

## THESIS ABSTRACT

Master of Business Administration  
Accounting Option

Adventist University of Africa

School of Postgraduate Studies

Title: IMPACT OF FINANCIAL STATEMENTS INFORMATION ON THE  
DECISION-MAKING EFFECTIVENESS OF SELECTED ENTITIES  
IN LIBERIA

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Financial statements contain information that reveals the health and current condition, and the future prospect of an organization. It is a medium of communication to users of the financial activities of the entity. Information is key to decision making. Therefore, financial statements containing the financial information of an entity are useful for economic decision making. For a financial statement to be of use to the users, it must be of the right quality and the users should have the requisite level of understanding of the statements. A decision that is based on quality information can bring about confidence, satisfaction, and commitment. Knowledge drives away doubt and fear to build confidence, satisfaction and commitment.

The purpose of this study was to examine the extent to which entities within the Liberia field of the West African Union Mission of Seventh-day Adventists use information from financial statements in making financial decision, and the effect of

the use and quality of the information, as well as the level of knowledge of the users on the effectiveness of decision-making. The study employed a cross-sectional causal research design to accomplish its purpose. The findings show that executive committees use financial statements but superficially, and that knowledge is of more impact on the decision-making effectiveness than quality. This study recommends that persons of knowledgeable financial background be purposefully part of the board to facilitate financial decision making.

Adventist University of Africa

School of Postgraduate Studies

IMPACT OF FINANCIAL STATEMENTS INFORMATION ON THE DECISION-  
MAKING EFFECTIVENESS OF SELECTED ENTITIES IN LIBERIA

A thesis

presented in partial fulfillment

of the requirements for the degree

Master of Business Administration

by

Martina Hosna-Janeta

May 2020



IMPACT OF FINANCIAL STATEMENTS INFORMATION ON THE DECISION-  
MAKING EFFECTIVENESS OF SELECTED ENTITIES

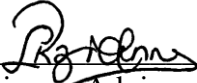
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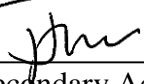
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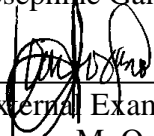
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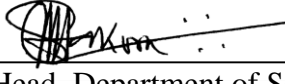
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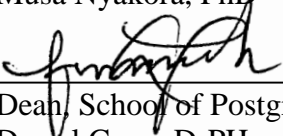
  
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This work is dedicated especially to my darling husband, Pastor Paulo Hosna-Janeta, my two lovely children: Graziella Marr-Anita Hosna-Janeta, and Paulo Hosney Kweku Hosna-Janeta, and my dearest mother, Mary S. Swen, for their unconditional love, support and constant prayers throughout my studies. And to my sponsor, the Seventh-day Adventist Church (West-Central Africa Division, West Africa Union Mission, and South-East Liberia Mission) for their financial support.

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May the good Lord keep and bless you all. Amen.

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## CHAPTER 1

### INTRODUCTION

#### **Background of the Study**

For growth and continuity of any institution transparency and accountability must remain as the bedrock. An aspect that plays an important role in achieving the growth and sustainability of the institution is accounting and financial reporting. Accounting stands as the most appropriate means by which business entities use to communicate about the state of their operations. One of the tools that an organization used to communicate is Financial Statements. Financial statements give the summaries of the financial data of firm economics resources of a specific period (Harrison, Horngren, Thomas, Suwardy, 2014), and indicate to the stakeholders the enterprise's financial health and soundness of its past operation. They also help to determine the business present and future potential; growth, and sustainability. In this respect, financial statements are a tool that enhances the quality of an institution's financial decision making. Users of financial statement base their financial decision on how the financial statements portray the operations and performances of the institution.

The users of financial statements can be classified into internal users: who are directly involved in the affairs of the organization (managers, and employees); and external users: who are not directly involved in the running of the organization but have interest in it (the owners, investors, creditors, government, and the general public) (Son, Marriott, Marriott, 2006; Harrison et al., 2014). Financial Statements

have a purpose of not only demonstrating the present and the future state of operations but it also has the purpose of meeting the user's needs. Management needs to know the overall profitability of the entity in meeting external users' needs. Shareholders will need to know their return on investment. The government will want to know the accurate amount of taxes paid and whether the organization complies with set practices. Employees are interested in whether they are going to be paid. Individuals in the community need to ascertain whether they can continue doing business with the organization. Financial statements assist decision-makers to make an informed economic decision of prediction and confirmation (Harrison et al., 2014). It is important to examine how the use of financial statements helps in enhancing the effectiveness of financial decision making of both governmental and non-governmental institutions.

The Seventh-day Adventist Church was formally organized in Liberia as a mission in 1927 and formed part of the then West African Union Mission (WAUM) along with Ghana, Côte d'Ivoire, Sierra Leone, West, and East Nigerian Missions. The Church and its institutions were established for the propagation of the Gospel and operate under the policy of the General Conference, the Church's highest body of leadership. For uniformity of the various entities, the General Conference (GC) has identified general accounting principles and financial reporting standards. These are presented in a manual used as a basis for the preparation of financial reports in all its institutions.

The treasurer of each of these entities has the responsibility of producing financial statements to be used for governing committee and donors' decision making. By so doing, the treasurer promotes accountability and stewardship of resources. This conforms with the words of God that God is the Creator and Owner of all things and

we are His managers accountable to Him. However, it is up to the management of these entities to make good use of the financial statements as a tool for an effective decision- making.

### **Statement of the Problem**

Studies have shown that information is a key factor in the quality financial decision (Goswami 2015; Graf, & Six, 2014; Kock & Gemunden, 2016). Decision-makers use the information of financial statements to serve in the process of economic decision. The anticipation of cash deficit, tracking performance and efficiency, preparing budget are among usages of financial statements to address these issues. The visible unfinished infrastructural projects, consistent and protracted utterances of lack of cash in almost every aspect of financial matters can raised the question as to whether decision makers make use of financial statement during the process of decision making and the quality of the financial statements upon which decision are based.

Consequently, the study sought to find out the extent to which Seventh-day Adventist church entities in Liberia use data from financial statements in making financial decisions; and the effect of the use and quality of the information as well as the knowledge of the users on the effectiveness of decision-making.

### **Research Questions**

The following research questions were addressed, in relation to selected entities in the Liberia field of WAUM:

1. To what extent are financial statements information used by decision-makers of the Liberia field in their decision-making process?

2. To what extent are the financial statements information provided of good quality to decision-makers of Liberia field of WAUM?
3. What is the level of the knowledge of the decision-makers of the Liberia field of WAUM in the use of financial statements?
4. To what extent is the board decision-making process effective at Liberia field of WAUM?
5. What is the impact of financial statements information on decision-making effectiveness of the Liberia field of WAUM?
6. What is the impact of the use of financial statements to decision making of Liberia field of WAUM?

### **Research Hypothesis**

H<sub>0</sub>: Financial statements information has no significant impact on the effectiveness of decision-making in the Liberia field of WAUM.

### **Operational Hypotheses:**

- H<sub>0</sub>1) There is no relationship between the use of financial statement information and decision-making effectiveness of Liberia field.
- H<sub>0</sub>2) There is no relationship between quality of financial statements information and decision-making effectiveness of Liberia field.
- H<sub>0</sub>3) There is no relationship between knowledge of users of financial statements and decision-making effectiveness of Liberia field.
- H<sub>0</sub>4) There is no relationship between decision-making process and overall decision-making effectiveness of Liberia field.

## Conceptual Framework

The conceptual framework of the study is shown in Figure 1. It shows that there are several factors that can influence decision-making effectiveness.

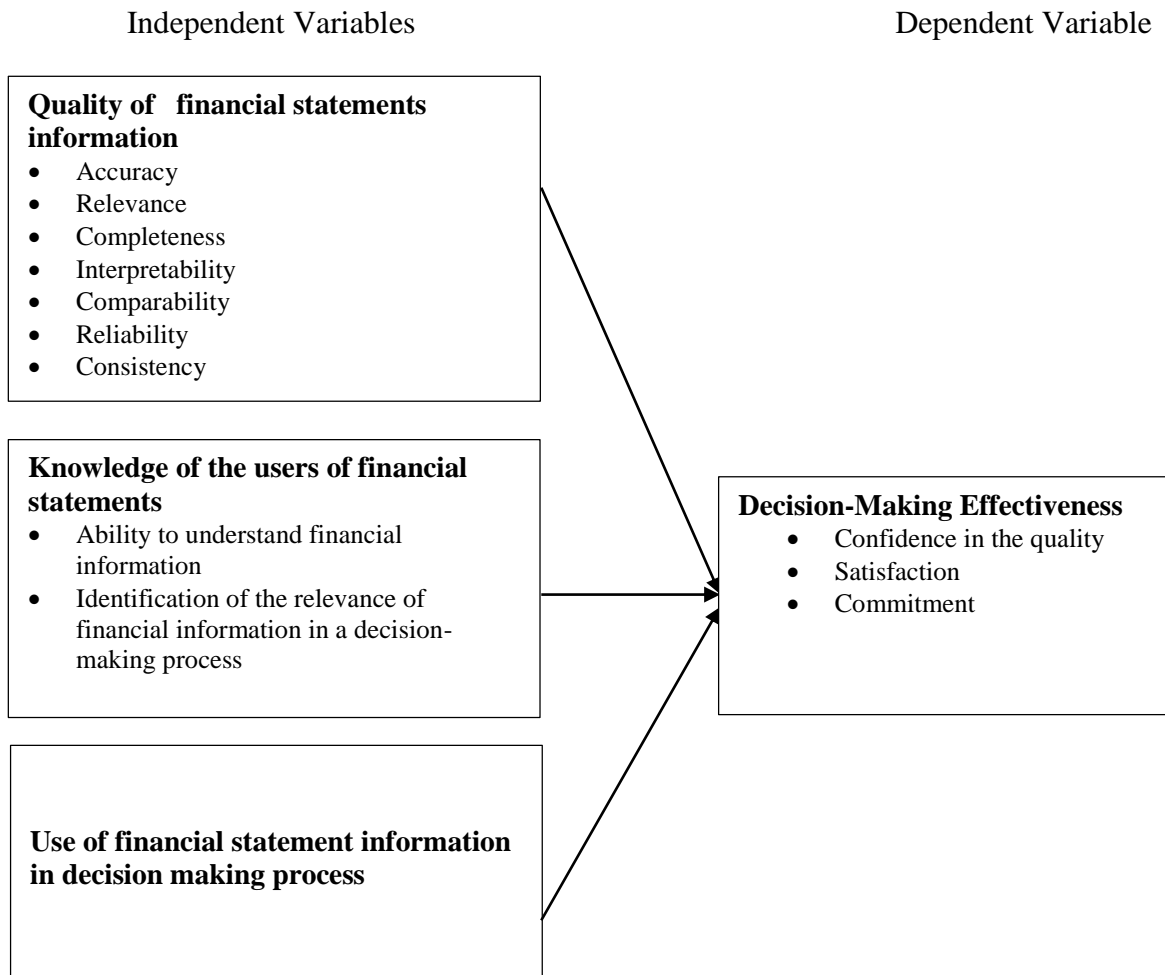


Figure 1: Conceptual Framework

Financial statements are the primary means of communicating the financial affairs of an organization. It shows the true picture of the organization at a point in time, and over a period, giving a clear view of the finances of an organization.

Financial statements reveal the financial health, state, and condition of an organization and gives direction to areas of concern, concentration, roadmap, and compass for decision making. Hence, financial statements are a tool for economic

decision making and should possess the right quality to enhance financial decision making.

The features of quality when it comes to financial statements are accuracy, relevance, completeness, and interpretability among others (Abumandil & Hassan, 2016; Kerr, Norris, Stockdale, 2007). Information lacking these qualities can post a challenge to users. For instance, due to limited time and pressure from higher organization financial statements could be prepared in a rush resulting in lack of accuracy which can hinder reliance for decision making (Shagari & Dandago 2013).

In addition to the quality of financial statements is the aspect of the users of the statements. The knowledge or level of understanding of financial statements by users is important to economic decision making. Financial statements are prepared to base on financial accounting standards which are packed with jargons that need to be understandable to users (Zager & Zager, 2006; Ismajli & Shkodra, 2012; Berndt & Leibfried, 2007). Therefore, when financial statements cannot be read and understood by the user it will be of little significance or even disregarded when a decision is taken especially when a decision of financial bearing are made.

An effective decision depends on the quality of the information used as well as the users' satisfaction, and commitment to the decision-making. Decision making is a process where participants collaborate in evaluating available alternatives for the selection of an ideal option (Higgins 2005). In term of decision making, effectiveness is essential. An effective decision is the systematic processes of selecting the best alternative among various alternatives that help decision-makers achieve their objective satisfactorily. Many factors may influence the confidence of the decision-maker. However, it helps eradicate doubts and uncertainty and determines the quality of the decision outcome.



A Commitment may stand to represent not only the action of an individual in a given activity but also represent a course of action to an institution or leader over time. The focal point of this study lies at the basis of commitment to a task (as a course of action). As is stated by Landsbergen, Coursey, Loveless, Shangraw (1997), “If decision-makers are not committed to their decisions, or are inappropriately confident, any objective improvement in decision making can be obviated by the real-world factors affecting confidence and commitment” (p. 133). Financial statements providing financial information for the economic decision can serve as a medium of decision-maker personal information and enhance decision-maker commitment to the decision taken.

Another component of the effective decision is the satisfaction of the participants in the decision process and its outcome-based upon what they view as relevant. The decision-maker must feel satisfied with decision making. Satisfaction is the fulfillment of needs (Irfn, 2014) as a result of expectation been met. Satisfaction exists as to when the information of the financial statements matches the task and the results meet the expectation of the decision-maker which gives the satisfaction of the course of action.

### **Significance of the Study**

The study will create awareness among the management team members of not-for-profit faith-based organizations, the Seventh-day Adventist Church in Liberia, and the research community (those seeking for information relating to financial statements and decision making), especially in Liberia. These internal users (chief financial officers, chairperson of board and members, etc.) of financial statements shall have an enhanced understanding of the importance and the benefit of basing a financial decision on relevant and reliable financial statements for planning and

control of current and future affairs of the organization. The study has enlightened the understanding of the researcher. Especially it has answered her question as to the extent entities of the church make use of financial statements information.

### **Scope & Limitations of the Study**

Due to the scattered geographical area of the respondents, the researcher used 18 of the 145 entities (institutions and churches) of the Seventh-day Adventist Church within Liberia. Only these variables: Quality, Commitment, Satisfaction of effective decision making was assessed and taken into consideration. Other variables may affect the effectiveness of decision making, but those variables were not considered. Since the study is focused on the uses of Financial Statements in a decision, there was some reluctance to answer the questions. However, the assurance of anonymity was given.

