

**ACCOUNTING INFORMATION SYSTEM AND MANAGEMENT
DECISION MAKING IN SELECTED TELECOMMUNICATION
FIRMS IN BORAMA DISTRICT,
SOMALILAND.**

A Thesis

Presented to the
College of Higher Degrees and Research
Kampala International University
Kampala, Uganda

In Partial Fulfillment of the Requirements for the Degree
Master of Business Administration in Finance and Accounting

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July, 2012



DECLARATION A

"This thesis is my original work and has not been presented for a degree or any other academic award in any university or institution of learning".

Rahma

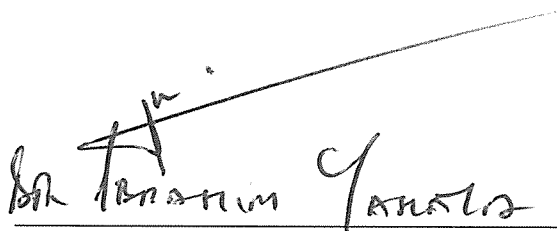
Name and Signature of Candidate

25, July 2017

Date

DECLARATION B

"We confirm that the work reported in this thesis was carried out by the candidate under our supervision".


Dr Ibrahim Yanois

Name and signature of supervisor


25th July, 2012

Date

DEDICATION

I dedicated this thesis to my beloved mother AISHA MUUMIN SULDAAN, my dear brother DAAHIR SH. HASSAN SAMATAR, and my cousin AHMED HASSAN DAAHIR and all my sisters and my brothers who's tireless supported me with patience and understanding cannot be measured.

ACKNOWLEDGEMENT

First of all, I praise **ALLAH** for enabling me to complete this report.

Without Allah nothing can happen as man proposes.

Secondly, my sincere gratitude goes to the HORN OF AFRICA AID which sponsored my master's degree in Kampala International University, Uganda. Many thanks also go to my brother, Daahir Hassan Samatar, whose financial support and inspiration to me through my entire course in Uganda.

I am deeply indebted to my research supervisor, Dr. Ibrahim Yahya for his patience with my inadequacies as he guided me through the research.

Without his parental and professional input, this research would have been difficult to elevate to its current level.

And also I would like acknowledge to panel list the head of the department of Economy and Management science Mr. Malinga Ramadan and unit of head Mr. Sendagi Mohamed.

In a special way, I wish to extend my sincere gratitude to CHDR DVC, Dr. NOVEMBRIETA R.SUMIL, for the support and guidance she accorded me during my study. May Allah reward her, not forgetting the administrators and the lecturers in the college of Higher Degrees and Research (CHDR).

I acknowledge with gratitude the contributions and co-operation made by the respondents and other people who directly and indirectly helped me to access the information I needed to complete this study.

ABSTRACT

This study determined the correlation between accounting information system and management decision making in Somaliland by taking the information of Teleson and Somtel Telecommunication firms in Borama District. This study sought to: to determine the profile of the respondents in terms of age, gender, qualification, experience, in the telecommunication companies determine the extent of accounting information system and the level of management decision making in Telesom and Somtel Telecommunication firms in Borama District.

The study was conducted using descriptive correlation design, the target population of study was 150, and the sample size employed was 109, the purposive sampling was utilized to select the respondents, using questionnaire techniques.

The study established that there is a significant relationship between accounting information system and the level of management decision making. It concluded a positive correlation between AIS and the level of management decision making. The study recommended that, companies should invest in accounting information system if they must realize better decision making, faster financial reporting and availability of financial information.

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CHAPTER ONE

THE PROBLEM AND ITS SCOPE

Background of the Study

In managing an organization and implementing an internal control system the role of accounting information system (AIS) is crucial. An important question in the field of accounting and management decision-making concerns the fit of AIS with organizational requirements for information communication and control (Nicolau, 2000).

Although the information generated from an accounting information system can be effective in decision-making process, purchase, installation and usage of such a system are beneficial when the benefits exceed its costs. Benefits of accounting information system can be evaluated by its impacts on improvement of decision-making process, quality of accounting information, performance evaluation, internal controls and facilitating company's transactions. Regarding the above five characteristics, the effectiveness of AIS is highly important for all the firms. AIS is defined as a computer-based system that processes financial information and supports decision tasks in the context of coordination and control of organizational activities (Burns, et al, 1991).

Initially, accounting information systems were predominantly developed "in-house" as legacy systems. Such solutions were difficult to develop and expensive to maintain. Today, accounting information systems are more commonly sold as prebuilt software packages from vendors such as Microsoft, Sage Group, SAP and Oracle where it is configured and customized to match the organization's business processes(Wilson, 1996).

As the need for connectivity and consolidation between other business systems increased, accounting information systems were merged with larger, more centralized systems known as enterprise resource planning (ERP). Before, with separate applications to manage different business functions, organizations had to develop complex interfaces for the systems to communicate with each other. In ERP, a system such as accounting information system is built as a module integrated into a suite of applications that can include manufacturing, supply chain, human resources. (Borthick, A. 1990) argue these modules are integrated together and are able to access the same data and execute complex business processes. With the ubiquity of ERP for businesses, the term "accounting information system" has become much less about pure accounting (financial or managerial) and more about tracking processes across all domains of business. (McCarthy, 1987) Some research studies have been undertaken on the AIS and management practices of large companies, small firms, manufacturing companies, telecommunication companies, and so forth in UK, USA, and Belgium using a survey based approach to identify the push factors for firms to adopt good AIS, to investigate the association between AIS and management. In Sweden research was carried out with the purpose to explore relationship between AIS and management of firms.

(Smith and Begemann 1997) published an article on AIS in Africa, specifically in South Africa where they emphasized that those who promoted AIS theory shared that management information system and management decision making. This article evaluated the association between traditional and alternative AIS and management function.

After the collapse of the Somalia government, in 1991 Somalia was totally neglected and many of Somalia intellectuals started a business in the telecommunication company services to develop and deliver services based on the appropriate accounting information system and management decision making. According to (Balm, 1996), As result of today's increasing competition and due to rapid changes in technology, most managers in telecommunication companies undertake extensive AIS and management, the managers deeply analyze the effects of the preparation accounting information system in order to create strong internal control, which consists of all measures employed by the organization for that purpose of safeguarding its resources against the waste, fraud and inefficiency in promoting accuracy and reliability.

