
Financial Reporting And Decision Making Of An Organization. A Case Study Of Kyankwazi District Local Government

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Abstract

The aim of the study was to establish the relationship between financial reporting and decision making at kyankwazi district local government. The study was underpinned by the decision theory. The objectives were to find out the relationship between reliability of financial reports and decision making, to find out the relationship between timeliness of financial reports and decision making and, to find out the relationship between understandability of financial reports and decision making. The study took on the cross-sectional case study design where both qualitative and quantitative methods approach were used to collect and analyze data. The targeted study population was 43 out of which a sample of 41 was selected using purposive and census techniques. A total of 38 responses were got (92.7% response rate). Data was collected using the questionnaires and analyzed using Statistical Package for Social Scientists (SPSS) and content and thematic analysis for quantitative and qualitative data respectively. The findings revealed that there is a significant relationship between timeliness of financial reports and decision making, and a strong significant relationship between understandability and decision making at Kyankwazi District Local Government. The study however revealed that there is an insignificant relationship between reliability of financial reports and decision making. The study concluded that timeliness and understandability of financial reports have a direct linkage with decision making at the district. The study recommends that for the District to improve in decision making there is need to have timely and understandable financial reports. The study further recommends that the managers at the district should be trained to acquire necessary skills to help understand the financial reports so they make informed decisions.

Keywords: Financial, Reporting, Decision Making and Organization

Background of the study

In this study, the dependent variable was decision making. Decision-making in this context means the act of choosing the best alternative in planning, monitoring and control (Alex et al., 2023), which (Faith et al., 2023) would rather call "policy making" and "resource allocation", respectively. . Every manager needs information from financial reports to make informed decisions. Good planning, control and monitoring decisions will lead to the profitability of any organization. (Promise et al., 2024) "although Uganda is among the countries with a high number of start-ups, it has the highest number of non-performing businesses as well as high closedness".

"The failure was attributed to the failure of financial managers to plan, monitor and control the current assets and liabilities of the respective organizations" (Racheal et al., 2023). In this study, the independent variable was financial reporting. Financial reporting refers to the preparation of financial statements such as balance sheets, profit and loss statements, cash flow statements and equity statements in a manner that follows financial reporting standards (Polycarp et al., 2023). According to (Ivan et al., 2023), financial reporting has functions that include fraud prevention, industry leadership, stock determination, solving all major business conundrums, facilitating the government in its fiscal

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operations, guiding the business manager in trying to ensure decision making. According to the International Financial Reporting Standards for Small and Medium-sized Enterprises (Racheal et al., 2023), “financial reporting is mainly indicated or displayed from various financial statements and these often show the results of management supervision and interested users are able to make economic decisions”. Financial reporting was designed to be reliable, timely and understandable.

This study was conducted in Kyakwanzi District Local Government. The study used Kyankwanzi District Local Government because it is large enough as it consists of 1 district namely Kyankwanzi District which is further divided into 7 sub-districts and 2 town councils. The district consists of 53 parishes (LCII) and 298 villages (LCI) (Frank et al., 2023). The District Service Commission is in place and fully operational, responsible for the recruitment, confirmation, promotion and discipline of district employees. The Public Account Committee is operational and fully operational, overseeing the management of public funds and making recommendations to the District Executive Committee. This control section is established and controls the flow and implementation of funds in various departments of the district.

According to the Local Government Budget Framework Document for Vote 597: Kyankwanzi district for 2021/2022, decision-making is based on the financial information obtained, which emphasizes proper planning (financial planning), monitoring and evaluation and control (cost control) (Paul et al., 2023). The current dismay, however, is that this state of affairs has not translated into significant decision-making. It appears that said financial reports are still being queried.

Statement of the problem

The government of Uganda introduced financial reporting and decision-making systems as a measure to promote accountability in general in local governments, but with a particular focus on achieving increased human resource performance (Ntirandekura & Christopher, 2022b); promoting civil society vigilance and participation; ensuring adherence to standards and regulations, promoting proper financial accountability and use, transparency and responsiveness to community needs (Ntirandekura & Alex, 2022). The statement of cash flows is another variable worth considering in financial reporting. This is a statement prepared at the end of a fiscal period that shows how cash has been affected by business operations, investing and financing activities during the accounting period (Ntirandekura & Christopher, 2022a). A statement of cash flows explains how a company's cash was generated during a given period and how the cash was used (Ntirandekura et al., 2022). (Ntirandekura et al., 2022) revealed that the statement of cash flows acts as a constraint on the ability of the management of the organization to pay dividends. Scholars are of the opinion that dividend payments should be based on cash flow, not on accrual income, because a dividend decision on accrual income would lead to split payments that are not internally funded, thereby impairing liquidity (Racheal et al., 2023).