### **Operational Definition of Terms**

1. Financial Statements are a set of financial information that gives an account of an entity's past and current state of financial affairs for a defined period for the users' economic decision-making.
2. A decision is the act of reaching a conclusion and decision-making is a systematic process of selecting one course of action among many possible alternatives of a task at hand.
3. Where the results of the decision are satisfactory to attaining the objective of the entity is effective decision making. Effective decision making follows a process and its outcome is satisfactory to the decision-maker desire of achieving the goal of the organization.

4. Confidence in decision-making is the extent to which the decision-maker can rely upon the decision taken to the task at hand. That is to say, how to convince and satisfy is the decision-maker about their action. It is also whereby the task at hand and the decision taken matches that given the decision-maker satisfaction.
5. Commitment in decision-making is the extent to which the decision-maker can be consistent in pursuing the task at hand; before, during, and even after the decision is taken. The decision-maker recognizing the problem and not leaving it at such but ensuring to obtain the best solution to the problem, and even after the decision is taken, monitor their action from time to time.
6. Decision-making Satisfaction is the extent to which the decision-maker is confident of the outcome of the decision taken to the task at hand. Decision-making satisfaction occurs when the decision-maker perceives a match between the task and the course of action or the decision taken resulting in the assurance of the outcome of the decision.

## CHAPTER 2

### REVIEW OF LITERATURE

Every individual or institution is faced with many decisions. Most of the decision made has a financial bearing. Finances are one major factor that shapes and drives a decision. Financial statements and effective decision making are essential to thriving in a world of scarcity and competition to achieving success and in attaining institutional goals. Because financial statements as a tool for an economic decision, and effectiveness in decision making is so important to the success of an institution, many studies have been done in these areas.

#### **Financial Statements**

The sustenance and growth of an organization require more than just an individual exertion, but rather the combined effort of various stakeholders: management, employees, shareholders, creditors, lenders, the government, and the society in which the entity operates (Mandal & Goswami, 2008) to achieve the organizational mission. Some of these individuals are external to the entity, therefore, financial statements are the means to communicate to stakeholders the economic affairs of the entity.

Financial statements are a set of related financial and non-financial data of a specific organization that communicates in a rational and simplified way that are meaningful and useful for economic decision making. According to the Financial Accounting Standard Board Statement of Financial Concept 8 (2016), Financial Statements is a central feature of financial reporting for communicating to external

users of the financial activities of an organization. Financial statements information is derived from accounting records. This information presents the financial activities for a period, financial position at a point in time or changes over a period. Information contained in financial statements is the entity's assets, liabilities, and equity; its revenues, expenses, gains, and losses; cash flows; and investments by and distributions to owners, in the beginning, during and at the end of the year. These information aid in determining the entity liquidity, financial litness, profitability, ability to generate cash flow, and risk to survival or going concern. Also, financial statements provide the basis for financial control which is the responsibility of management (Atkinson et al., 2012, CICA, 2012) and reveals those areas of concern or concentration, and improvement for management decision making. All this information is essential to financial and economic decision making.

Many standard setters and writers have acknowledged that financial statements are a useful tool for communicating the economic activities of an entity to help users form their prospect of the entity to make economic decisions. According to the Canadian Institute of Chartered Accountants (2012), "financial statements are the primary means of communicating information about the organization's financial position (at a point in time) and financial results of its operations (over a period of time)" (p.1). Therefore, to understand an organization's financial affairs, it is important to use financial statements because it gives a clear picture of the entity. The Financial Accounting Standard Board Conceptual Framework Statement 8, asserts that financial reporting should be made or aims toward providing useful information to "existing and potential investors, lenders, and other creditors (resource providers), in making decisions about providing resources to an entity" (p.3), and representing the necessities of these principal users of financial accounting information.

Financial statements contain the statement of financial position or balance sheet, comprehensive income statement or income statement, and the cash flow statement. The balance sheet of financial statements comprises of three sections: assets, liability and owners' equity. Both the assets and liability have a current portion, that is within a year, and a long-term portion; more than a year. The balance sheet shows the firm current position at a point in time. The income statement reports the revenue and expenditure for a specific period. Its major parts are sales, expenses and net income or losses. Other items are gross profit, earnings before interest, taxes, depreciation, and amortization. Positive net income is an indication that the company made profit and losses are negative earnings per share. The statement of cash flow shows the sources and uses of the business cash either by investing or financing activities. Component of the statement of cash flow is cash from operating, financing, and investment activities to show changes in the cash flow.

### **The objective of Financial Statements**

There are diverse views about the objectives of Financial Statements to users. According to the FASB Board Statement of Financial Concept 8 (2016), "The objective of general-purpose financial reporting for business entities ... is to communicate financial information to ... (resource providers) in making decisions about providing resources to an entity" (p. 3). Other writers like Harrison et al. (2014), agrees with FASB that financial statements report financial information that is adequate for investment decisions. Cascino, Clatworthy, Osma, Gassen, Imam, & Jeanjean, (2014) agreed with the framework but concluded that because capital providers and their needs vary, the needs of one capital provider should not be preferred over another as it relates to standard setting. The use of financial or quantitative data in taking a decision justifies the objective of financial reporting, that

is to sustain that the economic decision making, also solves the problem of meeting the needs and what may constitute the common interest of the group. To keep accounting focus and in the right perspective, it must be based on meeting specific needs that are suitable to all users.

Yet still, others believe that financial statements that are based on the conceptual framework cannot fully meet the needs of all users, for example, the employees. Meanwhile, some, however, advocate the idea that accounting should firmly integrate to its basic foundation that is its definition then dwell so much on meeting the needs of specific users. This can limit organization accountability to just a few users and does not promote the responsibility of the corporate entity to all users. According to Young (2006), the users of financial statements do not desire only information as stated in the conceptual framework but rather the relationships between economic entities, employees, communities, and the environment. However, an attempt to formulate financial statements to meet the needs of all users will simply translate its scope and becomes expensive, voluminous, losing its main focus.

### **Use of Financial Statements**

Financial statements are used by two groups that have an interest in the entity; internal and external users. Notwithstanding for financial statements to be useful it must be relevant and faithful; that is, it should be important to the users and show the true picture of the organizations' economic conditions for it to be trusted and relied upon by users for economic decision of prediction and confirmation (Harrison et al., 2014, Rahmani & Jabari, 2015, Hermanson, 2000).

Internal users which the study is concerned are managers of the entity who use financial statements for different reasons as it relates to their needs and purposes in order to make informed decision about the operation and performance of the

organization, and also to strategize, and the employees of the entity who interest is pay related (Harrison et al., 2014; Malíková1 & Brabec, 2012). For instance, higher management of the entity uses the financial statements to determine the overall profitability of the entity, while an employee's interest is in the organization profitability and stability for pay increment and job security. Management also uses their financial statements to analyze a particular account to determine the cost, and cash available for making a decision (Flicker & Simon Cunningham, 2015). According to the Concept Statement, 8 "General purpose of financial statements (financial statements) are a principal means of communicating financial information to those outside an entity" (FASB 8). Even though internal users make use of financial statements information, standards set are not meant to meet the needs of this group.

External users are those that are indirectly involved in the day to day operation of the organization but have an interest in the organization either as owners or interest group (Malíková1 & Brabec, 2012). The Concept Statement 8 - Conceptual Framework for Financial Reporting and other writers see external users particularly capital providers (existing and potential investors, lenders, and other creditors) as the primary users of financial statements (FASB 8; Khumawala & Gordon, 1997). Meanwhile, many studies sustained that financial statements should provide information that is useful to a variety of users including government, customers, and the general public as users of financial statements (Rahmani & Jabari 2015, Harrison et al., 2014, Malíková1 & Brabec, 2012, Damjibhai 2016). Financial statements are used for different economic purposes by external user's base on the decision they are taking. For instance, owners and investors would want to know the profitability of the organization to decide whether to continue operating the business, and investors who want to protect and decide on their investment in the company would prefer a firm



with high payout ratio. Long term creditors are interested in the firms' solvency, while short term creditors are interested in the liquidity and cash flow indicators to determine the creditworthiness of the organization thereby consider receivable turn over to ensure the ability of the company to collect its debt. The government needs it to determine the status of the country's economy, ensuring management conformity to reporting regulations and valuation, and the fair and correct calculation and presentation of income taxes. Customers' interest is based on the fact that the company is going concern and stable for informed planning and projections. Financial analysts, playing intermediaries' role between financial market and firms, processes and interprets financial information to provide information for "strategic decisions including organic growth, outsourcing, mergers and acquisitions" (Byard & Cebenoyan, 2017, Son et al., 2006, p. 219). The general public evaluates the effect of the company performance on the economy, environment, and the community.

One major means of using financial statements is through analysis of the statements. Financial statements analysis is a process of interpreting the figures or information on financial statements that allows for the determination of the performance of a firm. Such an analysis helps determine threats and predict the future performance of the organization (Nuhu, 2014). There is no one way or method of financial statements analysis, however, two major ways are outstanding: horizontal or vertical analysis of financial statements (Zager & Zager, 2006; Anastasia, 2015). Kulchev (2017) in answering questions of whether there are new analytical indicators of financial statements analysis, found that financial statements analysis has remained the primary tools for assessing enterprise financial position; concluded that "despite the evolution of financial analysis, no universal single or integral indicator has been

designed so far to comprehensively describe the financial position of a particular enterprise.”

The horizontal analysis is also known as Trend analysis is comparing the financial information of a current period with the past financial information over a period to consider the changes in the financial position of the entity (Zager & Zager, 2006). The advantage of horizontal analysis is that it allows the organization to compare past performance with the present to ascertain the organization current financial condition and determine what the future condition maybe like (Anastasia, 2015). For example, comparing the total expenses of the previous year with the current year to determine variances and decide on cost reduction or not. A drawback of horizontal analysis is the aggregate figures that can cause a variance of results due to change over time. A major or good way of solving this problem is by ensuring that the periods under comparison are consistent. Unlike horizontal analysis, vertical (static) analysis are done for a single period by expressing each item on a statement as a percentage of another item (base) (Anastasia, 2015). For instance, on the income statement, each item can be express as a percentage of gross sales, and in the balance sheet, each item as a percentage of total assets. No matter the size of the organization, comparing performance can be done between firms and departments. However, its disadvantage is the fact that it does not take into consideration different periods to determine performance. This disadvantage can be solved by using vertical analysis in connection with timeline analysis. That is, comparing a vertical analysis of different year periods (Anastasia, 2015). Concerning financial statements analysis, the main statements that are analyzed are the balance sheet, income statement, and the statement of cash flow, for economic decision making of profitability and cash flow projection (Damjibhai, 2016).

One of the best and effective means of using financial statements to provide information for decision making is via ratio analysis (Nuhu, 2014). Theogene, Mulegi, & Hosee (2017) stated that financial ratio is one of the best tools for effective decision-making. Also, Myskova & Hajek (2017) describe it as financial decision-support information. A financial ratio is the expression of the relationship between one or more figures within the financial statements to assess the financial health and performance of an entity (Malikova & Brabec, 2012; Damjibhai, 2014; Nuhu, 2014; Myskova & Hajek, 2017). It reveals good and bad performance, strength and weakness of a firm, reveal areas of investigation, and also significant changes (Malikova & Brabec, 2012; Damjibhai, 2014) over time and period to the users of financial statements. It assesses the entity financial situation, use for trend analysis, and cross-sectional analysis. Therefore, ratio analysis of financial statements serves both internal and external users of financial statements in making effective financial decisions (Myskova & Hajek (2017). According to Damjibha (2016) and Myskova & Hajek (2017), it is an aid to management in making financial decisions while Malikova & Brabec, (2012) see it as the “only way how to analyze the financial position and performance of the chosen company” by external users. Empirical studies have revealed that ratio is useful in earlier (at least in 5 years) determination of bankruptcy and are more accurate than other tests. Malikova & Barbec (2012) in agreement, said that ratio analysis is the only way the investors or external users can analyze a firm financial position and performance.

Ratios that help in determining the health of a firm or its financial position are debt-to-equity ratio, which is total debt divided by total equity. This ratio shows how much a firm relies on debt to finance its activities. Enterprise value is the market value of equity plus debt minus cash. This ratio shows the true value of the firm’s

asset excluding cash or cash equivalent plus debt. The ratio used commonly to analyze income statement is the profitability ratios. The profitability ratio shows the return on items or group of items of the financial statements. Some profitability ratios are: gross, operating, and net profit margin; return on assets, and return on equity. One way to analyze cash flow statement is by the simple cash flow statement analysis, which is the amount of cash available for investment without the use of money from operation and fund from outside sources to pay a dividend, debt repayment, repurchase of stock, and new investment for growth in the future. Free cash flow is a net income plus amortization over depreciation minus change in working capital minus capital expenses. Where the cash from operating activities is greater than the net income is an indication that the company is doing well. Firm use of ratio to analyze financial statements depends on the area of interest as it relates to the type of decision intended to make.

However, the ratio does not answer all questions (Theogene, Mulegi, Hosee, 2017) or should not be taken or consider absolutely but rather other economic conditions and the firm industry environment should be considered in addition to ratio analysis. For instance, it was discovered from a study that firms that failed were those of less or low inventory rather than high inventory (Best n. d); which implies that though the firm had high inventory turnover, other factors may have caused its failure. Hence, more ratios should be used to get the entire story of the entity stability and possibility for growth.

## **Factors that Enhance the Use of Financial Statement**

Many factors may enhance the usage of financial statements information but this study is a concern with the quality of the statements and the knowledge of users of the statements.

The word quality is central to the business world; speaking of goods, services, employees, and information ensures the success of an organization. However, quality is one of the things that are difficult for researchers to give meaning and to measure (Irfan, 2014). The struggle has been whether to judge quality base on its process or outcome. It is believed that the process should be considered in connection with the outcome since a good outcome stem from a good process (Keren & de Bruin, 2003). How an organization arrives at quality is important to the benefit they desire. Speaking of information quality, which is the focus of this study, according to Shagari & Dandago, “the overriding quality that makes information useful lays in its contributions to more accurate forecasting of future economic conditions” (2013, p. 3). Moreover, for information to be of quality it should be relevant, accurate, complete, interpretable, and timely (Abumandil & Hassan, 2016; Kerr, Norris, & Stockdale, 2007). Accuracy has to do with the source, component, and credibility of the information. Relevancy is when the information meets the task at hand or is adequate to the task. Completeness is when information is whole and does not leave out any material aspect that can cause significant harm. Interpretability has to do with the ease of understanding due to the presentation and nature of the information (Abumandil & Hassan, 2016; Kerr et al., 2007). Information is of quality when it is free of defects and meets the standard set and intended purpose to users. According to Abumandil & Hassan (p. 127, 2016), “information quality affects decision making”.