Statement of the Problem

Managers are forced to make decisions which can affect the performance of a company if they do not have enough accounting information. The problems faced by the telecommunication companies include weak internal control which leads to poor performance, misuse of the company's information, and poor management's decision making. The AIS is expected to provide information to all levels of management, accounting information could help telecommunication firms to manage short-term problems in areas such as costing, expenditure and cash flow by providing information to support monitoring and control. In view of this discrepancy, it became imperative that a study be made to evaluate effectiveness of AIS in management decision making.

Purpose of the Study

The reasons why this study is proposed are as follows:

1. To test the hypothesis of no significant relationship between of accounting information and management decision making.
2. To generate new knowledge for further research in AIS and management decision making.
3. To validate existing information about accounting information system and management based on the theory to which this study is based.
4. To approve or disapprove the theory.

Research Objectives

General:

This study determined the correlation between accounting information system and management decision making in selected telecommunication firms in Borama district, Somaliland.

Specific Objectives

Sought further in this study was as follows:

1. To determine the demographic characteristics of the respondents in terms of:
 - Gender
 - Age
 - Educational level
 - Number of years working experience

2. To determine the extent of accounting information system in the selected telecommunication firms.
3. To determine the level of management decision making in the selected telecommunication firms.
4. To establish if there is a significant relationship between the extents of accounting information system and the level of management decision making in the selected telecommunication firms.

Research Questions

This study sought to answer the following research questions:

1. What are the demographic characteristics of the respondents as to:
 - Gender
 - Age
 - Educational level
 - Number of years working experience
2. What is the extent of accounting information in the selected telecommunication firms?
3. What is the level of management decision making in the selected telecommunication firms?
4. Is there any significant relationship between the extent of use of accounting information system and the level of management decision making in the selected telecommunication firms?

Hypotheses

There is no a significant relationship between the extent of accounting information system and management decision making.

Scope

Geographical Scope

The study was conducted in selected telecommunication firms (TELESOM and SOMTEL) in Borama district, Somaliland.

Content Scope

This study was intended to establish the extent of accounting information system and the level of decision making, and further to investigate if there was a significant relationship between the extent of AIS and the level of management decision making. The respondents who participated in this study were staff members from the selected firms, in Borama District, Somaliland.

Theoretical Scope Theoretical Scope

The theory of Fred Fiedler (1967) was proven in this study. The theory states that the management to be effective must adjust the management style in a manner consistent with critical aspects of the organizational context, such as the nature of the task and attributes of employees carrying out the work.

Significance of the Study

The following disciplines will benefit from the findings of the study.

The **employees** of the selected firms will recognize the roles they have to play in fulfilling good AIS practices in order to maximize the wealth of the firm.

The **managers** of the concerned firms will aim at achieving the goal of adopting good accounting information system in order to realize a satisfying level of management and ease in decision making.

The **firms' policy makers & planners** (CEO, Board of directors, Shareholders & managers) will be able to develop relevant standards of accounting information system level for their respective firms.

The future researchers in this area will utilize the findings of this study to embark on a related study.

Operational Definitions of Key Terms

For the purpose of this study, the following terms were defined as follows:

Demographic characteristics of the respondents are attributes looked for in this study in terms of gender, age, qualifications, number of years in work.

Accounting information system (AIS) refers to a system of collection, storage and processing of financial and accounting data that is used by decision makers.

Management refers to the act of getting people together to accomplish desired goals and objectives using available resources efficiently and effectively.

Decision-making refers to choosing a course of action from among alternatives. If there are no alternatives, then no decision is required.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

Concepts, Ideas, Opinions from Authors/ Experts

Accounting information system is considered as a sub system of management information system, (James A, O'Brien,2004). Regarding accounting as information system perhaps is the latest definition of accounting. For the first time in 1966 the Statement of Basic Accounting Theory, published by the American Institute of Certified Accountants (AICPA), stated that: "Accounting actually is information system and if we be more precise, accounting is the practice of general theories of information in the field of effective economic activities and consists of a major part of the information which is presented in the quantitative. AIS is defined as computer-based system that processes financial information and supports decision tasks in the context of coordination and control of organizational activities,(Nicolaou, 2000).

In the above definition, accounting is part of general information system of an economic entity. (Boochhold, 1999) defines accounting information systems as systems that have function of data gathering, processing, categorizing and reporting financial events with the aim of providing relevant information for the purpose of score keeping, attention directing and decision-making. An Accounting Information System (AIS) consists of all the records that a business has regarding the accounting system of a company. Some of the things included in the AIS are sales, invoice, profits, purchases and many more.

The AIS is important as it provides top-level personnel in a company with all the necessary information to make big monetary decisions for the company, (Raval, Wong-on-wing, 2002). An accounting information system (AIS) provides financial information about a business. This information helps managers plan and control operations and provides reports to outside parties such as stockholders, creditors and government agencies. Parts of an accounting information system might include financial reporting, cost accounting, management accounting and enterprise resource planning (ERP). Well-designed AIS gives a business a consistent way to view and analyze financial information and has three basic functions.

Recording

One function of an accounting information system is to efficiently and effectively collect and store data about business activities and transactions. According (Joseph W. Willkinson1993), The system must capture transaction data on source documents, record transaction data in journals to present a chronological record of transactions, and post data from journals to ledgers that sort the data by account type ,raw data such as vendor names, sales dates and amounts and purchases are entered into the system. (EFFY, OZ 2002), focused the Point of sale devices offer another means for data to be input directly into your accounting information system. That's pretty much the extent of the labor involved with your accounting information system. When it comes to accounting information systems, the simpler the better. Once the data is input, the system processes any calculations, reports, and reconciliations.