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The technical competence, capacity and commitment of institutions and structures considered to be managers of public responsibility have been repeatedly questioned (Ivan et al., 2023). Despite all the above efforts, Kyankwanzi District Local Government still struggles with timely accountability, reliable financial reporting, compliance with laws, regulations and policies, fraud and misuse of council resources as revealed in the Auditor General's Annual Report (2017). The purpose of this study was to examine the impact of financial reporting and decision making on performance in the local government sector in Uganda using Kyankwanzi District Local Government as a case study (Abiodun & Christopher, 2024).

Specific Objectives

1. To assess the relationship between reliability of financial reports and decision making at Kyankwanzi District Local government
2. To examine the relationship between timeliness of financial reports and decision making at Kyankwanzi district local government.
3. To find out the relationship between understandability of financial reports and decision making in Kyankwanzi district local government.
4. To establish the relationship between financial reporting and decision making in Kyankwanzi district local government.

Methodology

Research design is how the necessary data can be collected and analyzed to arrive at a solution (Olanrewaju & Abiodun, 2021). This study was conducted using a cross-sectional survey design. The researcher used this design because the study involved the analysis of data collected from the population at one particular point in time, it is relatively inexpensive, takes a short time to conduct, and the data can be collected only once” (Rasheed et al. , 2022). It can also be performed on representative samples of the population and ethical issues are rarely encountered (Olanrewaju et al., 2021b).

The researcher used a mixed approach that uses qualitative and quantitative examination of the relationship between financial reporting and decision making in Kyankwazi District Local Government (Olanrewaju et al., 2021a). Therefore, this study used methods including questionnaires, interviews and document review. The interviews provided rich data and helped to explore, delve into and understand the complex issues raised by the respondents. The questionnaire helped to reach a large group of respondents and also allowed confidentiality and anonymity on the part of the respondents (L. Nafiu et al., 2013).

This study was conducted in a local government and focused on 41 respondents from senior and principal human resources officers, supply management officers, community development officer, finance and accounting staff as a sample size. This was because they had knowledge of the field of study (Julius, 2024)

According to Krejcie & Morgan, the researcher considered a sample size of 41 respondents from 3 senior and principal human resources officers, 12 inventory management officers, 12 community development officers, 16 finance and accounting staff (Jallow et al., 2022).

Table 1: Research respondents by category and sample

Category	Population	Sample	Sampling technique
Senior and principle human resource officers	3	3	Census
Inventory management officers	12	12	Census
District community development officer	12	12	Census
Finance and Accounting staff	16	14	Purposive
Total	43	41	

Source: field survey by the author

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This method was chosen because it allows the researcher to collect data logically and solve research problems in a consistent and economical manner. “It was used because it is easy to administer to such a large number of respondents in a short time. It is also flexible and can be used to collect data in a short period of time” (L. A. Nafiu et al., 2012). Questions are useful in gathering sensitive information from respondents. When using this method, there is a guarantee of achieving honesty and confidentiality (L. A. Nafiu et al., 2017). Questionnaires for finance and accounting staff and middle managers were used to collect first-hand data. All quantitative data consisting of numerical values were analyzed using descriptive statistics and inferential statistics such as regression and correlation analysis, especially in testing hypotheses and the relationship between variables (Aslam et al., 2022). Data were also exported to Statistical Package for Social Scientists (SPSS) software for final analysis and interpretation and were presented using figures and tables (Nelson et al., 2022). A qualitative study is about understanding this deep knowledge that comes from visiting the participants in person (Creswell, 2013). Qualitative data were analyzed systematically and thematically on an objective-by-objective basis. The researcher condensed the data into notes to eliminate unnecessary information (Racheal et al., 2023). The analysis involved the identification of patterns, discrepancies and relationships and the reasons for their occurrence in order to explain the relationship between financial reporting and decision-making in Kyankwanzi District Local Government. Using content analysis, the data were critically studied, analyzed and interpreted to create meaning and then draw conclusions in line with the objectives of the study.