Quality information improves the decision-making quality and reduces uncertainty and enhances decision outcomes.

Effective decision making depends on the availability of quality information. According to the IAS and IFRS, financial statements are prepared to communicate financial information of an organization in support of economic decision making of users for forecasting, enhancing and continuing services. Also, financial statements information should possess the qualitative characteristics which when considered are similar to the characteristics of information quality as stated above. The quality of financial statements is measure in terms of its relevance which has to do with timeliness and usefulness to the task, and reliability which is the faithful representation of the information of the statements without errors. “Materiality is distinguished as the characteristics that provide relevance, faithful representation includes completeness, neutrality, and absence of errors.” (Shalimova & Kuzmenko, 2016). Information provided in the financial statement should match the qualitative characteristics as presented by the international standards of accounting “the requirement of an appropriateness foresees that the financial reporting must contain appropriate information that influences on making decision uses only, gives an opportunity in to estimate past, present and future events in time, confirm and correct their estimations done in the past.” (Shalimova & Kuzmenko, 2016, p. 31). Therefore, it is of great importance that financial statements, as a tool for communication, be of good quality to meet the management financial decision-making needs. Moreover, it is the process that adds quality to the outcome. Therefore, if the success of a business depends on its financial performance, then quality data of financial statements should be considered when deciding to avoid a poor or low-quality decision. Quality information also increases the knowledge of the users of the information for more

quality decision. Moreover, increased knowledge increases the decision-making effectiveness or quality (Kerr et al., 2007).

Knowledge is another factor that can affect the use of financial statements. The users of financial statements first and primary task is how to read (Zager & Zager, 2006; Ismajli & Shkodra, 2012; Berndt & Leibfried, 2007) and understand financial statements which are loaded with accounting jargons to decide based upon them. One needs to understand these technical jargons to make use of them and appreciate its impact on the decision. For information to be of adequate use, there must exist a match between the user and the information; “Understandability of information is regularized by users’ characteristics and characteristics of information provided” (Aderemi, David, Adekunle, Sylvester, 2017, p.5). Understandability according to Patrick, Tavershima, & Eje, (2017), has to do with the presentation of the financial statements. A user who lacks such ability may deem it not relevant and necessary to use the information of financial statements for decision making (Berndt & Leibfried, 2007).

Decision-makers need the right skills; cognitive ability, rational creativity, and balanced judgment (Negulescu & Doval, 2014; Tarter & Hoy 1998) to determine the right information, best alternative, and make the decision that meets the organization’s objective. The decision-maker needs to have a clear understanding of the task at hand, to choose the right option base on quality information that fit the task for the achievement of a desirable goal. Understanding of the task at hand is not limited to the initial and final knowledge but rather those that are obtained during the process of the task (Shaft & Vessey, 2006). Full knowledge of the problem at stake along with the cognitive ability to understand the problem and the skills to identify the

right solution to reach a sound judgment is paramount and consequently poor decision could be made amid quality information and the right alternatives.

### **Use of Financial Statements in Non-profit Organizations**

Many characteristics are common with for-profit and non-profit organization for example; they operate within the same economic environment of scarce resources. Three characteristics that distinguish the non-business are (1) individual freewill contribution with no return gain or benefit, (2) nonprofit motive, and (3) ownership is not transferable easily (Porwal, 2001). Whether a business is for profit or not for profit, among the many similarities is the need for accountability to interest groups. Accountability is availing the organization and its leaders for scrutiny by interest group. One of the means through which organizations are scrutinized by interested parties is through the financial reports. Nonprofit organization accountability is not tied to “electoral control” like governmental agency or “market forces” like for-profit organization, neither does their financial statements follows directly FASB in their content and presentation of financial statements in meeting the decision-making needs of users but rather on “relationship to” and “knowledge about” the organization (Khumawala & Gordon, 1997, p.46). In fact, many standard-setting boards were organized originally for the profit-making organizations as is clearly stated in the objectives and it was not until 1910, according to Khumawala & Gordon, (1997), accounting for nonprofit organization emerged, and by 1984 the Governmental Accounting Standard Board (GASB) was formed while Financial Accounting Standards Board issued Statement of Financial Accounting Concepts (SFAC) No. 4 on the objectives of financial reporting by nonprofit organization in 1980. It was in



1985 that the FASB integrated not-for-profit organization into its conceptual framework and espoused it to its agenda.

Porwal (2001), explained that the general objective of nonprofit organizational financial reports is to provide information of an entity's performance to its users “members, taxpayers, contributors, grantors, lenders, suppliers, creditors, managers, financial analyst, brokers and underwriters,” (p.132). From his perspective, since there are many users there should be no any particular concept of income in measuring performance, meanwhile, financial reporting information should be that which meets the need of various users of the report. Khumawala & Gordon, (1997) and went further to include service beneficiary as users of nonprofit organization financial statements.

NPO prepare 2 types of financial report: internal and external reports to meet the needs of both internal users and external users of the financial report. Planning is important to the NPO in directing its effort to achieve its goals and fulfill its missions. To achieve this plan, it must be express financially, and the budget is the way; is a financial plan and predicts the future. Internally, the budget for the subsequent year is prepared by the staff; while audited financial statements of the previous year and in-year financial statements are submitted to the board either monthly or quarterly. NPOs internal financial statements show the budget versus the actual, and variances. NPO audited financial statements are approved by the board. Externally, the management prepares general purpose financial statements and specific financial report to external users who are funders, donors, and members whose interest are to ensure that assets and resources entrusted to the organization are used efficiently and effectively (CICA, 2012). NPOs financial reporting is share among the management who is responsible for preparing a financial report, the board who is responsible to oversee the

management and its financial reporting activities, and the auditors which are responsible for assurance of management report (CICA, 2012).

The purpose for NPO holding cash and generating income is social, rather than cash flow generation as compare to the for-profit organization as is stated in the conceptual framework PRA8 (FASB 8, 2016) to achieve its mission. NPO has a unique type of source of income to support its mission and purposes. The contribution is a special type of revenue for NPO which is a non-reciprocal donation from individual, government, or another organization (CICA, 2012). These contributions may be directed to a specific goal or need of an NPO or restricted base on donor's specifications. There are 3 types of contribution: restricted contribution, which is stipulation externally imposed by the donor; endowment contribution, are restricted contributions that are maintained permanently; and unrestricted contributions whereby NPO is free to spend the fund at well. Another source of income for NPOs is a gift (Davies & Martin, 2015) that is considered as donation and grant from individual and other organizations. Because of the nature of NOPs, that is many sources of revenue with restriction and specification of use by donor, "tracking externally restricted contribution and internally restricted net assets is an important task of management" (CICA, 2012, p. 28). Therefore, Fund Accounting system is very useful in this light as it groups or separate fund according to purpose and restrictions. NPOs that opt for Fund Accounting use the Restricted Method of accounting for contributions while NPOs that does not use Fund Accounting uses the Deferral Method of treating contributions. Under Fund Accounting, net assets are shown as fund balance and there are only three financial statements: statement of financial position, statement of operations and changes in fund balances; and statement of Cash flows (CICA, 2012). Also, NPOs fund available for use is grouped into three: operating fund, capital assets

fund, and endowment fund. Operating Fund holds the surplus that is not restricted and is for future use, plus those that are internally restricted. In other words, they are a fund for operational purposes. Capital assets and Endowment funds are externally restricted for capital assets and endowment contribution respectively (CICA, 2012).

While for-profit organizations objectives of financial statements are for the production of income for owners and shareholders, not-for-profit organization goal is communicating the usage of resources for the organization objectives, changes in available resources, functions and resources allocation to functions, donor's restriction disclosures, and portrayal of the organization ability to achieve it mission and objectives.

### **Decision-Making**

Decision making is the process of choosing one option among many alternatives. There is no one way or single process of decision making, however, it is based on "conscious rationality, subconscious emotional influences, and instincts" (Tohidi & Jabari 2012, p. 825). One has to be intentional to decide based on available information, the environment, feelings, and best judgment. However, it is first important to establish that there is a need or problem which Jones (2017) describe as decision awareness. Next is to identify all possible alternatives surrounding the need or problem and along with its pros and cons, and cost-benefit, feasibility, effectiveness, and consequence to the organization. Each alternative of the problem is evaluated as to its possibility, risk, and impact to make the best choice base on, knowledge, experience, intuition, and skills. While there is no one process of decision making, it is always important to follow a procedure in ensuring a quality decision is made and this study wants to limit itself to just four dimensions of quality decision among many others: information, alternatives, knowledge, and context.

A decision cannot be taken within a vacuum but can be supported by the use of quality, relevant and reliable information to achieve an effective result. Information can influence the quality of the decision (Kock & Gemunden, 2016, Graf & Six 2014, Frownfelter-Lohrke, 1998). Negulescu & Doval (2014) findings show that managers base their decision on information at their disposal which implies that incomplete or inadequate information used can reduce or impede the quality of the decision. For instance, financial information is important to investors' decisions making as they make use of fundamental analysis of company security for prospect determination. Notwithstanding, information quality and quantity can affect the quality of the decision. An increase in the information can cause an increase in the quality of the decision; however, more and more information increase can decrease the quality of decision; causing information overload (Graf & Six 2014, Goswami 2015). One way to help solve information overload is the presentation of information graphically to aid decision-makers to sort out information (Ozimec, Natter, & Reutterer, 2010). This can enhance information usage and the quality of a decision. Information quality can be described in term of its usefulness to the task of the decision-maker. The most important aspect of decision quality is the quality and quantity of the information upon which the decision is based.

Alternatives is another factor that can enhance the quality of the decision. For instance, a complex decision with many alternatives and challenging decision with many possible outcomes; can lead to a lower quality of the decision (Graf & Six, 2014). Therefore, various alternatives for solving the problem should be provided and analyzed to select the best and satisfactory alternatives (Negulescu & Doval, 2014). Research should be done to determine and select the best option considering the consequences and outcome of each option (Dowding & Thompson, 2013, p. 6).

According to the Cognitive Fit Test, there must be a match between the problem and the decision to be taken to be effective in such decision (Vessay 1991, Ozimec et al., 2010). This can be said also of the fit of the various alternatives to the objective of the decision. If the wrong alternatives to the problem are selected, the right decision cannot be reached or the result will be far from reality or the organization objectives. Some authors (Abumandil & Hassan, 2016) believe that context determines and affect the quality of information needful, the alternatives appropriate, and the ability of the decision-makers. Kerr et al. (2007) think that Quality should be taken within a context and should satisfy the need as various needs demanding various options cannot be satisfied by one standard. This implies that since what is needed at a point could change at another point or by different users; quality should be taken within a context. Every organization exists within an environment which has an impact on the organization and its decisions. The context in which decision is taken is an important aspect of its quality, which as stated by Dean and Sharfman (1996) shapes the outcome and effectiveness of the decision. Data is transformed into information and meaning is given to a situation or problem through context. Context adds meaning and value to information. Context is the setting or culture in which communication or discussion or incident take place or occur; “utterances depends not on isolated sentences but the context,” (David & Martin, 2015). The cultural context has to do with the surrounding or environment. Cultural context difference can lead to misunderstanding and errors. For instance, the use of the word ‘Capital’ before an audience of accountants and economist who understanding of the word is dissimilar, however, with the context in which it is used can give a singular meaning by both groups. The context of decision is important for common understanding and direction of actions. For instance, data use for decision making should mean the same to those

involve in the decision without which it will almost be impossible to reach a decision. Applying Vessey (1991) Cognitive Fit Test, the problem under consideration and the context should match to reach a quality decision else there will exit misunderstanding or misrepresentation, leading to error and poor quality decision. A quality decision is one factor that contributes to organizational success and also ensures the effectiveness of organization resources.

The decision itself has some influence on its quality. For instance, when the decision-makers perceive the decision as a crisis or opportunity, short or long term, difficult or simple, can influence the amount of effort exalted in the process which in turn can influence the decision quality.

### **Decision-Making Theories**

Tarter and Hoy (1998) in discussing six models of decision making propounded 6 prepositions which models are the classical models or optimizing strategy, administrative models or satisficing strategy, incremental models or strategy of successive limited comparisons, mixed scanning models or adaptive strategy, garbage-can model or irrational decision making, and political model or personal rationality. These models and preposition describe the process of decision making as being arranged from optimizing organizational decision to achieving personal goals. Of the six models, the study is considering the mixed –scanning models which seem to consider the reality of our world. According to Tarter & Hoy (1998), the mixed-scanning model was suggested by Amitai Etzioni to address decision making pragmatically. The model combines theory and experience to obtain a more flexible and adaptive satisfice in a situation where information is incomplete and the outcome is uncertain. This model shows the reality that exists most of the time in a real-world setting; information is not always complete even if it is relevant and reliable to some

extent, and one cannot be aware of the end of any situation especially where there are unforeseen circumstances. However, a decision must be taken and cannot venture into dimly but purposely.

They further submitted that the decision-maker make use of trial and error by beginning tentatively and repeating the action if fails. The decision-maker begin the process by monitoring the effect of their initial choices, and further reversing it if inconsistent with the policy by examining the problem, analyzing the difficulties, begin a tentative action, and if fails, try something else. This can be seen in medicine. Doctors in their treatment of patients, investigate the symptoms, evaluate the difficulties, start an initial treatment, and try something new if the initiative fails. Tarter & Hoy (1998) concluded that the models cannot substitute rational thinking but should serve as a guide as they do not guarantee the outcome of the decision. However that information are not always available for decision making, its importance cannot be rule out in the process of decision-making as was purported by Reid, Thomson, & Wallace-Smith (1998) where 94 percent of managers of two banks in their survey indicated that information can lead to a better-informed decision making and information can be seen as an asset.