Information sources

The second function of an accounting information system is to provide information useful for making decisions. This information usually involves reports in the form of financial statements and managerial reports. According (George, 1995), one of the most important characteristics of your accounting information system is its ability to produce information that helps you generate year-ending financial statements. (Glinas, et al,1996),suggested From your accounting information system you should be able to create your company's balance sheet, income statement, shareholder or owner's equity and statement of cash flows. Many accounting information systems have the ability to create your financial statements within the software itself.

Provide Controls

The third function of an accounting information system is to incorporate controls to ensure the accurate recording and processing of data. According, (Capon 1990). The system must make certain that the information that comes out of the system is reliable, ensure that business activities are efficient and in line with management's objectives and keep business assets safe. (Edward Lee Summers 1991), traditionally, bookkeepers and accountants did the work of accounting systems by hand on paper, but today much of the work is automated with computers. According to (Borthick,1990)., setting up an accounting information system requires knowledge of topics such as database design and development, business process analysis, accounting applications, internal control requirements, information technology (IT) auditing and accounting

requirements, your accounting information system makes it easier for you to establish internal controls. (Barry E. Cushing 1994), these internal controls include various inventory decisions resulting from sales data, good accounting information system helps detect fraud, theft and other mismanagement

MANAGEMENT DECISION MAKING

The role of financial and non-financial information for decision-making is emphasized in many definitions of accounting, as outlined below.

(Drury, 2000). "Accounting can be seen as the process of identifying, measuring and communicating economic information to permit informed judgments and decisions by users of the information."

Also (Horngren, et al, 2002) see the main function of accounting information in its aid in the decision-making process, as the understanding of accounting information contributes to better decisions. So, by reporting and collecting accounting information, controllers can influence management's decision-making and lead them towards decisions that are in accordance with the organization's objectives.

(Emmanuel, et al, 1990) consider control as the primary purpose of accounting information. Management control includes both, strategic and operational matters and thus, planning and control are not separated issues. However, decision-making falls within this wider process of management control and is thus identified as a "vital aspect of the overall control process".(William, 1978) states that the decision maker decides what information inputs he/she considers as relevant for his/her decision. If the proportion of input of accounting information compared to non-accounting information is more than zero.

Short and long term decision

Short-term decisions-As stated above, decisions can be grouped into short- and long-term decisions. It is necessary to consider decisions from both perspectives. The short-term is usually defined as being one year or even less. (CURTIS L, 1998). In short-term decisions the importance of the time value of money is low. These decisions are mainly based on today's data. Short-term decisions can usually be changed easily as opposed to long term ones. (Hilton, R. 2001).

Long-term decisions effects on longer periods of time consequently; such decisions demand a firm's resources for a longer episode of time. Such decisions can influence future decisions and can have an impact on long-term potentials. Examples might be capital investments, like the purchase of new machinery. (Curtis, 1995). Management needs to possess knowledge about the costs that arise in an organization. For this reason, the cost accounting system determines the costs of the goods produced in a company. Hence, it is considered as the most fundamental tool in guiding decisions, and it will be explained first. Without this information about costs, management would not be able to set prices or do investment decisions. (James, 2004). Consequently, further management accounting concepts used for decision-making are built upon this cost foundation. Some of these tools to be discussed include the ideas of target costing and cost plus pricing, profitability and capital budgeting.

However, decision makers sometimes rely on the less rational but often equally valid bases for making decisions: experience, intuition, moral conviction and the more trivial reasons in business politics – turf wars, power struggles, personal self aggrandizement and the like. So, it shall be emphasized that it is not always possible to base decisions only on quantitative factors. (Richard et al, 1998). There remain almost in every case some aspects that cannot be translated into numbers and hence, management needs to consider these qualitative elements as well in their decision-processes.

Information Qualities and Decision-Making Level

The level of the decision maker and the type of decision to be made will determine the pre-eminence of certain information qualities. For example, strategic management may require information high in predictive value. Information used for strategic planning should help managers “see” the future and thereby assist them in formulating long-term plans, (Walter B.1987). The strategic manager may not be concerned with timeliness or accuracy, and would therefore prefer a quarterly sales report to a daily report. (Brigham young, 1994). Operations management must make frequent decisions, with shorter lead times, and may therefore require a daily sales report to be able to react in a timely manner to changes in sales patterns. Operations management may require timely and accurate information and may not be concerned about the predictive value of information.

Theoretical Perspective

The study was based on the theory of (Fred Fiedler 1967), states that the management, to be effective, must adjust his or her style in a manner consistent with critical aspects of the organizational context, such as the nature of the task and attributes of employees carrying out the work. This theory focuses on the situational or environmental factors that influence management. During the 1970s, accounting researchers began using contingency theory in management accounting research, developing it into the accepted, but sometimes criticized, contingency theory of MAS (Otley, 1980). The main approach is to identify variables that seem to affect the complexity of MAS in organizations. In other words, the (Management Accounting System) MAS is contingent upon certain factors or variables (Jones, 1985).

This theory can be used to represent how the success of a small business is contingent upon the extent of the AIS. Also, this theory can be used to explore if the AIS is contingent upon other factors, such as how important the owner/manager feels it is, as well as other characteristics of the owner/manager. Therefore, theory was used in hypothesizing a relationship between AISs and level of management decision.

Related Studies

Studies have shown that successful implementation of accounting systems requires a fit between three factors (Markus, 1983). A fit must be achieved with dominant view in the organization or perception of the situation. Second, the accounting system must fit when problems are normally solved, i.e. the technology of the organization. Finally, the accounting system must fit with the culture, i.e. the norms and value system that characterize the organization (Christiansen, 1994). Systems will be useful when information provided by them is used effectively in decision-making process by users. (Otley, 1980) argues that Accounting Systems are important parts of the fabric of organizational life and need to be evaluated in their wider managerial, organizational and environmental context.

Therefore, the effectiveness of accounting information systems not only depends on the purposes of such systems but also depends on contingency factors of each organization. Accounting information systems are said to be effective when the information provided by them serves widely the requirements of the system users. Effective systems should systematically provide information which has potential effects on decision-making process (Ives, 1983). The effectiveness of accounting information systems has long been a subject of many researches (Chenhall, et al, 1986). Accounting information usually is categorized under two groups; 1) information that influences decision-making and mainly used for the purpose of controlling the organization and 2) information that facilitates decision making process and mostly used for coordination within an

organization (Kren, 1992; Markus, 1983). (Huber, 1990), argues that, integration of accounting information systems leads to coordination in organization which, in turn, increases the quality of the decisions. Some researches in accounting show that the effectiveness of accounting information systems depends upon the quality of the output of the information system that can satisfy the users' needs.