RESULTS

Table 2: Responses on Reliability (N=35)

Reliability	SD	D	N	A	SA	M	SDV
This organization’s financial reports are dependable.	0	0	22.9% (8)	51.4% (18)	25.7% (9)	4.03	0.707
Your financial reports conform to known International Financial Reporting Standards.	5.7% (2)	5.7% (2)	5.7% (2)	71.4% (25)	11.4% (4)	3.77	0.942
The organization financial reports are prepared accurately	2.9% (1)	11.4% (4)	25.7% (9)	51.4% (18)	8.6% (3)	3.51	0.919
This organization’s financial reports are reliable	2.9% (1)	2.9% (1)	14.3% (5)	45.7% (16)	34.3% (12)	4.06	0.938

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The finance team often discloses financial information to management	0	20.0% (7)	31.4% (11)	25.7% (9)	22.9% (8)	3.51	1.067
Management of this District Local Government depends on financial reports to make decisions	2.9% (1)	5.7% (2)	20.0% (7)	54.3% (19)	17.1% (6)	3.77	0.910
Reliability Mean and SDV						3.77	0.549

Source: Primary data

When respondents were asked if Kyankwazi District Local Governments' financial reports are dependable, 77.1% (27) of the respondents agreed with the statement, 22.9% (8) were not sure and 0% (0) of the respondents disagreed with the statement. Mean was 4.03 and standard deviation was 0.707 which means that majority of respondents agreed with the statement since mean was above 3.0 implying that District's financial reports can be depended on and hence able to meet the proper decision making. The qualitative findings sought from the interviews indicated that the financial reports prepared are reliable. This was mostly because they are prepared by trained personnel that conform to reporting standards.

In an interaction with key respondents, it was brought to attention that;

"The reports are reliable. The district has trained personnel that prepare financial reports in a manner that conforms to the international financial reporting standards that can be relied on by the users. This helps with proper decision making while preparing financial plans in budgeting and controlling".

This implies that administrators of Kyankwazi District Local Government rely on their financial reports and are very confident in the content as they are prepared by trained personnel.

When respondents were asked if the districts' financial reports conform to known International Financial Reporting Standards, 82.9% (29) of the respondents agreed with the statement, 5.7% (2) were not sure and 11.4% (4) of the respondents disagreed with the statement while mean was 3.77 and standard deviation was 0.942 which means that majority of respondents agreed with the statement since mean was above 3.0 implying that the district prepares its financial reports in an acceptable financial reporting standard and therefore can be relied on.

This was confirmed in an annual report (Kyankwazi District Local Government Annual report, 2021) while doing a documentation review where the auditor agreed and accepted the reporting standards that the district was using.

When respondents were asked if Kyankwazi District Local Governments' financial reports are prepared accurately, 60.0% (21) of the respondents agreed with the statement, 25.7% (9) were not sure and 14.3%

(5) of the respondents disagreed with the statement while mean was 3.51 and standard deviation was

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0.919 which means that majority of respondents agreed with the statement since mean was above 3.0 implying that there are limited errors in the district's financial reports. Information in the reports is well spelt out.

When respondents were asked if the districts' financial reports are reliable, 80.0% (28) of the respondents agreed with the statement, 14.3% (5) were not sure and 5.7% (2) of the respondents disagreed with the statement while mean was 4.06 and standard deviation was 0.938 which means that majority of respondents agreed with the statement since mean was above 3.0. This implies that the financial reports of the district can be relied on.

When respondents were asked if the finance team often discloses financial information to management, 48.6% (17) of the respondents agreed with the statement, 31.4% (11) were not sure and 20.0% (7) of the respondents disagreed with the statement while mean was 3.51 and standard deviation was 1.067 which means that majority of respondents agreed with the statement since mean was above 3.0 implying that there is transparency while preparing these reports and management gets access so they are able to make informed decisions.

When respondents were asked if management of the District Local Government depends on financial reports to make decisions, 71.4% (25) of the respondents agreed with the statement, 20.0% (7) were not sure and 8.6% (3) of the respondents disagreed with the statement while mean was 3.77 and standard deviation was 0.910 which means that majority of respondents agreed with the statement since mean was above 3.0. In order to establish the relationship between reliability of financial reports and decision making, a correlation was established.

Table 3: Correlations between Reliability of financial reports and Decision making (N=35) Correlations

		Decision Making	Reliability
Decision Making	Pearson Correlation		
	Sig. (2-tailed)	1	.294
	N		
	Pearson Correlation		.087
Reliability		35	35
		.294	1
		.087	
	Sig. (2-tailed)		
	N	35	35

Source: Primary Data

The study findings reveal that there is an insignificant relationship between reliability of financial reports and decision making given by the Pearson correlation of 0.294 at a sig. of 0.087 (Nelson et al., 2023). This indicates that reliability

of financial reports has no significant relationship on decision making. This implies that decision making does not depend on reliability of financial reports at Kyankwazi District Local Government.

