accounting Department		1(100%)				1(3.85%)
It has very good concern				1(8.33%)		2(7.69%)
It is given sufficient attention				2(16.67%)		1(3.84%)
The attention is fair	1(100%)		1(100%)	7(58.33%)		16(61.54%)
It does not get sufficient attention				2(16.67%)	1(100%)	4(15.38%)
The attention is highly weak						2(7.69%)
Total	1(100%)	1(100%)	1(100%)	12(100%)	1(100%)	26(100%)

Source: Research Survey (2022)

From the table above, Managers and accountants considered the attention given to accounting department as big enough 1(3.85%) and 1(6.25%) respectively. On the other extreme, 3(18.75%) respondents from management group and 6(23.08%) accountants from accountants group evaluated the attention given towards accounting department as below the normal level. From this result, it can be concluded that the attention towards accounting department within the study area is high in Sunshine construction Plc. The researcher also physically observed that accounting departments in the company is well equipped and they used modern accounting software. During my interview, a Finance manager said "... accounting department in our organization is very crucial. A construction company is a risky sector. Each year, many

construction companies go out of business because of improper financial managements. That is why we give more attention to this department.”

4.8 Value of Accounting Information in the decision-making process

Though the majority of the accountants and managers agreed that organizational attention towards accounting department is sufficient, both groups of respondents, as shown on the table below, believed that accounting information is undervalued in the decision-making process. Again, from the 16 managers contacted, 7(43.75%) managers said that accounting information is sometimes undervalued. Similarly, 12(46.15%) accountants agreed in that it is sometimes undervalued. Of course, 56.25% of managers and 14(53.85%) of accountants are confident that their organization had never undervalued the information before. The result was surprised the researcher that he did not find a single accountant who is disappointed with the thought that his/her work is undervalued. This is an indicator to what extent accounting information is used as input for decision making purpose.

Decision-making is essential in managing an organization. Proper decision-making relies on relevant information, delivered to a great extent by the accountants. The expectations of managers, with regard to the information they are supplied with, can be met or not. Information should be adjusted to the needs of its addressees, it should be of the right quality, properly detailed, and delivered in a suitable and convenient manner. Yet there is most often a gap between the information provided by accountants and the needs of the managers. This study showed that the perception of managers regarding the information provided by accountants.

Table 4.8 Value of Accounting Information in the decision-making process

	General Manager	Finance Manager	Human Resource Manager	Project Manager	Supplies Manager	Accountants
The value of accounting information is high		1(100%)	1(100%)	7(58.33%)		14(53.85%)
Managements sometimes undervalued the information	1(100%)			5(41.67%)	1(100%)	12(46.15%)
The information is frequently undervalued						
I am not sure						
Total	1(100%)	1(100%)	1(100%)	12(100%)	1(100%)	26(100%)

Source: Research Survey (2022)

In an interview conducted with managers and accountants, many of the interviewees particularly accountants said that the accounting reports that was prepared for decision making purpose may not be suitable for managerial decisions. This is, because the department is not structured in such a way that it can prepare those needed information. Some management groups also shared this answer.

4.9 Adequacy of accounting information produced

Whether the information is produced by accounting information system department or by others, the necessary information has to be provided to enable managers make appropriate decision. From the study, the researcher found the following results as to whether the company produce all types of information or not.

Table 4.9 Types of Accounting Information produced

	Managers	Accountants
All types of accounting information is produced	4(25%)	20(76.92%)
The information prepared does not encompass all needed reports	10(62.5%)	6(23.08%)
The information contained only few types of reports		
We do not know	2(12.5%)	
Total	16(100%)	26(100%)

Source: Research Survey (2022)

As revealed from in the table above, 4(25%) who filled the questionnaire seemed to be comfortable with the information produced by accountants. Whereas 10(62.5%) managers chose that the report is not that much full. Moreover, 2(12.5%) managers do not know even whether the information is full or not. These managers do not rely on accounting information when they make many of their decisions.

On the other hand, 20(76.92%) accountants who filled the questionnaire believed that they produce all sorts of the accounting information which are important to make decision. And only 6(23.08%) accountants have doubts on the information they produce. This shows that there misunderstanding between managements and accountants as to the type of information produced. What is complete from the accountants' perspective is not complete from management's point of view.

4.10 Managerial use of accounting information for making decision

The accounting information provides managers with the necessary information they need. In this case, it is the accountants that provide the information with which the management uses for its decision making. Managers need to know every summarized activity of their organization to make better decision. And, of course, accounting information is one of the information that is required.