Generally, accounting information systems; 1) provide financial reports on a daily and weekly basis and; 2) provide useful information for monitoring decision-making process and performance of the organization. Simon (Simon, 1987) in his study used the first part of the above statement as measure of control for management and the second part for evaluating the effectiveness of the accounting information systems via continuous monitoring.

Accounting information systems provide primary data for decision-making. Information technology has caused many changes in reporting information. Thus, the characteristics of information currently prepared can help decision-makers seek more alternatives to the solution of the problem in hand, (Romney, 2006) Accessibility to information related to the main transactions of an organization leads to a categorized detailed information which facilitates decision making in any difficult situation (Mia, 1994).

Accounting information system is a computer-based system that (Nicoloau, 2000) defines as a system that increases the control and enhances the corporation inside the organization. Management is engaged with different types of activities which require good quality and reliable information; they also need non-financial information such as production statistics, quality of production and so on. However, quality of information generated from AIS is very important for management.

(Kim, 1989) argues that usage of AIS depends on the perception of the quality of information by the users. Generally the quality of information depends on reliability, form of reporting, timeliness and relevance to the decisions.

CHAPTER THREE

METHODOLOGY

Research Design

The study was conducted using descriptive correlation design. Descriptive studies are *non-experimental* researches that describe the characteristics of a particular individual, or of a group. It deals with the relationship between variables, testing of hypothesis and development of generalizations and use of theories that have universal validity.

Research Population

The target population included in this study had a total of 150 staffs from the two selected telecommunication companies namely; Telesom and Somtel in Borama District, Somaliland. The staffs were involved in this study because they are the ones who handle managerial activities and make major decisions in the company, however are the ones who handle even the minutest details of the company including accounting information of the company mostly from the accounting departments; hence they are well knowledgeable on the subject of the study. The two companies were selected for this study because they are the only majorly known companies in the area which offer the best services and provide irresistible customer satisfactions.

Sample Size

The Sloven's formula was used to determine the minimum sample size of the study population.

$$n = \frac{N}{1 + N a^2}$$

Where

n = sample size

N = population size

a= level of significance 0.05

For this study:

$$n = \frac{150}{1 + 150 (0.05)^2} \quad n = 109$$

Table 1

Respondents of the Study

Telecommunication companies	Target population	Sample size
Telesom	80	58
Somtel	70	51
Total	150	109

Source: *primary data*

Sampling Procedures

The purposive sampling was utilized to select the respondents based on these criteria:

1. Male or female respondents in any of the selected Organizations are included in the study
2. Operational staff with working experience ranging from one Year and above
3. Managers of the firms selected are under study
4. From the list of qualified respondents chosen based on the inclusion criteria, the simple random sampling was used to finally select the respondents with consideration to the computed minimum sample size.

Research Instruments

The research tools that were utilized in this study included the following: (1) face sheet to gather data on the respondents' demographic characteristics (gender, age, qualifications, and number of years working experience,); (2) standardized questionnaires to determine the extent of AIS and management' decision making. The response modes and scoring are as follows: for Accounting information system –Strongly agree (4); agree (3); disagree (2); strongly disagree (1).

While a researcher devised instrument was adopted for the level of management decision making (10 items). Strongly agree (4); agree (3); disagree (2); strongly disagree (1).

Validity and Reliability of the Instrument

Validity and reliability of the research instruments was concerned with the extent to which the research instrument yields the same results. The construct and criterion validity of the accounting information system and decision making questionnaire was empirically proved by experts which means it is standardized. Content validity index (CVI) ensured by subjecting the researcher devised questionnaires on AIS and decision making to judgment by the content experts.

Reliability of the respondent's through the instruments of the questionnaire was established. The reliability of the research instruments concerned with the degree to which the research instrument gave the same result. The reliability was used test and pretest approach in the determination of accuracy of the research devised instruments. In this test-retest technique, the questionnaires were self administered

throughout the research to ensure that respondents fill the same questionnaire and the instrument provides the required information.

Data Gathering Procedures

1. An introduction letter was obtained from the College of High Degrees and Research of Kampala International University for the researcher to solicit approval to conduct the study from respective managers of the selected organizations.
2. The researcher secured a list of qualified respondents from the selected telecommunication firms in charge and made the final selection using simple random sampling to arrive at the minimum sample size.
3. The respondents were briefed on the study and were requested to sign the Informed Consent Form.
4. The respondents were requested to answer completely and not to leave any part of the questionnaires unanswered.
5. On retrieval, all returned questionnaires were checked to see if all were answered.

Data Analysis

The frequency and percentage distribution was to determine the demographic characteristics of the respondents. The mean and standard deviations were applied for the extent of accounting information system, and the level management. Pearson's linear correlation coefficient was used to determine the relationship between the extent of accounting information system and management decision making.

The following mean range were used to arrive at the mean of the individual indicators and interpretation:

A. For accounting information system

Mean Range	Response Mode	Interpretation
3.26-4.00	strongly agree	Very satisfactory
2.51-3.25	Agree	Satisfactory
1.76-2.50	Disagree	Fair
1.00-1.75	Strongly disagree	Poor

B. For Management Decision making

Mean Range	Response Mode	Interpretation
3.26-4.00	strongly agree	Very satisfactory
2.51-3.25	Agree	Satisfactory
1.76-2.50	Disagree	Fair
1.00-1.75	Strongly disagree	Poor

Ethical Considerations

To ensure confidentiality of the information provided by the respondents and to ascertain the practice of ethics in this study, the following activities were implemented by the researcher:

1. Sought permission to adopt the standardized questionnaire through a written communication to the author.
2. The respondents and firms were coded instead of reflecting the names.
3. Solicited permission through a written request to the concerned officials of the selected firms in the study.
4. Requested the respondents to sign in the *Informed Consent Form*.
5. Acknowledged the authors quoted in this study and the author of the standardized instrument through citations and referencing.
6. Presented the findings in a generalized manner.