Table 4: Model summary of Reliability of financial reports and Decision Making (N=35) Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.294 ^a	.086	.059	.51487

a. Predictors: (Constant), Reliability

Source: Primary Data

The model summary in the table above shows adjusted R^2 value of 0.059 between reliability of financial reports and decision making which suggests that reliability predicted 5.9% (0.059×100) of the variance in decision making. The table shows adjusted $R^2 = 0.059$ and standard error of the estimate = 0.51487.

Table 5: ANOVA results on regression of Reliability of financial reports and Decision making (N=35)

The study tested the alternative hypothesis which stated that “there is a significant relationship between reliable financial reports and decision making at Kyankwazi District Local Government”.

The study tested the null hypothesis which stated that “there is no significant relationship between reliable financial reports and decision making at Kyankwazi District Local Government”.

The study used ANOVA statistical technique to analyze data.

ANOVA^b

	Sum of Squares	Df	Mean Square	F	Sig.
Model		1			.087 ^a
		33		3.118	

1	Regression	.827	34	.827	
Residual					
Total					
		8.748		.265	
		9.575			

- a. Predictors: (Constant), Reliability
b. Dependent Variable: Decision Making

Source: Primary Data

From the table above it can be concluded from the regression that reliability has got no significant relationship with decision making, F was at 3.118 accompanied by sig 0.087. Since significance was (0.087) which is greater than 0.05 the study rejected the stated hypothesis that “there is a significant relationship between reliable financial reports and decision making at Kyankwazi District Local Government”.

Table 6: Regression on Reliability of financial reports and decision making. Coefficients^a

	Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.
	B	Std. Error			
Model	2.719	.284	.294		.000
					.087

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1	(Constant)		.613		4.438
	Reliability				
			.161		1.766

a. Dependent Variable: Decision Making

Source: Primary Data.

From the table above, the study used coefficients (beta values) statistical techniques to analyze data. This helped to determine the extent and direction of the relationship between reliability and decision making and how reliability impacts decision making. The study showed that reliability had beta value of 0.294.

It can be deduced from the regression that at 1% increase in reliability, decision making is improved by 0.294%. At 100% increase in reliability, decision making is likely to improve by 29.4%.

Table 7: Responses on Timeliness of financial reports and Decision Making (N=35)

Timeliness	SD	D	N	A	SA	M	SDV
The managers of this District Local Government are availed with financial reports on time	5.7% (2)	11.4% (4)	22.9% (8)	45.7% (16)	14.3% (5)	3.51	1.067
Delays in preparing financial reports affect decision making	5.7% (2)	8.6% (3)	8.6% (3)	54.3% (19)	22.9% (8)	3.80	1.079
The organization bases its decisions on out dated financial reports	8.6% (3)	22.9% (8)	14.3% (5)	31.4% (11)	22.9% (8)	3.37	1.308

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Your organization bases its decisions on current financial reports	0	5.7% (2)	37.1% (13)	31.4% (11)	25.7% (9)	3.77	0.910
Your organization prepares financial reports quarterly	5.7% (2)	11.4% (4)	28.6% (10)	40.0% (14)	14.3% (5)	3.46	1.067
Your organization only prepares financial reports annually	8.6% (3)	11.4% (4)	17.1% (6)	42.9% (15)	20.0% (7)	3.54	1.197
Timeliness mean and SDV						3.57	0.707

Source: Primary data

On asking respondents if the managers of the District Local Government are availed with financial reports on time, 60.0% (21) of the respondents agreed with the statement, 22.9% (8) were not sure and 17.1% (6) of the respondents disagreed with the statement. Mean was 3.51 and standard deviation was

1.067 which means that majority of respondents agreed with the statement since mean was above 3.0 implying that the financial reports are mostly released on time. The qualitative findings got from the key respondents' interview indicated that the District Local Government's management does not receive financial reports on time at all occasions. Key respondents noted that;

"The financial reports tend to delay yet management has to keep the District Local Government running. So management occasionally makes decisions based on other things such as urgency. This is because at times quick decisions have to be made and there is often no time to consult with the reports".