To attain an effective decision, it is essential that a fit exists with the problem and the task at hand. With regards to fit, the study is based on the concept of a theory developed by Iris Vessey (1991); Cognitive Fit Theory. The Cognitive Fit Theory is a theory of problem-solving. The Theory states that “for most effective and efficient problem solving to occur, the problem representation and any tools, or aids employed should all support the strategies (methods or processes) required to perform that task” (Vessey & Galleta, 2001, p. 64). That is there should be a match of the problem representation, and the task characteristics to have an effective problem solving or

decision. Higgins (2005, p. 209) believes that people are motivated, and their decision is enhanced when there is a “regulatory fit” of their value, experience, and goals. Regulatory fit is whereby what a person value and experience fit with the goal of such person resulting in a feeling of satisfaction (Higgin, 2005 p. 210). Using the “regularity fit” concept, the satisfaction of a decision strengthens the decision-maker to pursue the course of action convince about the process and optimistic of the desired outcome which can bring about ease in the implementation of the decision. The decision-maker feel satisfied with the decision when there is a regulatory fit of the process and outcome and values (Higgins 2005). Cognoscente of the fact that there is a broad spectrum of information makes it difficult and imperative that users of information be selective and specific about their information usage. Neglect of such fact is detrimental to the process and effectiveness of any decision. As part of the process of decision making as was discussed earlier, the problem characteristics should be well understood and defined to appropriately match the task for effective decision making. For instance, giving of loan to a client with no consideration of the client ability to pay and collect its debts through a viewing of the comprehensive income statement and statement of the financial position involves the risk of bad and uncollectable debt. Hence the decision to issue the loan must match the information required to make an informed decision of whether or not to issue the loan.

### **Decision-Making Effectiveness**

Effective decisions can be seen in every facet of an organization ranging from its physical structure to its performance in the environment and industry. Effective decision-making can be defined as selecting the best option among others in a systematic way and implemented to achieve the organization-specific goal. As explained by Abumandil & Hassan (2016) and Drucker (1967), effective decisions



result from a systematic process of choosing from several alternatives. The process of effective decision making can begin with identification, and further, analyze and classification, definition, information gathering, decision, the action of the problem, and evaluation of the decision. The first thing to do is to recognize that there is a situation that exists and needs the address. The next thing is to identify the type of decision and according to Drucker (1967), classify the problem as either generic or unique to appropriately determine whether to use set rules or address the problem as it comes. Clear definition and understanding of the problem can avoid future failure or poor decision. Therefore, it is important to ensure that the problem is completely defined by checking all facts relating to the problem to avoid incomplete definition. This can be achieved by gathering information appropriate to the problem and decision. Also, identify and evaluate several alternatives through research and discussion of other possible options for addressing the problem with others. Subsequently, the decision is taken by selecting the best option after specification by clearly stating the goals or what the decision-maker hopes to achieve. In deciding, it is essential to first consider the right thing to do before compromises or conventional (Drucker 1967). A decision without action is only a good intention, therefore, action should be considered when making an effective decision; that is indicating those responsible for the implementation of the decision and those concerned. It is important to do monitoring and obtain feedback through reports from the actions to avoid an obsolete or poor decision.

Decision taken in the organization is mostly done in a group: board, committee, and teams; and those group decision making is about collaborating (Carneiro, Santos, Marreiros, & Novais, 2014). It also entails the individual decision maker's personality, emotions, and expectations. According to Higgins (2005) "by

ensuring that all parties experience fit in how they carry out a negotiation, satisfaction with and commitment to the agreement will increase, independent of outcomes” (p. 212). This is not to say that once these are present; the results of the decision are bound to be positive or satisfactory. Rather, it is that the decision objective and rational are met and results in the certainty of actions.

Satisfaction is the fulfillment of one's needs or benefits derived from something (Irfan, 2013). Decision-makers obtain satisfaction from the meeting based on how they feel about the way and means by which the meeting was conducted, and the accomplished derived from the meeting. Their satisfaction is influenced by their emotional changes, meeting process and outcomes, expectations (Carneiro et al., 2014), and according to Higgins (2005), fit between or of task and expectation bring about satisfaction. The process of the meeting and the outcome of the meeting are aspects of the meeting that bring about satisfaction to decision-makers.

Another aspect of effective decision making the study wishes to consider is commitment. Commitment is a part of the organizational behavior studies and there is a growing concern of assessing job performance and workplace behavior (Meyer, Becker, Vandenberghe, 2004). Commitment is a power or force within a person that drives that individual toward certain goal achievement (Meyer et al., 2004). It can take different forms; affective attachment to the organization or affective commitment, obligation to remain or normative commitment, perceived cost of leaving or continuance commitment, and can be directed to different goals; organization occupation, supervision, team, programs, customer and union. Irrespective of commitment target, the form of commitment binds a person to a course of action (Meyer et al., 2004). Commitment can also be explained in light of a task to describe people point of view toward work or a task. Task commitment was

introduced as early as 1978 by Joseph S. Renzulli in his theory giftedness (Kurniasih & Harta, 2018). Kurniasih & Harta (2018) describes task commitment as reaching a certain achievement as a result of strong self-will to complete the task and to solve the problem. They explained the characteristics of task commitment as “persistence, endurance, self-confidence, dedication to practice, and interest,” and that task commitment had an impact on achievement. Commitment to task shows that with all the information and ability to think critically, without commitment, desired goal achievement cannot be realized. Furthermore, commitment is an important factor especially in decision making (Kumar & Saha, 2017; Landsbergen, Coursey, Loveless, Shangraw, 1997). This is such that when the decision failed commitment to the task can cause the decision-makers to remain committed to achieving the initial goal. Kumar & Saha (2017) further explain that employees’ level of commitment to the organization is related to their involvement or participation in the decision-making process and that there is a relationship between participation in decision making and commitment to organizational goals. Commitment can be seen by attachment or belonging and loyalty, it is a drive to achieving organizational goals.

### **Impact of Financial Statements on Decision-Making**

Financial statements are the primary mode of communicating organization financial activities to external users for decision making (Shagari & Dandago, 2013; El-Maude, Bawa, Dandago, & Abu-Saeed, 2015). Financial statements according to Aderemi, David, Adetiloye, Eriabie (2017), to increase the effectiveness of decision making should possess the primary qualities as reveal in the FABS: relevance and reliability, comparability and consistency, and prepared by generally accepted accounting principles (GAAP). Hence, management responsibility is to prepare

financial statements to base on these principles and ensures the statements are free of errors and material misstatements while revealing the true picture of the organization for information and decision making.

Financial reporting provides important information to the economic decision-making process since it serves as a medium of communication between producers and users (Ibrahim, Raman, & Saidin, 2009). It serves as decision-making tools to analysts and investors and according to Ko, Cho, Afzal, Yau, Chae, Malik, & ... Ebert (2016), for informed decisions. However, voluminous information can lead to information overload and poor decision as is stated by the FASB 2010a; “increased disclosure will affect investors’ judgments and decisions,” (p. 99) and according to Kelton & Murthy (2016), disaggregation of financial statements potentially affect nonprofessional investors decision as the result of information overload. In their experiment with nonprofessional investors regarding disaggregation of financial statements, the authors found that interacting financial statements presentation format through drill down reported lower cognitive load (Shaft & Vessey 2006, Frownfelter-Lohrke 1998, Kelton & Murthy 2016). Notwithstanding, other means of presenting the financial statement can help reduce such negative effect. For instance, the use of graphs and the tabular format allows users the option of selective viewing easing a load of information while enhancing cognitive reasoning.

Misstatement and misrepresentation of financial activities of the organization, according to Sherman & Young (2016) is due to erroneous and/or fraudulent estimate and judgments, inaccurate financial metrics, and incentives to dress or manipulate financial statements. They believe it is not just the figures that are flawed but also the operating decision that is manipulated for short term result against long term

performance. Consequently, decision-based on such information is of poor quality and ineffective.

Financial statements misrepresentation of a firm can cause a peer firm operational decision to be wrong strategically and tactically and can have short and long-term effect on the firm performance (Li, 2016). For instance, a firm in an industry to keep up with future demand falsely depicted by its competitor whose financial statement is misrepresented could embark on a substantial activity. The opposite is evident as the true and fair presentation of financial activities of an organization can lead to an effective decision that gives confidence to decision-makers and that yields positive results. This is possible when there is a match between the information (qualities of the financial statements), the users, and the task (decision) at hand.

### **Empirical Literature**

The essence of the use of financial statements in decision making is of interest to researchers as the major objective of financial statements is to support and corroborate economic decision making. Many studies have researched the relationship of financial statements uses and management decision-making. Vanauken, Aşçığil, & Carraher (2017), studies on SME's use of financial statements for decision making in Turkey identified experience, confidence, and knowledge as key variables determinant of the use of financial statements. The studies found that those who use financial statements are those who understand and have knowledge of financial statements. Ullah, Khonadakar & Fahim (2014) studies evaluate the use of accounting information in strategic decision and the findings shows a significant relationship between accounting information and management strategic decision within the manufacturing industries. Kariyawasam (2016) study of the Sri Lankan manufacturing

sector use of accounting information and decision making indicated the existence of a strong statistically significant positive correlation of accounting information on marketing and manufacturing related strategic decision-making. The study further stated that accounting information is mostly used when making strategic decisions of marketing and manufacturing. In addition to the findings mentioned above, Srivastava and Lognathan (2016) study on the impact of accounting information for management decision making findings indicated a strong relationship between accounting information and managerial efficiency, and better decision-making.

Several studies, such as Vanauken, Aşçıgil, and Carraher (2017), Ullah, Khonadakar & Fahim (2014), Ionu and Petec (2015), Kariyawasam (2016), and Srivastava and Lognathan (2016), found that management use accounting information for strategic decision and it is a contributing factor to better strategic decision making. This study aims to examine the extent board members uses financial statements and whether quality and knowledge are key determinant of management decision-making effectiveness of selected entities of the Seventh-day Adventist Church within Liberia.

## CHAPTER 3

### METHODOLOGY

#### **Research Design**

The primary objective of the research is to examine the extent to which governing body (board) of Seventh-day Adventist Church institutions within Liberia a field of West African Union Mission (WAUM) uses financial statements in making decisions. In meeting this objective, the study used a Cross-sectional research design to understand the importance board members places on financial reports when deciding and also to help the researcher obtain relevant information relating to the impact of financial statements usage and analysis on the quality of decisions.

#### **Population & Sampling Procedure**

The entities within the Liberia field of WAUM comprises of 4 institutions, 131 churches, 1 hospital, 1 university, and 9 schools totaling 146 entities. Of the 131 churches, only 4 churches prepare financial report therefore only entities preparing financial reports were considered for the study. Hence, the research population was 90 board members of those various entities that prepares financial reports. The study made used of proportionate stratified random sampling technique. This technique was chosen because the study is directed at board members of different entities within the Liberia field of WAUM of the Seventh-day Adventist Church. The total sample size was determined using the Kreicic & Morgan (1970) Table 1 below.

Table 1. Kreicie & Morgan Table for Determining Sample Size

| <i>N</i> | <i>S</i> | <i>N</i> | <i>S</i> | <i>N</i> | <i>S</i> |
|----------|----------|----------|----------|----------|----------|
| 10       | 10       | 220      | 140      | 1200     | 291      |
| 15       | 14       | 230      | 144      | 1300     | 297      |
| 20       | 19       | 240      | 148      | 1400     | 302      |
| 25       | 24       | 250      | 152      | 1500     | 306      |
| 30       | 28       | 260      | 155      | 1600     | 310      |
| 35       | 32       | 270      | 159      | 1700     | 313      |
| 40       | 36       | 280      | 162      | 1800     | 317      |
| 45       | 40       | 290      | 165      | 1900     | 320      |
| 50       | 44       | 300      | 169      | 2000     | 322      |
| 55       | 48       | 320      | 175      | 2200     | 327      |
| 60       | 52       | 340      | 181      | 2400     | 331      |
| 65       | 56       | 360      | 186      | 2600     | 335      |
| 70       | 59       | 380      | 191      | 2800     | 338      |
| 75       | 63       | 400      | 196      | 3000     | 341      |
| 80       | 66       | 420      | 201      | 3500     | 346      |
| 85       | 70       | 440      | 205      | 4000     | 351      |
| 90       | 73       | 460      | 210      | 4500     | 354      |
| 95       | 76       | 480      | 214      | 5000     | 357      |

Note. —*N* is population size.  
*S* is sample size.



Table 2 also shows the target population and the corresponding sample size for the study.

*Table 2. Population and Sample Size*

| ENTITIES                            | Population | Sample    |
|-------------------------------------|------------|-----------|
| Adventist University of West Africa | 14         | 12        |
| West African Union Mission of SDA   | 19         | 14        |
| South-West Liberia Conference       | 19         | 14        |
| Monrovia Central Church             | 15         | 12        |
| Better Living SDA Church            | 15         | 12        |
| SDA Cooper Hospital                 | 8          | 8         |
| <b>TOTAL</b>                        | <b>90</b>  | <b>72</b> |

### **Instrument for Data Collection**

The instruments chosen for the researcher to meet the specific research objective are a four sections questionnaire administered to 72 executive committee and board members. The first section aimed to gather demographic information of respondents. The second section ascertained the rate of use of data from financial statements and the extent those data is used when decisions are made. The third section purpose was to determine the respondent's perception of the quality of financial statements information. The fourth section sought to ascertain the level of knowledge of the users of financial statements, and lastly, the fifth section aimed to consider the effectiveness of the board decision making.

### **Instrument Validity and Reliability**

**Validity.** The study questionnaire was designed and submitted to the researcher's colleagues and other experts who are professionals involved in assessing financial statements use and effectiveness, to assess the questionnaire soundness in measuring the research questions.

**Reliability.** Reliability analysis was done using Cronbach’s Alpha to measure the internal consistency the variables. The Cronbach’s Alpha test is useful in multipoint-scaled items to ensure consistency of measure of respondents’ answers. Moreover, the study conducted pilot testing to ensure reliability. The questionnaire was given to 20 respondents for the pilot testing to assess the soundness of the questionnaire. Table 3 presents the Cronbach’s Alpha reliability statistics.

*Table 3. Cronbach’s Alpha Reliability Test of the Study Questions*

|   | # of Items | Cronbach’s Alpha |
|---|------------|------------------|
| Uses of Financial Statements                        | 28         | .960             |
| Quality of Financial Statements                     | 5          | .856             |
| Level of Knowledge of Users of Financial Statements | 5          | .887             |
| Level of Effectiveness of Decision Making           | 17         | .912             |
| Average Cronbach’s Alpha                            | 55         | .904             |

Table 3 reveals a .90 coefficient of the overall instrument of the study. This is an indication of a reasonably strong coefficient.

### **Data Collection Procedure**

The researcher wrote a letter to the Union for permission to administer the questionnaire to three regions of its Liberia field. The researcher administered the questionnaire personally to minimize error in participant responses. The purpose of the study was explained to acquaint the participant with the nature of the study. Participants were informed that the process is voluntary and they could withdraw from any question that they may not feel comfortable to answer. Furthermore, it was made clear to the participant that all information provided within the questionnaire shall be treated with confidentiality. The researcher collected the data within 3 weeks from the respondents given the proximities of the respondents.

### **Method of Data Analysis**

The basic statistical tools used for the current study include mean, standard deviation, correlations and multiple regression analyses. Data collected were analyzed using the Statistical Package for Social Sciences (SPSS).