Limitations of the Study

In view of the following threats to validity, the researcher claimed an allowable 5% margin of error at 0.05 level of significance. Measures are also indicated in order to minimize if not to eradicate the threats to the validity of the findings of this study.

1. Extraneous variables which was beyond the researcher's control such as respondents' honesty, personal biases and uncontrolled setting of the study.
2. Testing: The use of research assistants can bring about inconsistency in the administration of the questionnaires in terms of time of administration, understanding of the items in the questionnaires and explanations given to the respondents. To minimize this threat, the research assistants were oriented and briefed on the procedures to be done in data collection.
3. Attrition/Mortality: Not all questionnaires may be returned completely answered nor even retrieved back due to circumstances on the part of the respondents such as travels sickness, hospitalization and refusal/withdrawal to participate. In anticipation to this, the researcher will reserve more respondents by exceeding the minimum sample size. The respondents will also be reminded not to leave any item in the questionnaires unanswered and will be closely followed up as to the date of retrieval.

CHAPTER FOUR

PRESENTATION, INTERPRETATION AND ANALYSIS OF DATA

PROFILE INFORMATION OF THE RESPONDENTS

This thesis presents of the background information of the respondents who participate in the study. The purpose of this background information was set up the profile of the respondents and indicates the distribution of the population of the study.

In addition to that, the first objective of the study was to determine the profile of the respondents in terms of Age, Gender, Qualification, Experience and positions to examine what categories the majority of the respondents are on top form in. information of this objective was analyzed under the question "What is the profile of the respondents in terms of age, gender, qualification, experience, and positions?"

Table 2 (A)

Respondents' Profile

n=109

Gender	Frequency		Percentage (%)
Male	69		63.3
Female	40		36.7
Total	109		100
Age (in years)	20-29	19	17.4
	30-39	37	33.9
	40-49	30	27.5
	50-Above	23	21.1
Total		109	100
Education Level	Certificate	13	11.5
	Diploma	27	23.9
	Bachelors	68	60.2
	Masters	5	4.4
	Ph.D	—	—
Total		109	100
Number of years working experience	Less than 1 year	29	25.7
	1 year-2years	45	39.8
	2 year-4 years	16	14.1
	5 years and above	23	20.4
Total		109	100

There were more male participants than the female. Approximately 63.3 per cent (63.3%) of the respondents were male and over 45 per cent (36.7%) were female. This revealed that male staff and managers dominated the telecommunication sector.

The findings of the study showed that 17.4% of the respondents belonged at the age of 20-29, 33.9% of the respondents are the age 30-39, 27.5% of the respondents are the age 40-49, 21.1% of the respondents are the age 50 and above. This indicates that the majority staffs in selected telecommunication firms lay in age between 30-39. The young stars dominating the telecom industry could be because of their hard working style and innovative capabilities that is the dream of every company's employer.

Table 2(A) reveal that the biggest percentage (60.2%) of staff and managers in the telecommunication companies hold bachelor's degree, 23.9% are diploma holders, (11.5 %) and (4.4%) hold certificate and masters respectively. No respondent held a Ph.D qualification as per this study. On average therefore, most telecom companies employ graduate staff and managers. This could be because of the competitive nature of the telecom sector which requires employment of not only qualified staff but also skilled and knowledgeable workforce.

According to Table 1 (A) the results indicate that the majority (39.8%) of the respondents have a work experience of 1year-2 years. Those with work experience of less than 1 year were represented by 25.7% while 14.1% represented respondents with work experience between 2 years-4 years. Respondents with work experience above 5 years were represented by 20.4%. On average, most telecom companies tend to employ staff with working experience of 1-2 years. This is probably because such staffs still want to learn more about how the company works and hence work even more to earn promotion or salary increment.

Table 3A**Extent of the AIS (Recording)****n=109**

Indicator	Mean	Interpretation	Rank
Recording			
Ensure the accurate recording and processing of data	3.28	Very good	1
Records keeping duties for the receipt and the payment of cash Separated	3.00	Good	2
The accounting system provide for recording of expenses for each Program by budget cost categories.	2.19	Fair	3
Understand the function, form and method of preparation of financial statements.	2.01	Fair	4
The company accounting system adequately identified revenue and expenditure for each contribution.	1.10	Poor	5
Distinguish between capital and operational expenditure.	1.04	Poor	6
Average mean	2.10	Fair	

Source: primary data, 2012

According to table 2A on average, the extent of accounting information system (AIS) in terms of collects and store data; was fair. This is shown with the average mean of 2.10. Among the elements of collect and store

data, where the respondents ranked best were: Ensure the accurate recording and processing of data; was interpreted as; very good with a mean of 3.28. This means that the respondents strongly agreed. This could be because accounting information system retrieves data from the centralized database, processes and transforms it and generates a summary of that data as information that can now be easily used and analyzed by business analysts, supervisors or other decision makers. Records keeping duties for the receipt and the payment of cash separated; was represented with a mean of 3.00 which was interpreted as good. This means that a greater number of the respondents agreed that records keeping duties for receipt and payment of cash were separated. This is probably because the probability of error is less in AIS because recording takes place in one set of accounts.

Other elements such as the accounting system provide for recording of expenses for each Program by budget cost categories and understand the function, form and method of preparation of financial statements were each interpreted as fair with a mean of 2.19 and 2.01 respectively. This means that a good number of the respondents agree that AIS provide for recording of expenses and helps provide information through perfect financial statement. This could be because the AIS are software which does have much capability of performing almost all required accounting challenges.

Last but not least, elements such as; the company accounting system adequately identified revenue and expenditure for each contribution and Distinguish between capital and operational expenditure, were represented by the mean of 1.10 and 1.04 respectively. These representations were interpreted as poor according to this study. The majority of the respondents disagreed that the company's accounting system adequately identified revenue and expenditure for each contribution and distinguished between capital and operational expenditure. This is probably because of the limitations of AIS which cannot perform all the company's financial related transaction.