This implied that the financial reports of the District Local Government are not timely and hence force the decision makers to base on various intuitive reasons which may in most cases damage the District Local Government. When respondents were asked if delays in preparing financial reports affect decision making, 77.1% (27) of the respondents agreed with the statement, 8.6% (3) were not sure and 14.3% (5) of the respondents disagreed with the statement while mean was 3.80 and standard deviation was 1.079 which means that majority of respondents agreed with the statement since mean was above 3.0 implying that whenever there are delays in preparing financial reports, decision makers make improper decisions.

When respondents were asked if the organization bases its decisions on out dated financial reports, 54.3% (19) of the respondents agreed with the statement, 14.3% (5) were not sure and 31.4% (11) of the respondents disagreed with the statement while mean was 3.37 and standard deviation was 1.308 which means that majority of respondents disagreed with the statement since mean was below 3.0 implying that the District Local Government bases its decisions on current financial reports.

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When respondents were asked if the District Local Government bases its decisions on current financial reports, 57.1% (20) of the respondents agreed with the statement, 37.1% (13) were not sure and 5.7%

(2) of the respondents disagreed with the statement while mean was 3.77 and standard deviation was 0.910 which means that majority of respondents agreed with the statement since mean was above 3.0 implying that most of the decisions are based on financial reports of that particular period.

When respondents were asked if the District Local Government prepares financial reports quarterly, 54.3% (19) of the respondents agreed with the statement, 28.6% (10) were not sure and 17.1% (6) of the respondents disagreed with the statement while mean was 3.46 and standard deviation was 1.067 which means that majority of respondents agreed with the statement since mean was above 3.0.

Key respondents agreed with the study findings and noted that;

“As management, they often receive these Financial reports every end of a quarter. There is usually an explainable reason whenever there is a delay. Management prepares quarterly plans whenever the reports are available, and get held up whenever they are delayed.”

This implied that at times management of Kyankwazi District Local Government makes misguided decisions especially when the financial reports are delayed. When respondents were asked if the District Local Government only prepares financial reports annually, 62.9% (22) of the respondents agreed with the statement, 17.1% (6) were not sure and 20.0% (7) of the respondents disagreed with the statement while mean was 3.54 and standard deviation was 1.197 which means that majority of respondents agreed with the statement since mean was above 3.0.

In order to establish the relationship between timeliness of financial reports and decision making, a correlation was established.

Table 8: Correlations between Timeliness of financial reports and Decision making (N=35)

Correlations

		Decision Making	Timeliness
Decision Making	Pearson Correlation		.38**
	Sig. (2-tailed)	1	.009
	N		
Timeliness	Pearson Correlation	.35	.35
	Sig. (2-tailed)		1
	N	.438**	35

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	.009
	35

**. Correlation is significant at the 0.01 level (2-tailed). Source: Primary Data

The study findings reveal that there is a significant relationship between timeliness of financial reports and decision making given by Pearson correlation of 0.438** and sig at 0.009. This means that if the timeliness component is well managed while preparing financial reports, decision making will be improved. This implies that Kyankwazi District Local Governments' decisions will align with the up to date financial state which will help achieve long term goals and plans and proper resource utilization.

Table 9: Model summary of Timeliness of financial reports and Decision making (N=35) Model Summary

Model	.438 ^a	R Square	Adjusted R Square	Std. Error of the Estimate
1		.192	.167	.48432

a. Predictors: (Constant), Timeliness

Source: Primary Data

The model summary in the table above shows adjusted R² value of 0.167 between timeliness of financial reports and decision making which is suggesting that timeliness alone predicted only 16.7% (0.167* 100) of the variance in decision making. The adjusted R² = 0.167 and standard error of the estimate=

0.48432 suggested that timeliness was a significant influence of decision making at Kyankwazi District Local Government.

Table 10: ANOVA on Regression of Timeliness of financial reports and Decision making (N=35)

ANOVA ^a					
	Sum of Squares	Df	Mean Square	F	Sig.
Model	1.834	1	1.834	7.818	.009 ^a
Residual	7.741	33			
Total	9.575	34			

- Predictors: (Constant), Timeliness
- Dependent Variable: Decision Making

Source: Primary Data

From the table above, it can be concluded from the regression that timeliness has a significant contribution to decision making, $F=7.818$ and sig. 0.009^a . The study therefore accepted the hypothesis that “there is a significant relationship between timely reports and decision making at Kyankwazi District Local Government”.

Table 11: Regression on Timeliness of financial reports and Decision Making.