### **Ethical Considerations**

The researcher obtained permission from the appropriate authority of the selected institution, and made adequate disclosure to the respondents of the study with the assurance of confidentiality of information received.

Respondents' consent was obtained to indicate their willingness to fill the questionnaire. For confidentiality and anonymity of respondents, the questionnaire did not require respondents' names. The researcher restricted the questionnaire to only questions that are needful for the study.

While the researcher needed the full participation of each selected institution, respondents were informed of their liberty to participate or withdraw from the process at any point in time.

To avoid deductive disclosure, the results of the study are communicated in groups to ensure maximum confidentiality. Also, all information and findings of the study are used solely for academic purposes as stated in the study.

## CHAPTER 4

### RESULTS AND DISCUSSION

The purpose of this study was to investigate the extent to which decision-makers of the entities within the field of Liberia make use of financial statements and the effect of the quality of the statements and knowledge of the users on the effectiveness of their decision.

#### **Participation Rate**

Out of the 72 respondents surveyed, 60 were retrieved from respondents, making a response rate of 83%. The response rate is above 70%, therefore it is considered good for the type of study under consideration (Mugenda & Mugenda, 2003). Of the 72 surveys, 12 questionnaires were uncollectable as the respondents could not be reached easily within time.

#### **General Demographic Analysis**

According to Table 4, the majority (71.7%) of the respondents were board members while 10% and 8% were presidents and executive secretary respectively.

*Table 4. Frequency Distribution for Financial Statement User Role*

|       |                                  | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|----------------------------------|-----------|---------|---------------|--------------------|
| Valid | President                        | 6         | 10.0    | 10.0          | 10.0               |
|       | Executive Secretary              | 5         | 8.3     | 8.3           | 18.3               |
|       | Treasurer                        | 6         | 10.0    | 10.0          | 28.3               |
|       | Executive Committee/Board Member | 43        | 71.7    | 71.7          | 100.0              |
|       | Total                            | 60        | 100.0   | 100.0         |                    |

Table 5 shows the distribution of Board Members according to the number of years in board service. 43.9% of the respondents have served as a board member for seven and more years, and 24.6% of them served for 4 to 6 years and only 31.6% of the respondents have served for 3 or fewer years. This indicates that the respondents have experience in their role of decision making.

*Table 5. Frequency Distribution of the Years Respondents Serve as Board Member*

|         |              | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------|--------------|-----------|---------|---------------|--------------------|
| Valid   | 1-3yrs       | 18        | 30.0    | 31.6          | 31.6               |
|         | 4-6yrs       | 14        | 23.3    | 24.6          | 56.1               |
|         | 7yrs & Above | 25        | 41.7    | 43.9          | 100.0              |
|         | Total        | 57        | 95.0    | 100.0         |                    |
| Missing | System       | 3         | 5.0     |               |                    |
| Total   |              | 60        | 100.0   |               |                    |

Table 6 highlights that most of the respondents (70%) were male while only 28.3% were female. The gap between the two figures shows a signal that there is a wide gap also in decision making. For instance, an action that will affect a whole family, the aspect of female could be overlooked as a result of more males on the board than females.

*Table 6. Frequency Distribution for Gender*

|       |        | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|--------|-----------|---------|---------------|--------------------|
| Valid |        | 1         | 1.7     | 1.7           | 1.7                |
|       | Male   | 42        | 70.0    | 70.0          | 71.7               |
|       | Female | 17        | 28.3    | 28.3          | 100.0              |
|       | Total  | 60        | 100.0   | 100.0         |                    |

As shown in Table 7, the respondents were mostly between the ages of 41 to 50 years of age (about 70%), while 13.3% are of the ages 31 to 40 years and 15% were 60 years and above.

*Table 7. Frequency Distribution of Respondents' Age*

|                | Frequency | Percent | Valid Percent | Cumulative Percent |
|----------------|-----------|---------|---------------|--------------------|
| Valid 21-30yrs | 1         | 1.7     | 1.7           | 1.7                |
| 31-40yrs       | 8         | 13.3    | 13.3          | 15.0               |
| 41-50yrs       | 42        | 70.0    | 70.0          | 85.0               |
| 60yrs & Above  | 9         | 15.0    | 15.0          | 100.0              |
| Total          | 60        | 100.0   | 100.0         |                    |

Table 8 above shows the number of board members of the respondent's entity. The highest percentage of board members is 43.3% which is 11 to 20 board members, 31.7% or 10 and below-board members, and the least is 25% or 21 and more board members. This is in appliance with the church manual and policy of the number of board members of the entities under the study of which it is 11 to 20 members.

*Table 8. Frequency Distribution of Number of Board Members*

|            | Frequency | Percent | Valid Percent | Cumulative Percent |
|------------|-----------|---------|---------------|--------------------|
| Valid 0-10 | 19        | 31.7    | 31.7          | 31.7               |
| 11-20      | 26        | 43.3    | 43.3          | 75.0               |
| 21 & Above | 15        | 25.0    | 25.0          | 100.0              |
| Total      | 60        | 100.0   | 100.0         |                    |

Table 9 shows that 42.4% of the board meetings were held mostly 1 to 3 times a year. Also, those that met 7 and more times were 30.5%, and the least number of times the meetings were held is 4 to 6 times or 27.1%. This implies that the board meeting is mostly held quarterly or bi-annually.

*Table 9. Frequency Distribution of the Number of Board Meetings Held*

|         |           | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------|-----------|-----------|---------|---------------|--------------------|
| Valid   | 0-3       | 25        | 41.7    | 42.4          | 42.4               |
|         | 4-6       | 16        | 26.7    | 27.1          | 69.5               |
|         | 7 & Above | 18        | 30.0    | 30.5          | 100.0              |
|         | Total     | 59        | 98.3    | 100.0         |                    |
| Missing | System    | 1         | 1.7     |               |                    |
| Total   |           | 60        | 100.0   |               |                    |

Table 10 indicates that most of the respondents were church board members, 23 or 38.3%, rather than board members of the Union, Conference, and Mission, 37 or 61.7% cumulatively. The researcher observation and experience while conducting the survey, is that the board members of the WAUM field, especially in Liberia, are linked. That is one person serving on almost all the entities board, or a board member of one entity is also a member on the other or several other entities board.

*Table 10. Frequency Distribution of Respondent Organizations*

|             | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------------|-----------|---------|---------------|--------------------|
| Institution | 16        | 26.7    | 26.7          | 65.0               |
| School      | 21        | 35.0    | 35.0          | 100.0              |
| Total       | 60        | 100.0   | 100.0         |                    |

### **Research Question One**

To what extent are financial statements information used by decision-makers of the Liberia field in their decision-making process?

Tables 11 and 12 address the first research question which purpose is to ascertain the extent to which decision-makers of the Liberia field use financial statements during the process of decision making. A financial statement is a tool of communication within the business and each statement communicates an aspect of the financial activities of an entity.

*Table 11. Descriptive Analysis of the Use of Financial Statements*

|                                   | N  | Minimum | Maximum | Mean | Std. Deviation |
|-----------------------------------|----|---------|---------|------|----------------|
| Statement of Financial Position   | 60 | 1       | 5       | 3.33 | 1.052          |
| Statement of Financial Activities | 58 | 1       | 5       | 3.24 | 1.097          |
| Financial Statement as Whole      | 60 | 1       | 5       | 3.23 | 1.047          |
| Statement of Cash Flow            | 59 | 1       | 5       | 3.10 | 1.213          |
| Notes to the Financial Statements | 59 | 1       | 5       | 2.75 | 1.321          |
| Statement of Change in Net Assets | 60 | 1       | 5       | 2.53 | 1.282          |
| Valid N (list wise)               | 56 |         |         |      |                |

According to Table 11 above, the more often used statement is the statement of financial position; with the highest mean of 3.33 and a standard deviation of 1.05. This is followed by a statement of financial activities with a 3.24 mean and standard deviation of 1.09. The least used statement is the statement of change in net assets; mean of 2.53 and standard deviation 1.28. Statement of cash flow which shows the liquidity of an entity is the fourth in rank of use to decision-makers of the Liberia field.

Table 12 is in connection with Table 11 above in answering the first research question. The survey designed in Table 12 is to obtain from respondents the purpose of using financial statement. The respondents stated that the most reason for using financial statement is to analyze the current operations of an entity (mean 3.85 and standard deviation .99), followed by to approve a financial transaction (mean 3.84 and standard deviation 1.20), to have an insight of viability and sustainability and to know the net worth of an entity as shown in Table 12 means 3.85, 3.84, and 3.78 respectively. The least purpose of using the financial statement as shown in the table is to grant and receive the loan (mean 2.80 and standard deviation 1.45) which of course is indicative of the fact that the entities are not financial institutions.



*Table 12. Purpose of the Uses of Financial Statement*

|   | N  | Minimum | Maximum | Mean | Std. Deviation |
|---|----|---------|---------|------|----------------|
| Analyze Current Operations                | 60 | 1       | 5       | 3.85 | .988           |
| To Approve a Financial Transaction        | 56 | 1       | 7       | 3.84 | 1.203          |
| Gives Insight: Viability & Sustainability | 59 | 1       | 5       | 3.78 | 1.001          |
| Know the Net Worth                        | 58 | 1       | 5       | 3.78 | 1.215          |
| To Provide Better Services                | 57 | 1       | 5       | 3.70 | 1.267          |
| Picture Past Performance                  | 59 | 1       | 5       | 3.69 | 1.118          |
| To Prepare Budget                         | 60 | 1       | 5       | 3.67 | 1.284          |
| Improve Images of Organization            | 58 | 1       | 7       | 3.67 | 1.289          |
| For financial & Internal Control          | 58 | 1       | 5       | 3.62 | 1.167          |
| Formulate Strategy                        | 58 | 1       | 7       | 3.62 | 1.137          |
| Prepare Cash Flow Statement               | 57 | 1       | 5       | 3.54 | 1.240          |
| Provide Analytical Advice                 | 60 | 1       | 5       | 3.52 | 1.157          |
| Predict Future Performance                | 60 | 1       | 5       | 3.50 | 1.157          |
| Report to Users                           | 60 | 1       | 5       | 3.48 | 1.295          |
| To Decide on Financial Course of Action   | 59 | 1       | 5       | 3.46 | 1.056          |
| To Advance to Project Next Step           | 58 | 1       | 5       | 3.45 | 1.095          |
| Improve Organization's Procedure          | 59 | 1       | 7       | 3.41 | 1.247          |
| Enhance Internal Org. Efficiency          | 58 | 1       | 7       | 3.38 | 1.387          |
| To Handle Financial Emergency             | 57 | 1       | 7       | 3.37 | 1.205          |
| Explore Areas for Fund Raising            | 59 | 1       | 7       | 3.27 | 1.157          |
| Make Capital Investment Decision          | 58 | 1       | 5       | 3.12 | 1.390          |
| Grant/Receive Loan                        | 59 | 1       | 5       | 2.80 | 1.448          |
| Valid N (listwise)                        | 46 |         |         |      |                |

Considering the results of the Tables 11 and 12 in answering the research question one there is an indication that the board uses the statement of financial position to analyze the current operations of the entity.

## Research Question Two

To what extent are the financial statements information provided of good quality to decision-makers of Liberia field of WAUM?

The decision taken must be based on good quality information. As such, the study designs these questions to assess the quality of the financial statements that are relayed upon for decision making.

The respondents as shown in Table 13, agree that information of financial statement is relevant to task with a mean of 3.93 and standard deviation .86. They also agree that financial statements are available when the decision is taken, and its information is accurate (mean of 3.92 and standard deviation 1.12). The least on the table is financial statement information is timely, (mean of 3.69 and standard deviation 1.16). An indication from the respondents is that financial statements of the Liberia field entities are of a quality standard to be relied upon for decision making. However, it is not on time for decision making which indicates that often a decision is taken without the use of the entity's financial statements.

*Table 13. Perception of the Quality of Financial Statement Information*

|  | N  | Minimum | Maximum | Mean | Std. Deviation |
|--|----|---------|---------|------|----------------|
| Information of F/S is relevant to task   | 58 | 1       | 5       | 3.93 | .856           |
| Financial statements are available       | 59 | 1       | 5       | 3.92 | 1.119          |
| Information provided in F/S are accurate | 59 | 2       | 5       | 3.92 | .772           |
| F/S information is faithful to task      | 58 | 2       | 5       | 3.79 | .720           |
| F/S information is timely                | 58 | 1       | 5       | 3.69 | 1.158          |
| Valid N (listwise)                       | 54 |         |         |      |                |

### Research Question Three

What is the level of the knowledge of the decision-makers of the Liberia field of WAUM in the use of financial statements?

The survey is designed to ascertain how well respondents understand the information of financial statements. Lack of knowledge can cause a lack of or limited use of financial statements.

Table 14 shows that most respondents have much understanding of the statement of financial position with mean of 3.54 and a standard deviation of 1.006. This is followed by the statement of financial activities (mean 3.47 and standard deviation 1.04) as the next statement that the respondents know of. The statement about which the respondents have the least knowledge is the statement of change in net assets (mean 3.03 and standard deviation 1.22). In connection with Table 11 above, it is clear that the statement of change of net assets is the least statement used by the respondent due to their lack of understanding of the statement.

*Table 14. Respondents' Knowledge of Financial Statements*

|                                    | N  | Minimum | Maximum | Mean | Std. Deviation |
|------------------------------------|----|---------|---------|------|----------------|
| Statement of financial position    | 59 | 1       | 5       | 3.54 | 1.006          |
| Statement of financial activities  | 59 | 1       | 5       | 3.47 | 1.040          |
| Statement of cash-flow             | 59 | 1       | 5       | 3.39 | 1.051          |
| Notes to the financial statements  | 58 | 1       | 5       | 3.36 | 1.021          |
| Statement of changes in net assets | 59 | 1       | 5       | 3.03 | 1.217          |
| Valid N (listwise)                 | 58 |         |         |      |                |

### Research Question Four

To what extent is the board decision-making process effective?

Effective decision making is a process of choosing a specific course of action that is based on quality information from various options by weighing the costs and

benefits of each option. The findings in this section are shown in Tables 15, 16, 17, and 18. It intends to assess the efficacy of board decision making process of the Liberia field entities of WAUM.

*Table 15. Respondents Confidence in the Process Decision-Making*

|                            | N  | Minimum | Maximum | Mean | Std. Deviation |
|----------------------------|----|---------|---------|------|----------------|
| Confident about arguments  | 60 | 1       | 5       | 4.45 | .723           |
| Confident about votes      | 60 | 2       | 5       | 4.45 | .723           |
| Confident about conclusion | 59 | 2       | 5       | 4.32 | .628           |
| Valid N (listwise)         | 59 |         |         |      |                |

According to Table 15, respondents are confident about their arguments, conclusion, and their vote during the decision-making process which is indicated by the mean of 4.45 and 4.32 and standard deviation of .723 and .628 respectively.