Table 3B**The extent of the AIS (information)****n=109**

Indicator	Mean	Interpretation	Rank
Information			
Prepare, analyze and interpret financial reports and statements	3.31	Very good	1
Information in formats suitable for input in to decision models such as discounted cash flow, credit policy analysis etc.	2.99	Good	2
Information effects of different sections' activities on Summary reports such as profit, cost, and revenue reports for other sections.	2.34	Fair	3
Participate in the management maintenance of information systems.	2.05	Fair	4
Information that relates to the impact that decisions have on the overall performance of the firm.	1.10	Poor	5
Average mean	2.36	Fair	

Source: primary data, 2012

According to table 3B on average, the extent of accounting information system (AIS) in terms of *information*; was fair. This is shown with the average mean of 2.36.

Among the elements of information, where the respondents ranked best was Ensure the accurate recording and processing of data, which was represented with a mean of 3.31 and interpreted as very good. This means that a majority of the respondents strongly agreed that AIS ensures accurate recording and processing of data. This is probably because the probability of error is less since recording takes place in one set of accounts.

Elements such as Information in formats suitable for input into decision models such as discounted cash flow, credit policy analysis etc, under this study had a mean score of 2.99 and was interpreted as good. This means that a good number of the respondents agreed that AIS is used in the companies under this study because they have the ability to store information in suitable formats which can help managers make better decision in area such as discounted cash flow and credit analysis policy.

Table 3B still provided further findings on the remaining elements under information. It revealed that Information effects of different sections' activities on Summary reports such as profit, cost, and revenue reports for other sections and Participate in the management maintenance of information systems does not necessarily guarantee better management decision making. This is probably because the accounting information provided by AIS is not taken so much into consideration most managers. This is seen with a good number of the respondents agreeing but with a mean of the above mentioned elements at 2.34 and 2.05 respectively and both being interpreted as fair.

On the other hand however, a mean of 1.10 and interpreted as poor represented Information that relates to the impact that decisions have on the overall performance of the firm. This means that most respondents strongly disagree that AIS can provide information which can impact on decisions and affect the overall performance of the firm.

Table 3C

Extent of the AIS (Control)

n=109

Indicator	Mean	Interpretation	Rank
Control			
Ensure that business activities are efficient and in line with management's objectives and keep business assets safe.	3.00	Good	1
Advise on the application of planning and control processes in budgeting and Costing.	2.52	Good	2
Establish appropriate controls in a computerized accounting environment.	2.34	Fair	3
The company's internal controls promote the achievement of Plans, Programs, goals, and objectives.	1.12	Poor	4
Adequate physical safeguards maintained over accounting Records.	1.00	Poor	5
Average mean	1.99	Fair	

Source: primary data, 2012

According to table 3C on average, the extent of accounting information system (AIS) in terms of control; was fair. This is shown with the average mean of 1.99.

The best ranking was accorded to Ensure that business activities are efficient and in line with management's objectives and keep business assets safe. This element was represented by a mean of 3.00 and interpreted as a good. This means that a majority of the respondents agreed that AIS ensures business activities' efficiency which is in line with management's objectives.

Advise on the application of planning and control processes in budgeting and Costing. The findings on the above, showed a mean of 2.52 which was also interpreted as good. This means that a good number of the respondents agreed that AIS has the capability of providing financial information which can help managers to plan properly and use better control processes in budgeting and costing.

The research further indicated that the companies could not adequately establish appropriate controls in a computerized accounting environment. This was seen with a representation of the mean of 2.34 which was interpreted as fair (table 3C). This means that a fair number of respondents agree that AIS in most companies do not have appropriate measures to control computer-oriented accounting flaws.

The respondents however disagreed that AIS of the company's internal controls promote the achievement of Plans, Programs, goals, and objectives. This was seen with a mean of 1.12 and interpreted as poor. They also strongly disagreed that AIS can provide adequate physical

safeguards maintained over accounting Records. Table 2C shows that it is represented by 1.00 which is interpreted as poor.

Table 4
Level of decision making
n=109

Indicator	Mean	Interpretation	Rank
Decision making			
The type of decision making followed by your organization is centralized decision making.	3.57	Very good	1
The time does your organization take to execute decision is Weekly, monthly or depends on the issue.	3.01	Good	2
Decisions can be grouped into short- and long-term decisions. It is necessary to consider decisions from both perspectives.	2.86	Good	3
Strategic management may require information high in predictive Value	2.81	Good	4
Steps your organization takes to enhance decision making skills in the employees are counseling, workshops and training programs	2.36	Fair	5
Management accounting techniques are Problem-solving ability, Analytical ability and ability to work in a team.	2.09	Fair	6
Management review supporting documentation of allowable cost information.	2.06	Fair	7

Managers are consulted on the establishment of budget timeliness and accuracy indicators.	1.98	Fair	8
The organization uses a combination of 'top down' direction and Bottom-up' Participation to develop the decision making process.	1.12	Poor	9
The organization uses a combination of 'top down' direction and Bottom-up' Participation to develop the decision making process.	1.12	Poor	9
Management adequately involved in designing and approving accounting system procedures for their companies.	1.08	Poor	10
Average mean	2.18	Fair	

Source: primary data, 2012

According to table 4 on average, the level of management decision making, was fair. This is shown with the average mean of 2.18.

The findings according to table4 revealed that the type of decision making followed by your organization is centralized decision making. This was represented by a mean of 3.57 and interpreted as very good. This means that a majority of the respondents strongly agree that the type of decision making in their organizations is centralized.

The findings of this study also showed that the time organizations take to execute decision is Weekly, monthly or depends on the issue, that decisions can be grouped into short- and long-term decisions, and that Strategic management may require information high in predictive Value. These findings according to table4 were represented with mean values of

3.01, 2.86 and 2.81 respectively. Each interpreted as good. This means that a good number of the respondents agree that companies make timely decisions depending on the issue at hand, group decisions according their length of time and management require information to predict values.

Table4 also indicates that management take steps in decision making have accounting techniques which are problem solving and review documentation of allowable cost information. This was shown with mean of 2.09, 2.06 and 1.98 respectively and was interpreted as fair. This means that a good number of the respondents agreed that management of the companies under study have some steps they follow when making decisions and that their accounting techniques always provide a solution.