Coefficients ^a					
Model	Unstandardized Coefficients		Standardized Coefficients Beta	T	Sig.
	B	Std. Error			
			.438		.000

1	(Constant)	2.617	.428	6.117
	Timeliness		.117	2.796
		.328		.009

a. Dependent Variable: Decision Making

Source: Primary Data

The study used coefficients (beta values) to analyze data. This helped to determine the extent and direction of the relationship between Timeliness and decision making and how timeliness impacts on decision making at the District Local Government. The study showed that timeliness had a beta value of 0.438. It can be said from the regression that at 1% increase in timeliness, decision making is improved by 0.438%. At 100% increase in timeliness, decision making will improve by 43.8%. Therefore, management should strengthen timeliness of financial reports because it improves on decision making. It should endeavor to see that financial reports are prepared on time. This will enable them to make sound decisions.

Table 12: Responses on Understandability of financial reports (N=35)

Understandability	SD	D	N	A	SA	M	SDV
The financial reports of this organization are concise	5.7% (2)	11.4% (4)	31.4% (11)	34.3% (12)	17.1% (6)	3.46	1.094
This organization prepares financial reports with total completeness	2.9% (1)	20.0% (7)	8.6% (3)	54.3% (19)	14.3% (5)	3.57	1.065
This organization's financial reports are clear	8.6% (3)	17.1% (6)	14.3% (5)	40.0% (14)	20.0% (7)	3.46	1.245

The users of this organization's financial reports are equipped with the knowledge of how to get them understood	2.9% (1)	8.6% (3)	17.1% (6)	48.6% (17)	22.9% (8)	3.80	0.994
This organization omits some important information in their financial reports	0	17.1% (6)	14.3% (5)	34.3% (12)	34.3% (12)	3.86	1.089
The information in the financial reports of this organization is presented haphazardly	8.6% (3)	5.7% (2)	20.0% (7)	34.3% (12)	31.4% (11)	3.74	1.221
Understandability mean and SDV						3.64	0.709

Source: Primary data

When respondents were asked if the financial reports of this organization are concise, 51.4% (18) of the respondents agreed with the statement, 31.4% (11) were not sure and 17.1% (6) of the respondents disagreed with the statement while mean was 3.46 and standard deviation was 1.094 which means that majority of respondents agreed with the statement since mean was above 3.0 implying that these reports are summarized.

When respondents were asked if the District Local Government prepares financial reports with total completeness, 71.4% (24) of the respondents agreed with the statement, 8.6% (3) were not sure and 22.9% (8) of the respondents disagreed with the statement while mean was 3.57 and standard deviation was 1.065 which means that majority of respondents agreed with the statement since mean was above 3.0 implying that the District Local Government's financial reports rarely leave out some information.

When respondents were asked if the District Local Government's financial reports are clear, 60.0% (21) of the respondents agreed with the statement, 14.3% (5) were not sure and 25.7% (9) of the respondents disagreed with the statement while mean was 3.46 and standard deviation was 1.245 which means that majority of respondents agreed with the statement since mean was above 3.0 implying that the District

Local Government's reports are prepared with clarity and can therefore show exactly that that they intend to show.

When respondents were asked if the users of the District Local Government's financial reports are equipped with the knowledge of how to get them understood, 69.4% (25) of the respondents agreed with the statement, 17.1% (6) were not sure and 11.4% (4) of the respondents disagreed with the statement while mean was 3.80 and standard deviation was 0.994 which means that majority of respondents agreed with the statement since mean was above 3.0.

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The qualitative findings got from the key respondents' interview indicated that the District Local Government's financial reports are not understandable.

They noted that;

“Most of the decision makers do not understand these financial reports so well. If they do not seek guidance from the finance personnel, they totally misinterpret the reports. They noted that if a qualified person does not explain the meaning, no one understands the reports. This means that they will in the long run make decisions that are not dependent on the information given in the financial reports.”

This in depth information got from key respondents implied that majority of the decision makers do not readily understand these financial reports. This means that they will make un-informed decisions in the long run that will affect the District Local Government. This was further confirmed in the

District Local Government's management report where they noted that the managers of the District

Local Government where somewhat ignorant about the “numbers” in these financial reports and needed to be guided.

When respondents were asked if the District Local Government omits some important information in their financial reports, 68.6% (24) of the respondents agreed with the statement, 14.3% (5) were not sure and 17.1% (6) of the respondents disagreed with the statement while mean was 3.86 and standard deviation was 1.089 which means that majority of respondents agreed with the statement since mean was above 3.0 implying that some information is left out while preparing these reports.