*Table 16. Respondents Satisfaction about the Decision-Making Process*

|                                       | N  | Minimum | Maximum | Mean | Std. Deviation |
|---------------------------------------|----|---------|---------|------|----------------|
| Satisfied with decision taken         | 58 | 1       | 5       | 4.00 | .973           |
| Satisfied about decision process      | 55 | 2       | 5       | 3.93 | .920           |
| Satisfied with efforts put in process | 59 | 1       | 5       | 3.80 | .867           |
| Satisfied that options are analyzed   | 59 | 1       | 5       | 3.78 | .852           |
| Valid N (listwise)                    | 53 |         |         |      |                |

The respondents stated (as shown in Table 16 above) that they are most satisfied with the decision they have taken (mean 4.00 and standard deviation .973), about the decision process (mean 3.93 and standard deviation .9.20), the amount of effort put into the decision process (mean 3.80 and standard deviation .867), and that options of the decision are analyzed (mean 3.78 and standard deviation .852) during meetings. This is an indication that the respondents are satisfied with the decision making process.

*Table 17. Respondent Commitment to Decision*

|   | N  | Min | Max | Mean | Std. Deviation |
|---|----|-----|-----|------|----------------|
| Committed to my stand in decision process | 59 | 1   | 5   | 4.46 | .773           |
| Committed to decision taken               | 58 | 2   | 5   | 4.40 | .793           |
| Committed to task of decision taken       | 59 | 1   | 5   | 4.27 | .806           |
| Valid N (listwise)                        | 56 |     |     |      |                |

Table 17 above shows the respondents commitment to the decision made.

From the table, respondents are most committed to their stand in the decision process (mean 4.46 and standard deviation .77) as well as to the decision taken (mean of 4.40 standard deviation .79) and the task of the decision taken (mean of 4.27 and standards deviation .81). This shows that respondents do not only try to make the decision but also ensure the implementation, monitoring and evaluation of the decision.

*Table 18. Respondents' Description of Decision-Making Process*

|  | N  | Minimum | Maximum | Mean | Std. Deviation |
|--|----|---------|---------|------|----------------|
| Board meeting are decision focused                         | 59 | 2       | 5       | 4.36 | .637           |
| Decision are specific                                      | 59 | 2       | 5       | 4.17 | .723           |
| Board member debate open & constructively                  | 57 | 2       | 5       | 4.16 | .819           |
| Clear decisions are given to those accountable             | 56 | 1       | 5       | 4.05 | 1.017          |
| Right efforts given to making & executing decision         | 57 | 1       | 5       | 3.98 | .954           |
| Board members are committed even when dissatisfy           | 58 | 1       | 5       | 3.97 | .991           |
| Decision implementations are designated to specific person | 59 | 1       | 5       | 3.88 | 1.001          |
| Valid N (listwise)   | 54 |         |         |      |                |

According to Table 18, most board meetings are decision-focused (mean 4.36 and standard deviation .37). The next most important aspect of the board meeting is that decisions are specific, mean 4.17 and standard deviation .72. For the item “decision implementation is designated to specific persons,” the mean is 3.88 and standard deviation, 0.99. That is to say when a decision is taken it is not left to a particular person or persons, or group to make sure of the decision implementation.

From the four tables above (Tables 15, 16, 17, and 18), the process of board decision making is effective. The respondents show that they are confident about their involvement in the process of the decision which gives the satisfaction of the process of the decision. Also, the decision was based on a discussion of issues based on information, and the decision charter is clear and understandable. This action results in a commitment to the task on the part of decision-makers. However, not often is those decisions given to specific persons for implementation which has the potential of not been implemented or delay in implementation.

### **Testing Null Hypothesis**

Table 19 presents the correlations among the variables. From Table 19, there is a medium correlation between the used and quality of financial statements as is shown by the correlation .306, however the relationship is not significant as is shown by the 2-tailed .15 which is higher than .05.

Table 19. Correlations of the Independent and Dependent Variables

|                    |                     | Knowledge | Quality | Average use of F/S | Effectiveness |
|--------------------|---------------------|-----------|---------|--------------------|---------------|
| Knowledge          | Pearson Correlation | 1         | .271*   | .306*              | .295*         |
|                    | Sig. (2-tailed)     |           | .031    | .015               | .019          |
|                    | N                   | 63        | 63      | 63                 | 63            |
| Quality            | Pearson Correlation | .271*     | 1       | .306*              | .306*         |
|                    | Sig. (2-tailed)     | .031      |         | .015               | .015          |
|                    | N                   | 63        | 63      | 63                 | 63            |
| Average use of F/S | Pearson Correlation | .306*     | .306*   | 1                  | .115          |
|                    | Sig. (2-tailed)     | .015      | .015    |                    | .367          |
|                    | N                   | 63        | 63      | 63                 | 63            |
| Effectiveness      | Pearson Correlation | .295*     | .306*   | .115               | 1             |
|                    | Sig. (2-tailed)     | .019      | .015    | .367               |               |
|                    | N                   | 63        | 63      | 63                 | 63            |

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

Also, Table 19 show a small correlation of .271 between quality and knowledge of users, however, a significant correlation, .031 exist between them. Also, the table revealed that the use of financial statements and knowledge of users has a moderate and a strong significant correlation (correlation, .306 and 2-tailed .015; less than .05). Further revealed in the table is a moderate correlation between the quality of the financial statements and decision-making effectiveness and that there is a strong significant relationship (correlation .306, sig. 2-tailed .015). From the table, there is a moderate correlation between the knowledge of the users of financial statements and the decision-making effectiveness (correlation, .295; 2-tailed, .019). Also revealed is the relationship of the use of financial statements and the effectiveness of decision making which is a small correlation with no significant relationship (correlation .115, 2-tailed .367).

Indication is that when the independent variable quality and uses of financial statements; users' knowledge and uses of financial statements; quality and users' knowledge of financial statements, have a moderate significant relationship; and quality and users' knowledge of financial statements have small significant relationship. This implies when there is a medium increase in one of the variables, the corresponding variable will increase similarly; since the correlation is positive.

### **Operational hypotheses**

H<sub>0</sub>1) There is no relationship between the use of financial statement information and decision-making effectiveness of Liberia field.

The correlation shows that there is a small correlation with no significant relationship between use of financial statements and decision-making effectiveness of an entity.



H<sub>0</sub>2) There is no relationship between quality of financial statements information and decision-making effectiveness of Liberia field.

As shown in Table 19, there is a moderate correlation and a strong significant relationship between quality of financial statements information and decision-making effectiveness of an entity.

H<sub>0</sub>3) There is no relationship between knowledge of users of financial statements and decision-making effectiveness of Liberia field.

The knowledge of users of financial statements has a moderately strong significant correlation with decision-making effectiveness.

H<sub>0</sub>4) There is no relationship between decision-making process and overall decision-making effectiveness of Liberia field.

Multiple linear regression was used to answer this research question. The results are indicated in Tables 20 to 22.

*Table 20. Model Summary of Independent Variable*

| <b>Model Summary</b> |                   |          |                   |                            |
|----------------------|-------------------|----------|-------------------|----------------------------|
| Model                | R                 | R Square | Adjusted R Square | Std. Error of the Estimate |
| 1                    | .363 <sup>a</sup> | .131     | .100              | .54685                     |

a. Predictors: (Constant), Knowledge, quality

*Table 21. ANOVA*

| <b>ANOVA<sup>a</sup></b> |                |        |             |       |       |                   |
|--------------------------|----------------|--------|-------------|-------|-------|-------------------|
| Model                    | Sum of Squares | Df     | Mean Square | F     | Sig.  |                   |
| 1                        | Regression     | 2.535  | 2           | 1.267 | 4.238 | .019 <sup>b</sup> |
|                          | Residual       | 16.746 | 56          | .299  |       |                   |
|                          | Total          | 19.281 | 58          |       |       |                   |

a. Dependent Variable: Overall effectiveness

b. Predictors: (Constant), Knowledge, quality

Table 22. Overall Effectiveness

| Model        | Coefficients <sup>a</sup>   |            |                           |       |      |
|--------------|-----------------------------|------------|---------------------------|-------|------|
|              | Unstandardized Coefficients |            | Standardized Coefficients |       |      |
|              | B                           | Std. Error | Beta                      | t     | Sig. |
| 1 (Constant) | 3.255                       | .439       |                           | 7.407 | .000 |
| Quality      | .058                        | .099       | .074                      | .587  | .560 |
| Knowledge    | .218                        | .080       | .345                      | 2.738 | .008 |

a. Dependent Variable: Overall effectiveness

The table shows a significant impact of financial statements quality and knowledge of users on decision making effectiveness (Adjusted R square = .100 (Table 20), F change = 4.24 and a P-Value less than .05 (Table 21)). The p-value of knowledge is .008; less than .05 while the p-value of quality is .56; more than .05 (Table 22). The findings from the analysis show that even though knowledge explains little about the variables but it has statistical significance on the dependent variables: p-value<.05. Further, it indicates that knowledge contributes to that impact more than quality.

This is an interesting and important finding, whereby the executives need to have expertise and knowledge to fully contribute to the decision-making process especially as it relates to issues of financial bearings. Hence, from the study findings, knowledge is a more significant predictor of users of financial statements regarding decision making effectiveness than quality.

## CHAPTER 5

### SUMMARY, CONCLUSION AND RECOMMENDATIONS

#### **Summary**

The general objective of the study was to examine the extent to which financial statements information are used by Seventh-day Adventist Church entities within Liberia in making financial decisions and the effect of the use and quality of the statements as well as the users knowledge has on the effectiveness of decision-making. The first objective was to study the extent to which financial statements information was used by decision-makers of the Liberia field in their decision-making process. The second objective was to study the extent financial statements information is of good quality to decision-makers of Liberia field of WAUM. The third objective was to seek to obtain the level of the knowledge of the users of financial statements of Liberia field's entities of WAUM. The fourth objective was to determine the extend board decision-making process is effective at Liberia field of WAUM. The fifth objective was to examine the impact of financial statements information on decision-making effectiveness of the Liberia field of WAUM. The last objective considered the impact of the use of financial statements to decision-making of the entities of the Liberia field of WAUM.

The study made use of the Cross-sectional research design to meet the objectives. To gather data for analysis, the study used the closed ended questionnaire, and 72 respondents were sampled out using the proportionate stratified random

sampling technique and the Kreicie & Morgan (1970) table for determining sample size.

Findings from the study indicated that board members of the Liberia field of WAUM uses financial statements superficially and do not make an in-depth use of the financial statements. This is supported by majority of the respondents' indication of mostly using the statements of financial position for the purpose of analyzing the operation of the entity and not the notes and the statement of change to net assets. It was also found that board members of the entities of WAUM have little knowledge of financial statements as respondents indicated understanding mostly the statements of financial position which indicate the reason for its use by the board rather than other statements. Findings from the correlation analysis showed a moderate strong significant correlation between knowledge and use of financial statements; while the regression analysis indicated that knowledge has a statistically significant impact on the uses of financial statements.

### **Conclusion**

The purpose of this study is to ascertain the extent to which entities of the Liberia field of WAUM make use of financial statements information in a financial decision, and the effect the quality of the statements and the knowledge of users of the statements have on the effectiveness of decision-making. The study sampled 72 respondents from difference churches, and institutions, within Monserrado, and Lower Margibi. The response rate for the study was 83%. The study findings indicated that the majority (70%) of the respondents are males, and 70% of them are adults between the ages 41 to 50 years. 43.9% of the respondents have served as board members for more than 7 years and most of the entity's board composed of 11 to 20 members. The highest percentage, 38.3%, of the respondents were of the church

board, and 42.4% of the respondent stated that meetings were held between 0 to 3 times per annual. The findings of the study indicated a wide gap within the board gender composition; 70% male, and 28% female. Also, most board members have served more than 7 years on the board.

In answering the first objective question, the study has shown that the statement of financial position is the most used and the purpose of the use is to analyze the operational activities of the entity. Considering the results of the two tables in answering the research question one, the board uses the statement of financial position to analyze the current operations of the entity. Also looking at the least items on the Tables 10 and 11 (notes to the financial statement, statement of change to net assets, and receiving and granting of loans), it can be seen as to the extent to which decision-makers make use of financial statements. They do no in-depth analysis of the financial statements except for a surface use of information of the statements. This is in connection with Zager & Zager (2006) study's conclusion that financial position should not be the only statement to use to get a clear financial understanding of an entity but rather statements like the cash flow should also be used to determine the future of the business. In addition, Byard & Cebenoyan (2017) believe that financial statements information should be used for strategic decision for continuous growth.

According to Aderemi et al. (2017), effective decision should be based on quality financial statements that are relevant, reliable, comparable and consistent. And according to the second question of the study which is the extent to which financial statements information are of good quality to users, findings indicated that financial statements information is of good quality. However, according to the findings from the research question 5, quality has no statistically significant impact on the

confidence and commitment of users of financial statements regarding decision making effectiveness though there exist a medium correlation between them, however it increases the satisfaction of decision makers.

The third question findings show that decision-makers have more understanding of the statement of financial position than other statements and the least understood statement is the statement of changes in net assets. Considering this and findings of question one above, the connection is evident that what is understood can be used easily and readily. In other words, the respondents use the statement of financial position because they have more understanding of it and they do not use the statement of change in net assets and other statements because they have little understanding of them. This is in support of the findings of Aderemi et al. (2017) that user understanding of an information depends on the users and the information characteristics. Furthermore, the result is in connection with the study finding of Vanauken, Ascigil, & Carraher (2017) that those who use financial statements are those who understand it. Moreover, this study found a moderate strong significant correlation between the use of financial statements and the knowledge of the users of financial statements.

The fourth question findings show that the decision and the decision process are satisfactory to respondents, and they feel confident about it. They indicated that meetings are decision focus and specific. However, the decision taken is not directed at a particular person or group of persons for accountability. This has the potential to result in no action taken at all; a decision is a decision when it is put into action and not just when it is taken. Furthermore, the action of addressing the problem is part of the process of effective decision-making (Abumandil & Hassan, 2016).

The fifth study question as it relates to the overall effectiveness of the decision-making, the findings show that knowledge is more impacting on decision-making effectiveness than quality. However, quality and knowledge have a moderate strong significant correlation. The statement is true in that lack of knowledge is lack of use. Berndt & Leibfried (2007) propounded that users of financial statements that lack the requisite knowledge; as rightly put by Negulexcu & Doval (2014) as the right skills, cognitive ability, rational creativity and balance judgment to reach an effective decision, will see it as irrelevant for decision making. Also, Vanauken, Ascigil, & Carraher (2017) study found that financial statements are not use due to lack of understanding of the statements.