The rest of the findings were interpreted as poor because of their low mean score. This means that they were strongly disregarded by the respondents.

Table 5

**Relationship between accounting information system and
Management decision making**

Variable	Computed r_ value	P_ value	Interpretation of correlation	Decision on H _o
Accounting information system	.635**	.000	There is significant relationship	Rejected
Management decision making				

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

Table 4 exposed that there is a relationship between accounting information system and management decision making of selected telecommunication companies. The relationship between the two variables was strong and positively correlated.

The level of significance was computed at 0.000 which is below the standard correlation level of 0.05. This indicates significance relationship. Person correlations reading at .635 is an indicator of strong and positive relationship. In view of this output the null hypothesis was rejected, the alternative hypothesis was accepted leading to the conclusion.

Table 6

n= 109

Regression Analysis between the Dependent and Independent Variables

Variables Regressed	Computed F-Value	r²	Interpretation	Decision on Ho
Accounting information system Management Decision making	1.804	.944	Significant Effects	Rejected

From table 6, it is clear that this model has good correlation as the r is significant effects ($r=.944$) and only 9.45% of the variation in AIS is explained by management decision making. The model is significant ($F=1.804$, $P=0.000$). The researcher concludes that there is sufficient evidence at the 0.05 level of significance, that the AIS affect management decision making.

The results suggest that AIS have an effect on management decision making in selected telecommunication companies (Telesom, somtel) in Borama, Somalila.

CHAPTER FIVE

FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

Summary of Findings

This study was guided by four objectives which comprised of these objectives (I) to determine the profile of the respondents in terms of age, gender, qualification, experience, in the telecommunication companies (II) to examine the extent of the accounting information system of selected telecommunication companies (III) to determine the level of management decision making of selected telecommunication companies (IV) to establish if there is a significance relationship between the extent of the accounting information system and the level of management decision making of telecommunication companies (Telesom and somtel)

The first objective of the study was to determine the profile of the respondents in terms of gender, age, education level, and number of years of work experience. The findings revealed that the male respondents dominated the telecom sector with a percentage of 63.3. Young stars at the age bracket of 30years-39 years also took a lion's share with 33.9%. It also revealed that the companies mostly employ bachelor degree holders which were indicated by a higher percentage of 60.2. The finally the results of this study reveals that employees with work experience of 1-2 years had the greatest percentage of 39.8 compared to the rest.

The second objective was to determine the extent of the accounting information system of selected telecommunication companies. The findings revealed that AIS provides data collection, information and control. A good number of the respondents agreed on the above item which was indicated by a mean average of 2.10, 2.36 and 1.99 which was interpreted as fair in table 3A, 3B and 3C respectively.

The third objective was to examine the level of management decision making in selected telecommunication companies. The mean index indicated that the degree of the management decision making is 2.18. Accordingly, the findings revealed that the majority of the respondents have agreed that the management decision making indicators were fair.

The fourth objective was to determine if there is a relationship between the extent of accounting information system and the level of management decision making for selected telecommunication firms, and the resultant correlation computed as 0.635 with a level of significance at .000 that shows there is a significant relationship between the two variables, Based on these findings the null hypothesis of the researcher was rejected, which leads to a conclusion that the two variables accounting information system and management decision making have strong positive relationship, if the mean is greater than 0.05 there is a correlation. The finally the theory approved because theory was used in hypothesizing a relationship between the extent AISs and level of management decision.

Conclusion

Based on the findings of the study generated the following conclusions based on the purposes of the study:

Finding indicated a positive significant correlation between accounting information system and management decision making in selected telecommunication firms in Borama District Somaliland. Basing on this finding, the null hypothesis is rejected and the researcher concludes that accounting information system is significantly related to the level of decision making by managers. This is because of the correlation of 0.635 and the level of significance at .000. It also concludes that accounting information system directly influences the level of decision making by managers of the selected telecommunication companies under this study in terms of quality of accounting information, internal control and facilitation of the company's transaction process.

Recommendation

The researcher has argued in this report that accounting information system is effective in helping managers make better decision for the smooth running of their companies. The findings has also shown that the use of accounting information system lead to better decision-making by managers, more effective internal control systems, enhancement of the quality of financial reports, and facilitation of financial transaction processes. It is against this background that the recommendations below are made. Despite its limitations, this study should pave way for future research in this area. Basing generalizations on the findings of this study, the researcher recommends that:

1. Companies should invest in accounting information system if they must realize better decision making, faster financial reporting and availability of financial information.
2. Last but not least, the company staff (financial managers) must undergo training in order to use the accounting information system effectively.

Avenues for future research could be:

1. Analysis of the effectiveness of AIS with corporation of AIS designer companies,
2. Analysis of the effectiveness of AIS as a part of MIS,
3. Study of the extent to which factors such as inflation, human resource accounting etc.

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**OFFICE OF THE HEAD OF DEPARTMENT, ECONOMICS AND
MANAGEMENT SCIENCES
COLLEGE OF HIGHER DEGREES AND RESEARCH (CHDR)**

Date: 26th April, 2012

**RE: REQUEST RAHMA HASSAN SAMTAR MBA/33417/111/DF
TO CONDUCT RESEARCH IN YOUR ORGANIZATION**

The above mentioned is a bonafide student of Kampala International University pursuing Masters of Business Administration (Finance and Accounting).

She is currently conducting a research entitled **"Accounting Information System in Telecommunication Firms in Borama, Somaliland."**

Your organization has been identified as a valuable source of information pertaining to her research project. The purpose of this letter is to request you to avail her with the pertinent information she may need.

Any information shared with her from your organization shall be treated with utmost confidentiality.

Any assistance rendered to her will be highly appreciated.

Yours truly,

Mr. Malinga Ramadhan
**Head of Department,
Economics and Management Sciences, (CHDR)**

NOTED BY:

Dr. Sofia Sol T. Gaite
Principal-CHDR



APPENDIX 1 A



SOMALILAND TELECOMMUNICATION

Ref: TEL/209/25-May-2012

Date: 25-May-2012

TO WHOM IT CONCERN

Telesom Communication Company in Borama Office Certifies in this Letter that they facilitated to **Rahma Sh Hassan Samatar** for giving information which he has required from us in the form of Questionnaire for her thesis entitled, accounting Information System and management Decision making.