Table 4.10 Usage of Accounting Information by managers

	Managers	Accountants
Managers always use the information to make decision	4(25%)	22(84.61%)
Managers sometimes use the information	12(75%)	
They do not use the information for making decision		4(15.39%)
Total	16(100%)	26(100%)

Source: Research Survey (2022)

The table above shows that, to measure the commitment of managers to use accounting information in their decision-making process, it is found that 12(75%) said that they use the information occasionally and not on a regular basis. On contrary, 22(84.61%) accountants believed that their management groups always use accounting information when they make decision and the remaining 15.39 percent agreed with managers that they do not rely on accounting information for all types of decisions. The basic reason to these different views, as Project managers said, on one hand is that the information being produced does not suit management's needs of information. On the other hand, it is because managers are not committed to accommodate the accounting information in their decision.

4.11 Why do you use accounting information for decision-making?

The relationship between accounting information and decision making is a two-way street. The company cannot make decisions without all of the necessary accounting information. But, why are informed decisions so important? Respondents were asked the reasons as to why they use accounting information in their decision- making process.

Table 4.11 why do you use Accounting information for decision-making?

	Managers	Accountants	Total
to have basis of decision-making	6(37.50%)	5(19.23%)	11(26.19%)
to increase the accuracy of decisions	8(50%)	18(69.23%)	26(61.90%)
decision is not possible without accounting information	2(12.50%)	3(11.54%)	5(11.90%)
Total	16(100%)	26(100%)	42(100%)

Source: Research Survey (2022)

The results in table 4.9 above show that 11(26.19%) of the respondents use accounting information in order to have basis of making decision, 26(61.90%) use it in order to increase the accuracy of the decision made and 5(11.90)% of the respondents use accounting information because making decision is impossible without accounting information. Results from the survey as indicated in the table above show that accounting information is very important to the decision- making.

4.12 Accounting Information in Human Resource Policies related Decisions

This study was shows with a view to analyze the relationship between accounting information and human resource management related decision making in Sunshine Construction Plc. The data obtained from the research survey was analyzed and interpreted below.

Table 4.12 Do you use accounting information in Human resources policies [Acquisition, Recruitment, and Selection and hiring] related decisions?

	Managers	Accountants	Total
Strongly Agree	13(81.25%)		13(30.95%)
Agree		22(84.62%)	22(52.38%)
Not Agree			
Not Sure	3(18.75%)	4(15.38%)	7(16.67%)
Total	16(100%)	26(100%)	42(100%)

Source: Research Survey (2022)

The table above shows that, to measure the use of accounting information in Human resources policies related decisions, it is found that 13(81.25%) of managers strongly agree, 22(84.62%) of accountants agree and the remaining 3(18.75%) of managers and 4(15.38%) of accountant were not sure to use accounting information for Human resources policies related decisions.

4.13 Accounting Information in Investment in Fixed Asset Related Decisions

Management of fixed assets is very important in the smooth running of the organization. Managers need to make decision on whether to invest or divest in the fixed assets.

Table 4.13 Do you use accounting information in Investment in fixed assets (lease or purchase) related decisions?

	Managers	Accountants	Total
Strongly Agree		10(38.46%)	10(23.81%)
Agree	16(100%)	13(50%)	29(69.05%)
Not Agree			
Not Sure		3(11.53%)	3(7.14%)
Total	16(100%)	26(100%)	42(100%)

Source: Research Survey (2022)

The results presented in table 4.11 above, show that 10(23.81%) of the respondents strongly agreed that accounting information used in fixed assets management decisions, 32(76.19%) agreed and 3(7.14%) of the respondents were not sure. The results from the survey revealed that accounting information is highly applied in the management of assets as represented by 39(92.85%) of the respondents.

4.14 Accounting Information in Strategic and Tactical Related decision

Strategic and tactical decisions have long-term effect on the business and therefore it is important to analyze the use accounting information for making strategic and tactical decisions. Accounting information helps managers understanding their tasks more clearly and reducing uncertainty before making their decisions.

Table 4.14 Do you use accounting information in strategic and tactical related decisions?

	Managers	Accountants	Total
Strongly Agree		8(30.76%)	8(19.04%)
Agree	16(100%)	10(38.46%)	26(61.90%)
Not Agree			
Not Sure		8(30.76%)	8(19.04%)
Total	16(100%)	26(100%)	42(100%)

Source: Research Survey (2022)

The above table 4.12 shows that, respondents were asked whether accounting information used in strategic and tactical related decisions. 8(19.04%) and 26(61.90%) of respondents strongly agree and agree respectively on that the accounting information used in strategic and tactical decision-making process. And the remaining 8(19.04%) of respondent replied that not sure about the use of accounting information in strategic and tactical decision-making process.