We most often do not make use of what we do not know. People often will not run a risk of entering into something they have no or lack knowledge. Therefore, if the users of financial statements do not know or understand some of the financial statements, somehow to avoid exposing their ignorance may disregard it or overlook its use. Also, interpretation of financial statements entails knowledge of the financial statements. Without adequate knowledge of financial statements, analysis of the financial statements for effective decision making as is indicative of the findings in Tables 13 and 14 will not be impeded.

Moreover, knowledge is power; to choose, to decide, to act, drives away doubt and fear, and it serves as a basis for decision making. Xinhua Zhang (2008) in quoting Turban, (1992) stated that "Knowledge is information that has been organized and analyzed to make it understandable and applicable to problem-solving or decision making" (p. 4). Without knowledge of the task, the alternatives, the situation, and circumstances, the objectives and goals, the right decision cannot be reached or poor and detrimental decision could be made.

## **Recommendations**

The research proposes that the nominating committee of the boards consider seriously the aspect of board composition. Poor board composition can lead to poor financial governance consequently fraud, misappropriation, and poor decision making among others. It is on this basis that the following recommendations are made:

Lack of knowledge is one factor that is affecting the use of financial statements by board members and it has a strong effect on decision making effectiveness according to the study findings. Also, officers of most of the institutions are pastors who are especially chairing the meetings and serving on most of or all the boards; this is as per the church policy. Therefore, financial persons must be purposefully part of the board to help in the area of financial decision making or decision that has a financial bearing. Moreover, the theology department of the Church institute of higher learning should ensure that pastors be given some courses (for at least 2 semesters) in accounting in anticipation of the leadership role.

That all institutions of the church have a functional and qualify audit committee to assist the board and management of the entity in the oversight of financial report, monitoring of financial policies, regulatory compliances, and risk management among others. The committee should comprise of persons of financial experts who are not part of the board but representative on the board.

## **Suggestions for Future Research**

This study was concerned with the impact of financial statements on decision making effectiveness. Further research could be conducted in other parts of the WAUM field to compare results and be more certain of the uses of financial statement by the board or executive committee members. To complement the study, further



research can also be done using a case study of a particular institution of the WAUM field.

## APPENDIXES

APPENDIX A

**Letter of Introduction and Informed Consent Form**

Dear Participant,

My name is Martina Hosna-Janeta. I am a student at the University of Africa pursuing my MBA degree. As part of the requirements of the program, I am conducting a study on the ‘Impact of Financial Statements on the Decision-Making Effectiveness of Selected Entities of the Liberian Field of West African Union Mission of SDA’. As an executive committee/board member, your views and contributions are very important to this study and therefore I am inviting you to participate in this research study. Before agreeing to participate in this research, I strongly encourage you to read the purpose and other details of the study.

Purpose of the Study: This study is designed to examine the extent to which decision-makers within the Liberian field of West African Union Mission of SDA use financial statements information during decision making. Participation in the study involves completion of a questionnaire that asks you basic questions about yourself and other questions regarding financial statements uses and decision making.

Risks and Discomforts: There are no recognizable risks or discomforts that are anticipated from your participation in the study.

Benefits: The anticipated benefit of your participation is the opportunity to discuss the importance of basing decision making on relevant and reliable information (financial statements) for planning and controlling. The knowledge obtained from this study will be of great value to decision makers, especially non-for-profit faith-based organization, and the Seventh-day Adventist Church in Liberia.

Confidentiality: The information gathered during this study will remain confidential, your identity will not be revealed and all the responses received will be coded and summed to protect your personal identity. Only the research team will have access to the study data and information.

Withdrawal without Prejudice: Please note that your participation in this study is voluntary and you may withdraw at any time without any penalty. If you have any questions or concerns about participating in the study or completing the attached questionnaire, please contact the MBA Program Director at Adventist University of Africa via e-mail <[ganuj@aua.ac.ke](mailto:ganuj@aua.ac.ke)>

Consent: Please sign below if you agree to participate. Your signature below indicates that you have decided to participate in this study, and that you have read and understood the information provided above.

Subject's Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Researcher's Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Thank you so much for your time!

APPENDIX B

**Research Instrument**

**SECTION I: Demography - tick (√) where appropriate**

1. What is your role as a user of financial statements? President [ ] Executive Secretary [ ] Treasurer [ ] Executive Committee/Board Member [ ].
2. How many years have you served in the role mentioned above? 1 – 3yrs [ ] 4 – 6yrs [ ] 7yrs and above [ ].
3. Gender? Male [ ] Female [ ]
4. Which range does your age fall within? 21 – 30yrs [ ] 31- 40yrs [ ] 41 – 50yrs [ ] 60 and above [ ]
5. How many members compose the executive committee or board where you serve? 0 – 10 [ ] 11 – 20 [ ] 21 & above [ ]
6. How many times per year do you meet as an executive committee or board member? 0 – 3 [ ] 4 – 6 [ ] 7 & above [ ]
7. Which entity are you executive committee or board member of? Church Institution [ ] Educational Institution [ ] Church [ ]

**SECTION II: USE OF FINANCIAL STATEMENTS**

*Please indicate by ticking how often you use the following financial statements while making decisions during executive or board meetings.*

Never = 1 Rarely = 2 Occasionally = 3 Frequently = 4 Very Frequently = 5

| # |                                    | 1 | 2 | 3 | 4 | 5 |
|---|------------------------------------|---|---|---|---|---|
| 1 | Financial Statements as a whole    | 1 | 2 | 3 | 4 | 5 |
| 2 | Statement of Financial Position    | 1 | 2 | 3 | 4 | 5 |
| 3 | Statement of Financial Activities  | 1 | 2 | 3 | 4 | 5 |
| 4 | Statement of Changes in Net Assets | 1 | 2 | 3 | 4 | 5 |
| 5 | Statement of Cash-flow             | 1 | 2 | 3 | 4 | 5 |
| 6 | Notes to the Financial Statements  | 1 | 2 | 3 | 4 | 5 |
| 7 | Others (please specify)<br>_____   |   |   |   |   |   |

*Please indicate by ticking the corresponding option of how often each of these purposes of the use of financial statements was the bases of decision-making during executive or board meetings*

Never = 1    Seldom = 2    Sometimes = 3    Frequently = 4    Always = 5

| #  |   | 1 | 2 | 3 | 4 | 5 |
|----|---|---|---|---|---|---|
| 1  | To predict the future performance of the entity.                                | 1 | 2 | 3 | 4 | 5 |
| 2  | To get the picture of the entity past performance.                              | 1 | 2 | 3 | 4 | 5 |
| 3  | Gives insight into the viability and sustainability of the entity.              | 1 | 2 | 3 | 4 | 5 |
| 4  | To analyze the entity current operations.                                       | 1 | 2 | 3 | 4 | 5 |
| 5  | Serves as a basis for financial and internal control.                           | 1 | 2 | 3 | 4 | 5 |
| 6  | To prepare budget   | 1 | 2 | 3 | 4 | 5 |
| 7  | To prepare cash flow statement  | 1 | 2 | 3 | 4 | 5 |
| 8  | To provide analytical advice  | 1 | 2 | 3 | 4 | 5 |
| 9  | To make capital investment decision   | 1 | 2 | 3 | 4 | 5 |
| 10 | To grant /receive loans to/from workers/financial institution                   | 1 | 2 | 3 | 4 | 5 |
| 11 | To report to external users: financial institution or higher organization       | 1 | 2 | 3 | 4 | 5 |
| 12 | To provide better services to workers and members                               | 1 | 2 | 3 | 4 | 5 |
| 13 | To know the net worth of the entity   | 1 | 2 | 3 | 4 | 5 |
| 14 | To decide on a course of action relating to finance; e.g. Project or investment | 1 | 2 | 3 | 4 | 5 |
| 15 | To advance to the next step on a project or task                                | 1 | 2 | 3 | 4 | 5 |
| 16 | To handle an unexpected financial emergency                                     | 1 | 2 | 3 | 4 | 5 |
| 17 | To approve a financial transaction  | 1 | 2 | 3 | 4 | 5 |
| 18 | To formulate strategy for the organization                                      | 1 | 2 | 3 | 4 | 5 |
| 19 | To improve the image of the organization  | 1 | 2 | 3 | 4 | 5 |
| 20 | To improve a procedure or policy of the organization                            | 1 | 2 | 3 | 4 | 5 |
| 21 | To explore other areas for raising more funding                                 | 1 | 2 | 3 | 4 | 5 |
| 22 | To enhance the internal organization efficiency                                 | 1 | 2 | 3 | 4 | 5 |
| 23 | Other (s) (please specify)<br>_____   |   |   |   |   |   |

### **SECTION III: QUALITY OF INFORMATION FROM FINANCIAL STATEMENTS**

*Please state your agreement or disagreement regarding the quality of information provided from the entity's financial statements used during executive/board meetings by ticking the number that correspond with your option.*

Strongly Disagree = 1    Disagree = 2    Not Sure = 3    Agree = 4    Strongly Agree = 5

| # |  | 1 | 2 | 3 | 4 | 5 |
|---|--|---|---|---|---|---|
| 1 | Financial statement is available when financial decisions are made | 1 | 2 | 3 | 4 | 5 |
| 2 | The information provided in the Financial statements are accurate  | 1 | 2 | 3 | 4 | 5 |

|   |  |   |   |   |   |   |
|---|--|---|---|---|---|---|
| 3 | Financial statement information is timely for decision making                | 1 | 2 | 3 | 4 | 5 |
| 4 | The information in the financial statements is relevant to the task          | 1 | 2 | 3 | 4 | 5 |
| 5 | The information in the financial statements is faithful to task              | 1 | 2 | 3 | 4 | 5 |
| 6 | The entity financial statements should be audited for assurance of decision. | 1 | 2 | 3 | 4 | 5 |
| 7 | Other (s) (please specify)<br>_____  |   |   |   |   |   |

**SECTION IV: LEVEL OF KNOWLEDGE OF FINANCIAL STATEMENT USERS**

*Please indicate by ticking the degree of your knowledge about the interpretation of the following statements:*

Very Little = 1    Little = 2    Average = 3    Much = 4    Very Much = 5

|   |                                     |   |   |   |   |   |
|---|-------------------------------------|---|---|---|---|---|
| # |                                     | 1 | 2 | 3 | 4 | 5 |
| 1 | Statement of Financial Position     | 1 | 2 | 3 | 4 | 5 |
| 2 | Statement of Financial Activities   | 1 | 2 | 3 | 4 | 5 |
| 3 | Statement of Changes in Net Assets  | 1 | 2 | 3 | 4 | 5 |
| 4 | Statement of Cash-flow              | 1 | 2 | 3 | 4 | 5 |
| 5 | Notes to the Financial Statements   | 1 | 2 | 3 | 4 | 5 |
| 6 | Other (s) (please specify)<br>_____ |   |   |   |   |   |

**SECTION V: EFFECTIVE DECISION MAKING**

*Please indicate by ticking the best option that describes your agreement or disagreement to the statements below.*

Strongly Disagree = 1    Disagree = 2    Not Sure = 3    Agree = 4    Strongly Agree = 5

|   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|
| # |   | 1 | 2 | 3 | 4 | 5 |
|   | <b>Confidence</b>   | 1 | 2 | 3 | 4 | 5 |
| 1 | I am confident about my arguments during the decision-making process.                     | 1 | 2 | 3 | 4 | 5 |
| 2 | I am confident about my conclusion during the decision-making process                     | 1 | 2 | 3 | 4 | 5 |
| 3 | I am confident about my vote during the decision-making process                           | 1 | 2 | 3 | 4 | 5 |
|   | <b>Satisfaction</b>   |   |   |   |   |   |
| 4 | I feel content about the decision-making process  | 1 | 2 | 3 | 4 | 5 |
| 5 | I am gratified that all the options have been analyzed during the decision-making process | 1 | 2 | 3 | 4 | 5 |

|    |   |   |   |   |   |   |
|----|---|---|---|---|---|---|
| 6  | I am pleased about the effort put by all my colleagues during the decision-making process | 1 | 2 | 3 | 4 | 5 |
| 7  | I am happy with the decision taken  | 1 | 2 | 3 | 4 | 5 |
|    | <b><i>Commitment</i></b>  | 1 | 2 | 3 | 4 | 5 |
| 8  | I am dedicated to the decision taken  | 1 | 2 | 3 | 4 | 5 |
| 9  | I am devoted to the task that is attached to the decision taken                           | 1 | 2 | 3 | 4 | 5 |
| 10 | I am loyal to the stand I took during the decision-making process                         | 1 | 2 | 3 | 4 | 5 |
|    | <b><i>Attitude</i></b>  |   |   |   |   |   |
| 11 | Board meetings have a decision-focused agenda sitting.                                    | 1 | 2 | 3 | 4 | 5 |
| 12 | Some decision made is designated to specific persons for accountability.                  | 1 | 2 | 3 | 4 | 5 |
| 13 | During our meeting decision made are specified.   | 1 | 2 | 3 | 4 | 5 |
| 14 | Those who are accountable are given clear decision charter.                               | 1 | 2 | 3 | 4 | 5 |
| 15 | We put the right amount of effort into making and executing decisions.                    | 1 | 2 | 3 | 4 | 5 |
| 16 | Board members are willing to engage in open and constructive debate.                      | 1 | 2 | 3 | 4 | 5 |
| 17 | Board members willingly commit to a decision even when they disagree with it.             | 1 | 2 | 3 | 4 | 5 |
|    | Other (s) (please specify)<br>_____   |   |   |   |   |   |