So we've given her the information she has brought as a request letter From Kampala International University (KIU).

We hope to success to her and the University at all.

Best regards.

Site Manager



APPENDIX 11
CLEARANCE FROM ETHICS COMMITTEE

Date _____

Candidate's Data

Name _____

Reg.# _____

Course _____

Title of Study _____

Ethical Review Checklist

The study reviewed considered the following:

- ☐ Physical Safety of Human Subjects
- ☐ Psychological Safety
- ☐ Emotional Security
- ☐ Privacy
- ☐ Written Request for Author of Standardized Instrument
- ☐ Coding of Questionnaires/Anonymity/Confidentiality
- ☐ Permission to Conduct the Study
- ☐ Informed Consent
- ☐ Citations/Authors Recognized

Results of Ethical Review

- ☐ Approved
- ☐ Conditional (to provide the Ethics Committee with corrections)
- ☐ Disapproved/ Resubmit Proposal

Ethics Committee (Name and Signature.

Chairperson _____

APPENDIX III
INFORMED CONSENT

I am giving my consent to be part of the research study of Rahma Hassan that will focus on accounting information system and management decision.

I shall be assured of privacy, anonymity and confidentiality and that I will be given the option to refuse participation and right to withdraw my participation anytime.

I have been informed that the research is voluntary and that the results will be given to me if I ask for it.

Initials: _____

Date _____

APPENDIX IVA

FACE SHEET: DEMOGRAPHIC CHARACTERISTICS OF THE RESPONDENTS

Gender (Please Tick): ☐ (1) Male

☐ (2) Female

Age: _____

Qualifications Under Education Discipline (Please Specify):

(1) Certificate _____

(2) Diploma _____

(3) Bachelors _____

(4) Masters _____

(5) Ph.D. _____

Number of Years Working Experience (Please Tick):

____ (1) Less than/Below one year

____ (2) 1- 2yrs

____ (3) 3-4yrs

____ (4) 5-6yrs

____ (5) 7 years and above.

APPENDIX IVB

QUESTIONNAIRE TO DETERMINE ACCOUNTINTING INFORMATION SYSTEM

Direction: On the space provided before each option, indicate your best Choice by using the rating system below:

Response Mode	Rating	Description
Strongly Agree	(4)	You agree with no doubt at all
Agree	(3)	You agree with some doubt
Disagree	(2)	You disagree with some doubt
Strongly disagree	(1)	you disagree with no doubt at all

Recording

- ____1. The company accounting system adequately identified revenue and expenditure for each contribution.
- ____2.the accounting system provide for recording of expenses for each Program by budget cost categories.
- ____3. Records keeping duties for the receipt and the payment of cash Separated.
- ____4.Ensure the accurate recording and processing of data.
- ____5. Understand the function, form and method of preparation of financial Statement.
- ____6. Distinguish between capital and operational expenditure.

INFORMATION

- _____1. Prepare, analyze and interpret financial reports and statements.
- _____2. Participate in the management and maintenance of information systems.
- _____3. Information in formats suitable for input into decision models such as discounted cash flow analysis, incremental or marginal analysis, inventory analysis, credit policy analysis etc.
- _____4. Information that relates to the impact that decisions have on the overall performance of the firm.
- _____5. Information on the effect of different sections' activities on Summary reports such as profit, cost, revenue reports for other sections.

CONTROL

- _____1. Advise on the application of planning and control processes in budgeting and Costing.
- _____2. Establish appropriate controls in a computerized accounting environment.
- _____3. Ensure that business activities are efficient and in line with management's objectives and keep business assets safe.
- _____4. Adequate physical safeguards maintained over accounting Records, e.g., Books of original entry, and the general ledger
- _____5. The company's internal controls promote the achievement of Plans, Programs, goals, and objectives.

APPENDIX IVC

**QUESTIONNAIRE TO DETERMINE MANAGEMENT
DECISIONMAKING**

Direction: Please write your preferred option on the space provided before each item.

Kindly use the rating guide below:

Response Mode	Rating	Description
Strongly Agree	(4)	You agree with no doubt at all
Agree	(3)	You agree with some doubt
Disagree	(2)	You disagree with some doubt
Strongly disagree	(1)	You disagree with no doubt at all

MANAGEMENT DECISION MAKING

____1. The type of decision making followed by your organization is
centralized decision making,decentralized decision making.

____2. The time does your organization take to execute a decision is
Weekly, monthly or depends on the issue.

____3. The top management takes into account any suggestions or
opinions from the lower management to take decisions.

- _____4. The steps your organization takes to enhance decision making skills in the employees are counseling, workshops and training programs.
- _____5. Managers have ability to understand the firm's business processes And the Underlying infrastructure of the organization.
- _____6 .Management accounting techniques are Problem-solving ability, Analytical ability and ability to work in a team.
- _____7. Strategic management may require information high in predictive Value.
- _____8. Decisions can be grouped into short- and long-term decisions. It is necessary to consider decisions from both perspectives.
- _____9. The organization uses a combination of 'top down' direction and Bottom-up' Participation to develop the decision making process.
- _____10.Management adequately involved in designing and approving accounting system procedures for their companies.

OTHER FIELD OF EDUCATION

June_Dec: Goljano Computer training center

2007_2008: SH.Mahdi center of languages

EXPERIENCES

26 June 2010 Election of President of Somaliland Republic

13-19 May 2010 Distribution Vote Cards by National Electoral Commission (NEC)

Feb 2010 working with information technology communication founded by UNDP as internship.

Nov. 2009: enterprise marketing for small business survey in Borama implemented by **I.L.O.**

March 2009: African relief fund.

SKILLS

- ❖ Professional for computer ms office program
- ❖ Profanely of English both written and spoken
- ❖ Good communication and personal skills
- ❖ Good team management & mobilization
- ❖ Good hard worker