When respondents were asked if the information in the financial reports of this District Local

Government is presented haphazardly, 65.7% (23) of the respondents agreed with the statement, 20.0% (7) were not sure and 14.3% (5) of the respondents disagreed with the statement while mean was 3.74 and standard deviation was 1.221 which means that majority of respondents agreed with the statement since mean was above 3.0 implying that these reports are not very orderly in presentation.

Table 13: Correlations between Understandability of reports and Decision making (N=35) Correlations

	Decision Making	Understandability
Decision Making Pearson Correlation	1	.779**
Sig. (2-tailed)		.000
N		35
		1
	35	
Understandability Pearson Correlation	.779**	35

Sig. (2-tailed)	.000
N	35

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

Source: Primary Data

The study findings reveal that there is a strong significant relationship between understandability of reports and decision making given by the Pearson correlation of 0.779** and sig of 0.000. This means that when reports are understood, proper decisions will be made. This implies that management will have the capacity to control costs and do proper financial planning which will enable them achieve long term goals.

Table 14: Model summary of Understandability of financial reports and Decision making (N=35) Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.779 ^a	.607	.595	.33753

a. Predictors: (Constant), Understandability

Source: Primary Data

The model summary in table above shows adjusted R^2 value of 0.595 between understandability of financial reports and decision making which is suggesting that understandability alone predicted 59.5% (0.595×100) of the variance in decision making. The adjusted $R^2 = 0.595$ and standard error of the estimate = 0.33753 suggested that understandability of financial reports was a significant influence of decision making at Kyankwazi District Local Government.

Table 15: ANOVA on Regression of Understandability of financial reports and Decision making (N=35)

The study tested the alternative hypothesis which stated that “there is a significant relationship between understandability of financial reports and decision making at Kyankwazi District Local Government”.

The study tested the null hypothesis which stated that “there is no significant relationship between understandability of financial reports and decision making at Kyankwazi District Local Government The study used ANOVA statistical technique to analyze data

ANOVA^b

	Sum of Squares	Df	Mean Square	F	Sig.
Model	5.815				
1 Regression	3.759	1			.000 ^a
Residual	9.575	33	5.815	51.044	
Total		34	.114		

a. Predictors: (Constant), Understandability

b. Dependent Variable: Decision Making

Source: Primary Data

From the table above it can be concluded from the regression that understandability has a strong significant contribution to decision making, $F=51.044$ (0.000a). This implies that availability of understandable reports as a dimension of the independent variable has a statistically significant relationship on decision making. The study therefore accepted the stated hypothesis, “there is a significant relationship between understandability of financial reports and decision making at Kyankwazi District Local Government”.

Table 16: Regression on Understandability and Decision Making. Coefficients^a

	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta		
Model					Sig.
(Constant)	1.663	.303			.000
Understandability	.583	.082	.779	t	.000
				5.486	
				7.145	

a. Dependent Variable: Decision Making

Source: Primary Data

The study used coefficients (beta values) to analyze data. This helped to determine the extent and direction of the relationship between understandability and decision making and how understandability impacts on decision making at the District Local Government. The study showed that understandability had a beta value of 0.779. It can be concluded from the regression that at 1% increase in understandability, decision making is improved by 0.779%. At 100% increase in understandability, decision making will improve by 77.9%. Therefore, management should endeavor to see

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that there is understandability of financial reports as it strongly improves decision making at the District Local Government.

Table 17: Responses on Decision making

Decision Making	SD	D	N	A	SA	M	SDV
Your managers rely on financial reports to make economic decisions	0	17.1% (6)	17.1% (6)	40.0% (14)	25.7% (9)	3.74	1.039
Financial planning is guided by the District Local Government's financial reports	5.7% (2)	17.1% (6)	5.7% (2)	45.7 (16)	25.7% (9)	3.69	1.207
Your company's financial reports help in controlling of costs	2.9% (1)	8.6% (3)	42.9% (15)	0	45.7% (16)	4.29	0.860
Goods and services to this organization are acquired at the least cost	5.7% (2)	11.4% (4)	20.0% (7)	28.6% (10)	34.3% (12)	3.74	1.221
Managers of this District Local Government rely on intuition when making decisions	0	22.9% (8)	20.0% (7)	37.1% (13)	20.0% (7)	3.54	1.067
Managers of this District Local Government make conscious Decisions	0	5.7% (2)	28.6% (10)	51.4% (18)	14.3% (5)	3.74	0.780

Source: Primary source

When respondents were asked if their managers rely on financial reports to make economic decisions, 65.7% (23) of the respondents agreed with the statement, 17.1% (6) were not sure and 17.1% (6) of the respondents disagreed with the statement while mean was 3.74 and standard deviation was 1.038 which means that majority of respondents agreed with the statement since mean was above 3.0 implying that most of the decisions made by the District Local Government rely on the reports given financially.