4.15 Accounting Information in operation related Decisions

Operations decisions are very important in the effective and efficient management of the organization.

Table 4.15 Do you use accounting information in operations related decisions?

	Managers	Accountants	
Strongly Agree	11(68.75%)	4(15.38%)	15(35.71%)
Agree	5(31.25%)	18(69.23%)	23(54.76%)
Not Agree			
Not Sure		4(15.38%)	4(9.23%)
Total	16(100%)	26(100%)	42(100%)

Source: Research Survey (2022)

The results as presented in table above show that 15(35.71%) of the respondents strongly agreed that they apply accounting information in the operations decision, 23(54.76%) of the respondents agreed and 4(9.23%) of the respondents were not sure. As indicated in the table above, the majority of the respondents 38((90.47%) agreed that they use accounting information in the operations decision of the organization. This, therefore, means that accounting information is very fundamental in the operations decision-making process of the organization.

4.16 Convenience of accounting information for management's decision

To make the right decision that best suit the organization's objective basing accounting information, the information obtained from accounting department should be convenient and understandable. When testing the suitability of the information from various managers and accountants, the following results were obtained.

Table 4.16 Convenience of Accounting Information for making decision

	Managers	Accountants
The accounting information prepared is suitable for making decision	10(62.5%)	26(100%)
The information is not convenient	6(37.5%)	
Difficult to judge		
Total	16(100%)	26(100%)

Source: Research Survey (2022)

As revealed from in the table above, it can be concluded the accounting information produced is convenient since 10(62.5%) of the respondents said that it is convenient, while for the remaining 6(37.5%) of the respondents the information is not convenient. Similarly, all of the 26(100%) accountants who answered the questionnaire agreed that the information produced is convenient and understandable.

As per The True blood Committee from American Institute of Certified Public Accountants (AICPA) Twelve Objectives, the first objective is that accounting information is used “...to provide information useful for making economic decisions.” In this case, the information prepared seemed to be suitable for the majority of the population and hence managers are able to pass important decision. Moreover, all respondents agreed as to the usage of accounting information as a major input in the decision-making process.

4.17. Management’s commitment in accommodating accounting information

To get valuable result from accounting information managements should accommodate the information in their decision-making process. The results obtained during the study were summarized as follows.

Table 4.17 The commitment of managements in accommodating accounting information in their decision-making process

	General Manager	Finance Manager	Human Resource Manager	Project Manager	Supplies Manager	Accountants
Managements are excellent in accommodating accounting information				3(25%)		2(7.69%)
They are highly good to include the information	1(100%)	1(100%)		7(58.33%)		12(46.15%)
Their dedication is nice			1(100%)		1(100%)	4(15.38%)
Managers are committed Sufficiently						4(15.38%)
They are not trustworthy to include the information				2(16.67%)		4(15.38%)
Total	1(100%)	1(100%)	1(100%)	12(100%)	1(100%)	26(100%)

Source: Research Survey (2022)

As revealed from in the table above, 14(87.5%) managers appreciated their commitment in accommodating accounting information in the decision-making process. Of whom 3(21.42) manager evaluated their dedication are excellent in accommodating accounting information, 9(64.28%) managers evaluated their dedication as productive that motivates accountants and the rest 2(14.28%) managers quoted as good enough. Based on the respondents' answer from 26 accountants, 18(69.23%) accountants were found to be happy by managements' commitment in accommodating accounting information in their decision-making process. Of these 18 accountants, 2(11.11%) accountants quoted the managements' commitment as superior and 12(66.67%) of them quoted as best devotion and the rest 4(22.22%) accountants evaluated it as adequate enough. 2(16.67%) Project manager and 4(15.38%) accountants judged the tendency to use accounting information in his decision-making process as immaterial. 16.67% of Project managers were found to be less comfortable with the information produced. And it can be concluded that accounting information has lesser role on project managers as compared to other lines of managers within the study area.

4.18 Accounting information that have better role on management's decision

The accounting information provided for management's decision takes different forms. It is important to identify which types of reports that have better role on management's decision. The survey study brought the following results.