APPENDIX C

Statistical Data

| <b>Role as Financial Statement User</b> |                                  |           |         |               |                    |
|---|----------------------------------|-----------|---------|---------------|--------------------|
|   |                                  | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid                                   | Executive Committee/Board Member | 43        | 71.7    | 71.7          | 100.0              |
|   | President                        | 6         | 10.0    | 10.0          | 10.0               |
|   | Treasurer                        | 6         | 10.0    | 10.0          | 28.3               |
|   | Executive Secretary              | 5         | 8.3     | 8.3           | 18.3               |
|   | Total                            | 60        | 100.0   | 100.0         |                    |

| <b># of Years Serve in Role</b> |              |           |         |               |                    |
|---------------------------------|--------------|-----------|---------|---------------|--------------------|
|                                 |              | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid                           | 7yrs & Above | 25        | 41.7    | 43.9          | 100.0              |
|                                 | 1-3yrs       | 18        | 30.0    | 31.6          | 31.6               |
|                                 | 4-6yrs       | 14        | 23.3    | 24.6          | 56.1               |
|                                 | Total        | 60        | 100.0   |               |                    |

| <b>Respondent Gender</b> |        |           |         |               |                    |
|--------------------------|--------|-----------|---------|---------------|--------------------|
|                          |        | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid                    | Male   | 42        | 70.0    | 70.0          | 71.7               |
|                          | Female | 17        | 28.3    | 28.3          | 100.0              |
|                          |        | 1         | 1.7     | 1.7           | 1.7                |
|                          | Total  | 60        | 100.0   | 100.0         |                    |



| <b>Respondent Age</b>             |               |           |          |               |                    |                 |
|-----------------------------------|---------------|-----------|----------|---------------|--------------------|-----------------|
|                                   |               | Frequency | Percent  | Valid Percent | Cumulative Percent |                 |
| Valid                             | 41-50yrs      | 42        | 70.0     | 70.0          | 85.0               |                 |
|                                   | 60yrs & Above | 9         | 15.0     | 15.0          | 100.0              |                 |
|                                   | 31-40yrs      | 8         | 13.3     | 13.3          | 15.0               |                 |
|                                   | 21-30yrs      | 1         | 1.7      | 1.7           | 1.7                |                 |
|                                   | Total         | 60        | 100.0    | 100.0         |                    |                 |
| <b>Numbers of Board Members</b>   |               |           |          |               |                    |                 |
|                                   |               | Frequency | Percent  | Valid Percent | Cumulative Percent |                 |
| Valid                             | 11-20         | 26        | 43.3     | 43.3          | 75.0               |                 |
|                                   | 0-10          | 19        | 31.7     | 31.7          | 31.7               |                 |
|                                   | 21 & Above    | 15        | 25.0     | 25.0          | 100.0              |                 |
|                                   | Total         | 60        | 100.0    | 100.0         |                    |                 |
| <b>Number of Meeting Held</b>     |               |           |          |               |                    |                 |
|                                   |               | Frequency | Percent  | Valid Percent | Cumulative Percent |                 |
| Valid                             | 0-3           | 25        | 41.7     | 42.4          | 42.4               |                 |
|                                   | 7 & Above     | 18        | 30.0     | 30.5          | 100.0              |                 |
|                                   | 4-6           | 16        | 26.7     | 27.1          | 69.5               |                 |
| Total                             |               | 60        | 100.0    |               |                    |                 |
| <b>Type of Organization</b>       |               |           |          |               |                    |                 |
|                                   |               | Frequency | Percent  | Valid Percent | Cumulative Percent |                 |
| Valid                             | Church        | 23        | 38.3     | 38.3          | 38.3               |                 |
|                                   | Institution   | 16        | 26.7     | 26.7          | 65.0               |                 |
|                                   | School        | 21        | 35.0     | 35.0          | 100.0              |                 |
|                                   | Total         | 60        | 100.0    | 100.0         |                    |                 |
| <b>Descriptive Statistics</b>     |               |           |          |               |                    |                 |
|                                   |               | N         | Mini mum | Maxi mum      | Me an              | Std. Devi ation |
| Statement of Financial Position   |               | 60        | 1        | 5             | 3.33               | 1.052           |
| Statement of Financial Activities |               | 58        | 1        | 5             | 3.24               | 1.097           |
| Financial Statement as Whole      |               | 60        | 1        | 5             | 3.23               | 1.047           |

|   |    |         |         |      |                |     |      |       |
|---|----|---------|---------|------|----------------|-----|------|-------|
| Statement of Cash-Flow                    | 59 | 1       | 59      | 1    | 5              | 3.1 | 1.21 | 1.213 |
|   |    |         |         |      |                | 0   | 3    |       |
| Notes to the Financial Statements         |    |         | 59      | 1    | 5              | 2.7 | 1.32 |       |
|   |    |         |         |      |                | 5   | 1    |       |
| Statement of Change in Net Assets         |    |         | 60      | 1    | 5              | 2.5 | 1.28 |       |
|   |    |         |         |      |                | 3   | 2    |       |
| Aggregate Score                           |    |         | 60      | 1.17 | 5              | 3.0 | .937 |       |
|   |    |         |         |      |                | 328 | 23   |       |
| Valid N (list wise)                       |    |         | 56      |      |                |     |      |       |
| <b>Descriptive Statistics</b>             |    |         |         |      |                |     |      |       |
|   | N  | Minimum | Maximum | Mean | Std. Deviation |     |      |       |
| Analyze Current Operations                | 60 | 1       | 5       | 3.85 | .988           |     |      |       |
| To Approve a Financial Transaction        | 56 | 1       | 7       | 3.84 | 1.203          |     |      |       |
| Gives Insight: Viability & Sustainability | 59 | 1       | 5       | 3.78 | 1.001          |     |      |       |
| Know the Net Worth                        | 58 | 1       | 5       | 3.78 | 1.215          |     |      |       |
| To Provide Better Services                | 57 | 1       | 5       | 3.70 | 1.267          |     |      |       |
| Picture Past Performance                  | 59 | 1       | 5       | 3.69 | 1.118          |     |      |       |
| To Prepare Budget                         | 60 | 1       | 5       | 3.67 | 1.284          |     |      |       |
| Improve Images of Organization            | 58 | 1       | 7       | 3.67 | 1.289          |     |      |       |
| For financial & Internal Control          | 58 | 1       | 5       | 3.62 | 1.167          |     |      |       |
| Formulate Strategy                        | 58 | 1       | 7       | 3.62 | 1.137          |     |      |       |
| To Prepare Cash Flow Statement            | 57 | 1       | 5       | 3.54 | 1.240          |     |      |       |
| Provide Analytical Advice                 | 60 | 1       | 5       | 3.52 | 1.157          |     |      |       |
| Predict Future Performance                | 60 | 1       | 5       | 3.50 | 1.157          |     |      |       |
| Report to Users                           | 60 | 1       | 5       | 3.48 | 1.295          |     |      |       |
| To Decide on Financial Course of Action   | 59 | 1       | 5       | 3.46 | 1.056          |     |      |       |
| To Advance to Project Next Step           | 58 | 1       | 5       | 3.45 | 1.095          |     |      |       |
| Improve Organization's Procedure          | 59 | 1       | 7       | 3.41 | 1.247          |     |      |       |
| Enhance Internal Org. Efficiency          | 58 | 1       | 7       | 3.38 | 1.387          |     |      |       |
| To Handle Financial Emergency             | 57 | 1       | 7       | 3.37 | 1.205          |     |      |       |
| Explore Areas for Fund Raising            | 59 | 1       | 7       | 3.27 | 1.157          |     |      |       |
| Make Capital Investment Decision          | 58 | 1       | 5       | 3.12 | 1.390          |     |      |       |
| Grant/Receive Loan                        | 59 | 1       | 5       | 2.80 | 1.448          |     |      |       |
| Valid N (listwise)                        | 46 |         |         |      |                |     |      |       |

| Descriptive Statistics                           |    |         |         |        |                |
|--|----|---------|---------|--------|----------------|
|  | N  | Minimum | Maximum | Mean   | Std. Deviation |
| Information of F/S is Relevant to Task           | 58 | 1       | 5       | 3.93   | .856           |
| Financial Statements is Available                | 59 | 1       | 5       | 3.92   | 1.119          |
| Information Provided in Fin. State. are Accurate | 59 | 2       | 5       | 3.92   | .772           |
| F/S Information is Faithful to Task              | 58 | 2       | 5       | 3.79   | .720           |
| Fin. State. Information is Timely                | 58 | 1       | 5       | 3.69   | 1.158          |
| Aggregate Score                                  | 60 | 2       | 5       | 3.8325 | .7628          |
| Valid N (listwise)                               | 54 |         |         |        |                |

| Descriptive Statistics             |    |         |         |        |                |
|------------------------------------|----|---------|---------|--------|----------------|
|                                    | N  | Minimum | Maximum | Mean   | Std. Deviation |
| Statement of Financial Position    | 59 | 1       | 5       | 3.54   | 1.006          |
| Statement of Financial Activities  | 59 | 1       | 5       | 3.47   | 1.040          |
| Statement of Cash-Flow             | 59 | 1       | 5       | 3.39   | 1.051          |
| Notes to the Financial Statements  | 58 | 1       | 5       | 3.36   | 1.021          |
| Statement of Changes in Net Assets | 59 | 1       | 5       | 3.03   | 1.217          |
| Aggregate Score                    | 59 | 1       | 5       | 3.3525 | .90997         |
| Valid N (listwise)                 | 58 |         |         |        |                |

| Descriptive Statistics     |    |         |         |        |                |
|----------------------------|----|---------|---------|--------|----------------|
|                            | N  | Minimum | Maximum | Mean   | Std. Deviation |
| Confident About Arguments  | 60 | 1       | 5       | 4.45   | .723           |
| Confident About Votes      | 60 | 2       | 5       | 4.45   | .723           |
| Confident About Conclusion | 59 | 2       | 5       | 4.32   | .628           |
| Aggregate Score            | 60 | 2       | 5       | 4.4111 | .60558         |
| Valid N (listwise)         | 59 |         |         |        |                |

| Descriptive Statistics                |    |         |         |      |                |
|---------------------------------------|----|---------|---------|------|----------------|
|                                       | N  | Minimum | Maximum | Mean | Std. Deviation |
| Satisfied With Decision Taken         | 58 | 1       | 5       | 4.00 | .973           |
| Satisfied About Decision Process      | 55 | 2       | 5       | 3.93 | .920           |
| Satisfied With Efforts Put in Process | 59 | 1       | 5       | 3.80 | .867           |

|                                     |    |      |   |       |        |
|-------------------------------------|----|------|---|-------|--------|
| Satisfied That Options are Analyzed | 59 | 1    | 5 | 3.78  | .852   |
| Aggregate Score                     | 60 | 1.25 | 5 | 3.894 | .72670 |
| Valid N (listwise)                  | 53 |      |   |       |        |

| Descriptive Statistics                    |    |         |         |        |                |
|---|----|---------|---------|--------|----------------|
|   | N  | Minimum | Maximum | Mean   | Std. Deviation |
| Committed to My Stand in Decision Process | 59 | 1       | 5       | 4.46   | .773           |
| Committed to Decision Taken               | 58 | 2       | 5       | 4.40   | .793           |
| Committed to Task of Decision Taken       | 59 | 1       | 5       | 4.27   | .806           |
| Aggregate Score                           | 60 | 2       | 5       | 4.3500 | .73242         |
| Valid N (listwise)                        | 56 |         |         |        |                |

| Descriptive Statistics                             |    |         |         |        |                |
|--|----|---------|---------|--------|----------------|
|  | N  | Minimum | Maximum | Mean   | Std. Deviation |
| Board Meeting are Decision Focused                 | 59 | 2       | 5       | 4.36   | .637           |
| Decision are Specific                              | 59 | 2       | 5       | 4.17   | .723           |
| Board Member Debate Open & Constructively          | 57 | 2       | 5       | 4.16   | .819           |
| Clear Decision are Given to Those Accountable      | 56 | 1       | 5       | 4.05   | 1.017          |
| Right Efforts Given to Making & Executing Decision | 57 | 1       | 5       | 3.98   | .954           |
| Board Members Are Committed Even When Dissatisfy   | 58 | 1       | 5       | 3.97   | .991           |
| Decision are Designated to Specific Person         | 59 | 1       | 5       | 3.88   | 1.001          |
| Aggregate Score                                    | 59 | 1.71    | 5       | 4.0710 | .64791         |
| Valid N (listwise)                                 | 54 |         |         |        |                |

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## CURRICULUM VITAE

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### **WORK EXPERIENCE**

- Mar. 2014 to Jan. 2019: Accountant, South-East Liberia Mission of SDA  
Responsibility: Higher Organization Reconciliation, Working on Assets Registry, Posting to various Accounts, preparing of reports to donors, among others.
- November 2018 to Mar.2019: Lecturer, Introduction to Accounting, Business and Public Administration Department, Vision College, Sayepue Hill, Buchanan, Grand Bassa County
- 2010 to Feb. 2014: Accountant, West African Union Mission of SDA  
Responsibility: Higher Organization and Banks Reconciliation, Working on Assets Registry, Posting to various Accounts, Preparing Checks, among others.
- 2011 to 2014: Treasurer, Adventist Workers Credit Union (Liberia)  
Responsibilities: Receiving and Disbursing cash to members, preparing report, among others
- 2008 to 2009: Acting Administrative Secretary of Student Life and Services, Valley View University, P. O. Box AF 595 Adentan, Accra – Ghana  
Responsibility: Accommodating returning freshmen students in the halls, ensuring of foreign student residence permit. Write attestation letters to the banks and embassies on behalf of students. Write and dispatch memorandum and photocopying documents
- June 2008 to Jan. 2009 University Acting Assist. Dean, NAGSDA Hall, Valley View P. O. Box AF 595, Adentan, Accra – Ghana  
Responsibility: Coordinate the work and activities of Dean’s Assistants and students of the Hall.

- 2006 to 2008  
University Dean's Assistant of NAGSDA Hall, Valley View  
P. O. Box AF 595 Adentan, Accra – Ghana  
Responsibility: Coordinating the work and activities of ladies in accordance with the rules and regulations to meet the goals of the Students Life and Services Department.
- July to December 2003 Volunteer Teacher, 842 Computer Institute, Oru Refugee Camp, Ogun State –Nigeria  
Responsibility: Teaching adults Microsoft Word, Windows XP, Microsoft Excel, and PowerPoint
- 1998 to 2003  
Firm Receptionist, Pannell Kerr Foster Public Accountant  
Randall Street, Monrovia – Liberia  
Responsibility: Receiving and placing calls, setting appointment, typing letters and reports; filing and retrieving document; handling incoming and outgoing mails

## **EDUCATION**

- 2013 to 2017: Masters of Business Administration - Accounting option, Adventist University of Africa, Private Bag Mbagathi 00503, Nairobi, Kenya
- 2004 to 2008: Certificate, Bachelor of Business Administration - Accounting option, Valley View University  
P. O. Box AF 595 Adentan, Accra Ghana
- August to September 2008: Diploma in Financial Management  
The Institute of Commercial Management  
Bournemouth, England
- 1997 to 1998: Diploma in Microsoft Office (1997)  
Compu-Teck Incorporated (CTI) 72 Front Street,  
P. O. Box 6008, Monrovia – Liberia

## **SKILLS**

Leadership Skills  
Effective Communication  
Counseling  
Microsoft XP Windows 2008 Operating System,  
Microsoft Office software applications (PowerPoint, Word, Excel, Access)