When respondents were asked if financial planning is guided by the District Local Government's financial reports, 71.4% (25) of the respondents agreed with the statement, 5.7% (2) were not sure and 22.9% (8) of the respondents disagreed with the statement while mean was 3.69 and standard deviation was 1.207 which means that majority of respondents agreed with the statement since mean was above

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3.0 implying that the budgets and all other financial plans are guided by the financial reports.

When respondents were asked if the District Local Government's financial reports help in controlling of costs, 45.7% (16) of the respondents agreed with the statement, 42.9% (15) were not sure and 11.4% (4) of the respondents disagreed with the statement while mean was 4.29 and standard deviation was 0.860 which means that majority of respondents agreed with the statement since mean was above 3.0.

When respondents were asked if goods and services to this organization are acquired at the least cost, 62.9% (22) of the respondents agreed with the statement, 20.0% (7) were not sure and 17.1% (6) of the respondents disagreed with the statement while mean was 3.74 and standard deviation was 1.221 which means that majority of respondents agreed with the statement since mean was above 3.0. When respondents were asked if managers of this District Local Government rely on intuition when making decisions, 57.1% (20) of the respondents agreed with the statement, 20.0% (7) were not sure and 22.9%

(8) of the respondents disagreed with the statement while mean was 3.54 and standard deviation was 1.067 which means that majority of respondents agreed with the statement since mean was above 3.0 implying that sometimes relies on intuition when making decisions. This is very dangerous to the profitability of the District Local Government.

When respondents were asked if managers of this District Local Government make conscious decisions, 65.7% (23) of the respondents agreed with the statement, 28.6% (10) were not sure and 5.7% (2) of the respondents disagreed with the statement while mean was 3.74 and standard deviation was 0.780 which means that majority of respondents agreed with the statement since mean was above 3.0 implying that managers make conscious decisions.

Conclusions

Reliability of Financial Reports and Decision making:

From the first objective which was to find out the relationship between reliability of financial reports and decision making at Kyankwazi District Local Government, it was empirically established that there is an insignificant relationship between reliability of financial reports on decision making. Therefore, the study concluded that reliability is not an influence to decision making at Kyankwazi District Local Government. Reliability of financial reports does not affect the decisions made at the District Local Government.

Timeliness of financial reports and Decision making.

From the second objective which was to find out the relationship between timeliness of financial reports and decision making at Kyankwazi District Local Government, it was empirically established that there is a significant relationship between timeliness of financial reports and decision making at Kyankwazi District Local Government. Therefore, the study concluded that as timeliness increases, decision making improves. This means that if the financial reports are prepared every given period say every quarter, management will be able to make valid decisions for the next period hence betterment of the District Local Government.

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Understandability of financial reports and Decision making.

From the third objective which was to find out the relationship between understandability of financial reports and decision making, it was empirically established that there is a significant relationship between the two variables. The study therefore concluded that understandability of financial reports positively affects decision making at Kyankwazi District Local Government. This means that if financial reports are well understood by management, they will be able to make sound decisions.

Recommendations

Basing on the study the following recommendations were made:

Reliability of Financial Reports and Decision making:

The study recommends management of Kyankwazi District Local Government to maintain financial reports that are prepared accurately and in an acceptable financial reporting standard so they are continuously relied on to make proper decision making.

Timeliness of financial reports and Decision making.

The study recommends that Kyankwazi District Local Government should prepare their financial reports on time so that they help in making valid decisions. These reports should be ready at every necessary period, say every quarter to enable proper decision making in that period of time for the District Local Government.

Understandability of financial reports and Decision making.

The study recommends that managers at Kyankwazi District Local Government should implement trainings to enable equip management to readily understand the prepared financial statements so they make decisions basing on the information provided in the financial reports. This recommendation is in relation to the finding which revealed that most of the users/ managers do not understand these financial reports. If well understood, they will be in better position to make decisions for the District Local Government.

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