Table 4.18. The accounting information that have better role on management's decision

	Balance Sheet	Income Statement	Cash flow Statement	Production Cost information	Weekly and other interim reports	Total
Managers	3(18.75%)	4(25%)	2(12.5%)	6(37.5%)	1(6.25%)	16(100%)
Accountants	6(23.07%)	14(53.84%)	1(3.84%)	2(7.69%)	3(11.53%)	26(100%)

Source: Research Survey (2022)

What is most important from management's perspective is not as such important from accountants' perspective. Based on the above result, 6(37.5%) respondents are being influenced by the Production Cost Information, which took the highest share than the other type of information. In contrast, from accountants' perspective Income Statement and Balance Sheet have got the highest share by getting 14(53.84%) and 6(23.07%) respectively. Here somewhat there is misunderstanding between managers and accountants as to which type of information has more role in making decision. Most importantly financial ratios are advised to be used in making both short and long-term decisions. But based on the field study, from 42 respondents of managers and accountants, Sunshine Construction Plc. is not using ratios when they make companies decisions. The Balance Sheet and the Statement of Income are essential, but they are only the starting point for successful financial management.

4.19. Role of Accounting Information

4.19.1 Role on Areas of decisions

As Arnold and Hope, 1990, wrote "Accounting is concerned with the provision of information to aid decisions, i.e., with the provision of valuable information." And according to him Accounting information is required to make various decisions like buy, sell, change employment, wage increase and expansion related decision. From both business and non-businesses organizations conducted for this research, respondents gave the following answers.

Table 4.19.1 Areas of decisions on which Accounting Information is mostly reflected

	General Manager	Finance Manager	Human Resource Manager	Project Manager	Supplies Manager	Accountants
Pricing Decisions				4(33.33%)		18(69.23%)
Expansion related decisions						1(3.85%)
Purchase related decision	1(100%)	1(100%)		8(66.67%)		
Internal control related decision			1(100%)			
Employee recruitment decision					1(100%)	4(15.39%)
Bonus Related Decisions						3(11.53%)
Total	1(100%)	1(100%)	1(100%)	12(100%)	1(100%)	26(100%)

Source: Research Survey (2022)

Though respondents may use the accounting reports for more than one type of decision, it is clearly observed from the above table that the role of accounting information is frequently reflected in Pricing and Purchase related decisions. From the total of 16 higher level managers, 4(25%) and 10(62.5%) of managers said that they use accounting information frequently when they pricing and purchase related decisions respectively. But when we take accountants, they found that accounting information is frequently reflected in pricing decisions by getting 18(69.23%) accountants vote. Next to this they gave highest share to Employee recruitment decision and Bonus related Decisions by being chosen by 4(15.39%) and 3(11.53%) of accountants respectively. The role of accounting information on Purchase related decision is relatively high for Managers and Pricing decision for accountants have seen the information reflected in this decision.

4.19.2 Extent of influencing power of accounting information on management's decision

The ability to of accounting information to influence the company is increasing. The organization involved in the study have ascertained this conclusion.

Table 4.19.2 The influencing ability of Accounting Information

	General Manager	Finance Manager	Human Resource Manager	Project Manager	Supplies Manager	Accountants
Accounting Information Strongly influences the decision	1(100%)	1(100%)		6(50%)		24(92.3%)
Its influence semi-strong			1(100%)	4(33.33%)		2(7.7%)
Its influencing power is weak				2(16.67%)	1(100%)	
It does not influence decisions						
Total	1(100%)	1(100%)	1(100%)	12(100%)	1(100%)	26(100%)

Source: Research Survey (2022)

As revealed from in the table above, 8(50%) managers are strongly influenced by accounting information and 5 (31.25%) are influenced semi-strongly. Whereas the remaining 18.75 percent of managers who filled the questionnaire said that the information weakly influences them. Of whom Project Managers account for 2 or 66.67% of the respondents. From all types of managers Project Managers are highly influenced by the accounting information than General, Human Resource, Finance and Supplies manager. As a percentage from the strongly influenced managers General Manager and Finance managers are both of each account 12.5 Percent and Project Managers account for 75 percent. From the accountant's perspective also, it is interesting that 24(92.3%) of the respondents believed that the accounting information produced strongly influences their managers when they make decisions. They said that all decisions are made based on the accounting information. And the remaining 7.7 percent of the respondents said that managers are influenced somewhat for particular decisions.

Though from both management and accountant groups the result said that accounting information's influencing power is strong, they still give higher attention to Project and Supplies Manager.

Table 4.19.2.1 Information of more influential

	General Manager	Finance Manager	Human Resource Manager	Project Manager	Supplies Manager
Accounting information		1(100%)		2(12.5%)	
Human resource information			1(100%)		
Supply information				1(6.25%)	1(100%)
Technical information	1(100%)			8(50%)	
Production Information				5(31.25%)	
Total	1(100%)	1(100%)	1(100%)	16(100%)	1(100%)

Source: Research Survey (2022)

Despite respondents might have been influenced by more than one type of information in their decision-making process, they indicated the major information type that highly influenced their decision. Regarding Sunshine Construction Plc. Technical and production information have got 9(56.25%) and 5(31.25%) respectively as influential information. While accounting information is considered as influential by 3(18.75%) respondents.

From physical observation also it is clear that accounting departments in the company is not well equipped as compared to the other departments. And as I understood from interviews and questionnaire results Production and Technique departments in Sunshine Construction Plc. have gained more attention. During the interview, the general manager of the company said that I am really paying special attention to the technical and production department.

4.19.3 Accounting Information Role on Long-term Decision

An organization while running its current and immediate tasks, it simultaneously projects program to be done in the future using internal and external data. If management groups believe that their long-term decision is efficient only if they consider accounting information, it is clear that in such organizations accounting information will have great role when they make decisions. Based on the results from the study, as shown on Table 4.12.4 below, more than half of the managers, 9(56.25%) and 20(76.92%) accountants said that long-term plan without accounting information is absolutely inefficient. While 5(31.25%) managers and 4(15.38%) accountants claimed that the need of accounting information depends on the type of the plan, 2(12.5%) managers 2(7.69%) accountants said that accounting information is not necessarily required to plan in the long-term.

Table 4.19.3 Role of Accounting Information on long-term Decision

	General Manager	Finance Manager	Human Resource Manager	Project Manager	Supplies Manager	Accountants
Long-term decision is not efficient without accounting information		1(100%)		8(66.67%)		20(76.92%)
The necessity of information is dependent on the types of decisions	1(100%)			3(25%)	1(100%)	4(15.38%)
Accounting information is not require to make long-term decisions			1(100%)	1(8.33%)		2(7.69%)
I do not know						
Total	1(100%)	1(100%)	1(100%)	12(100%)	1(100%)	26(100%)

Source: Research Survey (2022)

The table above shows that, accounting information has significant role on organizations long-term decision. And since majority of the management group believed on its necessity, accounting information in the Sunshine Construction Plc. will have a great role when they make organizational long-term decision.

4.19.4 Organizations exposed to major losses due to absence of accounting information in the decision-making process

Moreover, respondents were also asked whether their organization was ever exposed to major losses due to lack of accounting information in the decision-making process. All of the 16 managers and about 84.62% of the accountants responded that their organization was never exposed to such losses. And the remaining 15.38% of accountants replied that they did not remember a loss incurred due to absence of accounting information. The result was summarized on the table below.

Table 4.19.4 Organizations exposed to major losses due to absence of accounting information in the decision-making process

	Managers	Accountants
It has never been vulnerable before to major losses due to lack of accounting information	16(100%)	22(84.62%)
It was exposed to such losses for a few instances		
The organization was exposed to losses so often		
I do not remember		4(15.38%)
Total	16(100%)	26(100%)

Source: Research Survey (2022)

4.19.5 Decisions as to Whether Forecasting the Future or not is made via Accounting Information

One of the major purposes of accounting information is its ability to provide the basis to forecast the future performance of the organization. This study showed that the forecasting power of accounting information produced in sunshine construction plc.is constructive. For instance, 12(75%) managers have ascertained that prediction of future performance using accounting information brought good result so often. They said in the interview "... accounting information has almost become the single tool to predict the future activity." And only 25% of the managers have some doubt in the forecasting power of accounting reports.

Table 4.19.5 Decisions as to Whether Forecasting the Future or not is made via Accounting Information

	General Manager	Finance Manager	Human Resource Manager	Project Manager	Supplies Manager	Accountants
Our accounting information is strong enough to forecast future performance decision		1(100%)		2(16.67%)		2(7.69%)
In many cases the information is accurately predict the future	1(100%)	1(100%)		7(58.33%)		19(73.07%)
There is uncertainty			1(100%)	3(825%)	1(100%)	5(19.23%)
It doesn't enable managers to forecast						
Total	1(100%)	1(100%)	1(100%)	12(100%)	1(100%)	26(100%)

Source: Research Survey (2022)

The result obtained from accountants is also similar. From the total of 26 accountants who returned the questionnaire, 21(80.76%) of them agreed in the argument that forecast of future performance using accounting information worked many times with good precision. But 19.23% of the accountants have still doubts on the forecasting power of accounting information. Generally, from this finding accounting information has a great role on the company in predicting the future.

4.19.6 Decision as to whether the Company is Making Profit and Objective Execution or not is made via Accounting Information

A well-established accounting system will definitely have a great role on profitability and objectives completion. As Anderson D. said profitability has to be achieved and hence, it is more a result of right decisions and of a cost-conscious management. When the researcher conducted an interview saying “Is your business organization profitable during the last five years or so?” The company under study were found to be profitable and, as the interviewees said; their profit is increasing from year to year. The accounting information normally has share on the product of this profit.

All respondents were asked the question that what will happen if accounting information is not included in the decision-making process. All of the respondents gave similar answer. The result is summarized as follows.

Table 4.19.6 Results that will happen if Accounting Information is not included in the decision-making process

	Managers	Accountants	Total
Production will be inefficient	2(12.5%)	5(19.25%)	7(16.67%)
Objectives will not be met	4(25%)	3(11.54%)	7(16.67%)
Controlling system will deteriorate	1(6.25%)	4(15.38%)	5(11.90%)
All of the above	9(56.25%)	14(53.84%)	23(54.76%)
Nothing will be seriously affected			

Source: Research Survey (2022)

As revealed from in the table above, 54.76% of the respondents from both management and accountants group confirmed that absence of accounting information will result in all organizational problems such as production will be inefficient, objectives will not be met; controlling system will deteriorate and so on. Only 2(12.5%) managers and 5(19.25%)

accountants said that the accounting reports will seriously affects production, while 1(6.25%) manager and 4(15.38%) accountants respectively were ascertained that the absence of the information damages the controlling system of the company. Generally, from the respondents answer and the facts from the literature, absence of accounting information in the decision-making process will have a negative role on the existence of the company.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.0 Introduction

In this chapter, the researcher summarized the findings based on respondents' opinions and perception on the role of accounting information on management decision making process in Sunshine Construction Plc.

The purpose of the study was to identify the relationship between accounting information and decision making, a simple size of 42 peoples was chosen to be addressed a questionnaire. The summary of the findings is presented in the line with the objectives of the research.

The researcher also presents the conclusion of the study, gives the recommendations and suggests the possible areas for the future researches.

5.1. Summary of the Findings

As the literature also states, to get benefit from accounting related activities, accounting information system unit that converts accounting data into information should be established. In this regard, Sunshine construction do not have this department and many of them get their basic accounting information from the accounts department. The remaining gets the information from Management Information System unit. The study also tried to see the attention given to accounting department that produces the information. The result indicated that accounting department has got an adequate attention and many of the respondents from accountants said that their product of accounting information sometimes seemed to be undervalued. They believed that much attention is being given to production and Technique department in department.

The study evaluated the use of accounting information in the decision-making process and major areas where it might be reflected. Many of the respondents from both management and accountants group believed that managers of their organization always use the information to make decision and they also believed that managers' reliance on accounting information is increasing. Based on the analysis of respondent's answer, it is known that accounting information is mostly reflected in Pricing and Purchase related decisions. Next to this Bonus and Employee recruitment decision take the highest share in reflecting the accounting information.

Finally, the paper discussed the role of the accounting information on the decisions of various activities, on predicting the future, on profitability and meeting objectives, and the extent of its influencing power on managements' decision.

5.2. Conclusions

The role of accounting information i.e., Statement of comprehensive income, statement of finance position, statement of cash flow, Production Cost information and Weekly and other interim reports appear to span a number of areas including profitability decision or performance, investment decision.

The study has conclusively confirmed that accounting information plays a role considerable in decision making. Accounting information is more useful in Construction sector especially for Sunshine construction Plc.

The case study of this study the majority of departments; accounting, administration (Human Resource), Supplies, Technique and Production Department member have confirmed that accounting information is played a crucial role in making decisions. The study also concluded that future performance of Sunshine construction plc. relies on accounting information, respondents supported their ideas by saying that accounting information is a base for Sunshine Construction Plc. to achieve better performance as it helps on ascertaining the profitability and objective execution, to know where the business stand or contributes for decision making which affect also the performance of the organization.

The study also showed that accounting information plays a vital role in taking the effective, accurate and significant strategic, tactical and operational decision in sunshine construction Company, human resource, long term investment related factors.

5.3 Recommendations

Organizations established and run their operations to fulfill their objectives. These organizations to conduct their activities smoothly, they need to make proper and timely decisions. Such decisions either assist the entity to grow and expand rapidly or they may expose it to be ceased up. There are different types of information that enable managers of various organizations make appropriate decisions. And accounting report is one of this information.

This research while tried to evaluate the source of accounting information, its use and influences on managerial decisions in Sunshine Construction Plc., it found some strong and weak sides of the way accounting information is produced and used by managers. Thus, to

approve the 'good' step and to give insights about their weaknesses the following recommendations are forwarded.

Based on the results of the study, Sunshine Construction Plc. do not start using accounting information system unit to process accounting information. Since converting accounting data into meaningful information needs expertise, this organization is advised to establish the department and get up-to-date information from this department by preparing cost benefit analysis. It should be combined with something else that enables managers make the right decision. Beside the organizations under study ought to upgrade, through both on-the-job and off-the-job training, the qualification and competency of their accounting personnel. Without competent accountants the information will not be produced in a better way.

Many of the managers involved in this research agreed that the skill of their accountants is not adequate. The enhanced skill of accountants may encourage managers to give high value to accounting information and to include it in their decision.

Regarding the types of accounting information being produced majority of the managers are not that much interested. Whereas the purpose of accounting information is to enable managers and other users of the information make better decision. To cope up with this mission, the accounting reports prepared must be simple and understandable. It should prepare in such a way that it suits the managements' needs of information. Moreover, the types of the reports should be sufficient enough to meet the interests of different users. Of course, with the existing type information managers of Sunshine Construction Plc. were found to be comfortable.

Though Sunshine Construction Plc. Did not have accounting information system unit, their management groups are found to be committed at an average level in accommodating accounting information in their decision. However, the tendency of managers to use accounting information in the decision-making process should not be limited to average consumption. In every type of organizational decision, accounting information should be sufficiently included. It should be used in a regular manner.

5.4 Area for Further Study

The study focused on the role of accounting information on management decision making at Sunshine Construction Plc. This study is not exhaustive in nature and context. The researcher suggests that another study on accounting information and decision making should be conducted in another related research titles. Also, this research was limited on the role of accounting information on decision making and so other areas apart from the role of accounting

information could be researched and this include;

- How the usability of the management accounting reports could be improved?
- The impact of accounting information systems on decision making.
- Accounting Information for Business Performance Assessment in Small and Medium Enterprises
- The study failed to critically examine the relationship between accounting information and employee's commitment.

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APPENDICE-1

Department of Accounting and
Finance
Saint Mary's University,
Addis Ababa, Ethiopia

Dear respondent,

REQUEST FOR THE COMPLETION OF QUESTIONNAIRE

I am a final year student of the above institution and department. This research work represents my final year project and this questionnaire is designated to elicit information on **The Role of Accounting Information on Management's Decision-Making (Case Study of Sunshine Construction Plc.)**. The success of the study is highly dependent on your valuable response for the question raised.

Your responses and identity will be treated in strict confidence and information supplied shall be used strictly for academic purpose and shall not be traceable to you.

I would appreciate your positive consideration in completing the enclosed questionnaire and assisting me in my research efforts. If you have any questions, please call 0911713404 or email MulukenYeshitila@gmail.com.

Thank you!

I am a final year student of the above institution and department. This research work represent

Section A. Personal Profile. Please indicate your answer by circling the appropriate choice.

1. Age (in years):

- A) Below 20 C) 30-40 E) above 60
B) 20-30 D) 40-50

2. Gender

- A) Male
B)Female

3. Position of Respondents

- A) General Managers
B) Finance Managers
C) Human Resource Managers
D) Project Managers
E) Supplies Managers

F) Accountants

4. Educational background:

- A) Certificate
- B) Diploma
- C) Above Second Degree
- C) First Degree
- D) Second Degree

5. Years of employment in your organization

- A) Below 5 Years
- B) 5-10 Years
- C) 10-15 Years
- D) Above 15
- E) more than 10

6. Location of Respondents:

- A) Head Office
 - B) Project
-

Section B: Measurement Question

1. Did your organization establish Accounting information system unit?
 - A) Yes, long time ago
 - B) Yes, recently
 - C) Not yet
 - D) I don't know
 2. If your answer in question No. 11 is "Not yet", which department is responsible for producing accounting information?
 - A) Management Information System department
 - B) Accounts department
 - C) Others, specify
 - D) Not specifically mentioned
 3. Does your organization produce all sorts of accounting information that are important for making decision?
 - B) Not that much
 - C) No
 4. Do managers in your organization rely on the accounting information for their decision?
 - A) Yes, Managers always use the information to make decision
 - B) Yes, Managers sometimes use the information
 - C) They do not use the information for making decision
 - D) Never
 5. Why do you use Accounting information for decision-making?
 - A) To have basis of decision-making
 - B) To increase the accuracy of decisions
 - C) Decision is not possible without management accounting information
-

6. Do you use management accounting information in strategic and tactical related decisions?
A) Strongly Agree
B) Agree
C) Not Sure
7. Do you use management accounting information in operations related decisions?
A) Strongly Agree
B) Agree
C) Not Sure
8. Do you use accounting information in Human resources policies [Acquisition, Recruitment (internal and external), and Selection and hiring decisions] related decisions
A) Strongly Agree
B) Agree
C) Not Sure
9. Do you use accounting information in Investment in fixed assets (lease or purchase) related decisions
A) Strongly Agree
B) Agree
C) Not Sure
10. To what extent the accounting information produced influences management's decision?
A) Accounting Information strongly influences the decision
B) Its influence semi-strong
C) Its influencing power is weak
D) It doesn't influence
11. Which organizational information is more susceptible in influencing management's decision in your organization?
A) Accounting information
B) Human resource information
C) Supply Information
D) Technical information
E) Production Information
12. Do you think the accounting information developed is convenient for management's decision?
A) Yes, The accounting information prepared is suitable for making decision
B) No, The information is not convenient
C) Difficult to judge
13. Accounting information must be major input in the management's decision making process?
A) Strongly agree
B) Agree
C) Neutral
D) Disagree
E) Strongly Disagree
14. Which accounting information does better role on management's decision?
A) Balance Sheet
B) Income Statement
C) Cash flow Statement
D) Production Cost information
E) Weekly and other interim reports

15. In what kinds of management's decisions the accounting information is frequently reflected?

- A) Pricing decisions
- B) Purchase related decision
- C) Internal control related decision
- D) Employee recruitment decision
- E) Buy or sell decisions
- F) Bonus related decisions

16. Do you think that the accounting personnel are qualified and competent enough to produce the required accounting information?

- A) Yes, Our accountants are highly competent
- B) Their clerical work is Satisfactory
- C) They are not competent enough

17. How do you evaluate the attention given to the accounting department that produces accounting information?

- A) Excellent attention is given to accounting Department
- B) It has very good concern
- C) It is given sufficient attention
- D) The attention is fair
- E) It does not get sufficient attention

- F) The attention is highly weak

18. Which department has gained more attention in making decision in your organization?

- A) Accounting department
- E) Production department
- F) Technique department
- D) Human resource
- E) Supply department
- G) Others, _____

19. Do you think your organization undervalued the accounting information in its decision making process?

- A) The value of accounting information is high
- C) Managements sometimes undervalued the information
- B) The information is frequently undervalued
- D) I am not sure

20. Can we conclude that management's decision is not efficient without accounting information in the long-term plan?

- A) Yes, Long-term decision is not efficient without accounting information
- C) The necessity of information is dependent on the types of decisions
- B) Accounting information is not require to make long-term decisions
- D) I do not know

21. Is your organization ever exposed to major losses due to exclusion of accounting information in its decision making process?

- A) It has never been vulnerable before to major losses due to lack of accounting information
- B) It was exposed to such losses for a few instances
- C) The organization was exposed to losses so often
- D) I don't remember

22. Is the accounting information produced strong enough to forecast the future performance of your organization within a narrow error interval?

- A) Yes, Our accounting information is strong enough to forecast
- B) Yes, In many cases the information is accurately predict the future
- C) There is uncertainty
- D) It doesn't enable managers to forecast

23. How do you evaluate the management's commitment to accommodate the accounting information in their decision making process?

- A) Managements are excellent in accommodating accounting information
- B) They are highly good to include the information
- C) Their dedication is nice
- D) Managers are committed sufficiently
- E) They are not trustworthy to include the information

24. What will happen if accounting information is not included in the decision making process?

- A) Production will be inefficient
- B) Market will decline
- C) Objective will not be met
- D) Controlling system will deteriorate
- E) All of the above
- F) Nothing will be seriously affected

25. Please write any opinions and outcomes that resulted from failure of accommodating accounting information in the decision making process

APPENDICE-2

INTERVIEW QUESTIONS

- 1) How do you explain the office facility of your organizations accounting department?
- 2) How do you interpret the importance of accounting reports in your organization long-term plan?
- 3) Do you really appreciate accounting information in forecasting for the performance and how do you evaluate its precision to the actual result?
- 4) Do you estimate the future expenditure based on accounting information equate with your fund balance? How do you measure this estimate?