**THE ROLE OF ACCOUNTING INFORMATION ON INVESTMENT DECISIONS: A CASE OF TANESCO MOROGORO MUNICIPAL**

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**A DISSERTATION SUBMITTED IN PARTIAL FULFILLMENT OF THE** **REQUIREMENTS FOR THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION IN FINANCE OF THE OPEN UNIVERSITY OF TANZANIA**

**2017**

# CERTIFICATION

The undersigned certifies that, he has read and hereby recommends for acceptance by Open University of Tanzania a dissertation entitled; The Role of Accounting Information on Investment Decision: A Case of TANESCO Morogoro Municipal”in partial Fulfillment for the requirement for the Master’s Degree in Business Administration in Finance.

…………………………………

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………………………………

Date

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**DECLARATION**

I, Leoson Deus Thuhoye, do hereby declare that this dissertation is my own original work, and it has not been presented and will not be presented to any other university for similar or any degree award.

…………………….……………

Signature

……………………………….

Date

# DEDICATION

This research report is dedicated to GOD ALMIGHTTY who sustained my life finally; I dedicate this research proposal to my parents Mr. Deus Kaijage & Mrs. Salome Kaijage. Who made my success possible and also brought joy to my life, I love you both.

**ACKNOWLEDGEMENT**

For writing an academic report is extremely tough work to be accomplished by a student himself or herself, it requires support and inputs from different sources and individual as well. At first instance, I would like to express my sincere gratitude to Almighty God for everything, because without him nothing can be done.

I am highly indebted to express my special, sincere and whole heartedly thanks and appreciation to my research supervisor Dr. S. E. Macha for his appreciated and reasonable helpfulness, support and positive criticisms which made this work accomplishable and successful. My profound gratitude goes to my lecturers Mr. Shayo, Mr. James Kalanje, Mr. Vicent (Coordinator Executive programmes), Professor Matern Victor, Professor Emmanuel Babyegeya, Dr. Hawa Uiso (Coordinator Executive programmes) and Dr. Proches Ngatuni (Dean of Faculty).

However, my indisputable appreciation should go to TANESCO Morogoro Municipal staffs from all departments for their consent, humanity, mutual cooperation and support in the gathering of data.

It is not possible to mention everyone by name therefore all I can say is that I give my special thanks to all the people, Faculty of business Management of Open University of Tanzania who by any means have contributed to the success of this research report.

May God bless them.

**ABSTRACT**

The aim of this study was to evaluate the role of accounting information on investment decision the case study at TANESCO Morogoro. The study employed both qualitative and quantitative research paradigm. The study population was 50 persons who are the member of staff of the TANESCO Morogoro. The researcher also made use of primary methods of data collection which include questionnaires. Secondary methods of data collection involved library research of relevant materials. Data collected was then analyzed by using SPSS software. The study revealed that there is significant relationship between accounting information and investment decisions and all the selected areas significantly depend on accounting information for investment decision. It was also observed from the analysis of the opinion of the respondents where 83.3% of the respondents said always use accounting information for investment decision. It was discovered that the quality of accounting information in terms of its accuracy, adequacy, reliability and mode of disclosure is a major determinant of the level of efficiency of the investment decision making. The study recommends that public organization should use accounting information always to increase the accuracy of their investment decision making. The researcher recommends that TANESCO at Morogoro should consult the accounting information before making investment decisions, and also all interested parties to accounting information should use required financial ratios analysis for investment decision making. It is concluded that for Hypothesis I that, there is a significant relationship between Accounting information and investment decision making.

**TABLE OF CONTENTS**

[CERTIFICATION ii](#_Toc503269598)

[DEDICATION v](#_Toc503269604)

[LIST OF FIGURES xiv](#_Toc503269605)

[CHAPTER ONE 1](#_Toc503269606)

[1.0 INTRODUCTION 1](#_Toc503269607)

[1.1 Background Information 1](#_Toc503269608)

[1.2 Statement of the Problem 2](#_Toc503269609)

[1.3 Objectives of the Study 5](#_Toc503269610)

[1.3.1 The Main Objective 5](#_Toc503269611)

[1.3.2 Specific Objectives 5](#_Toc503269612)

[1.4 Research Questions 6](#_Toc503269615)

[1.4.1 General Research Question 6](#_Toc503269616)

[1.4.2 Specific Research Questions 6](#_Toc503269617)

[1.5 Significance of the Study 6](#_Toc503269618)

[1.6 Scope of the Study 7](#_Toc503269619)

[1.7 Organization of the Study 7](#_Toc503269620)

[CHAPTER TWO 9](#_Toc503269621)

[2.0 LITERATURE REVIEW 9](#_Toc503269622)

[2.1 General Overview 9](#_Toc503269623)

[2.2 Definitions and Concepts 9](#_Toc503269624)

[2.2.1 An accounting Information 9](#_Toc503269625)

[2.2.2 Financial Statements 9](#_Toc503269626)

[2.2.3 Accounting 10](#_Toc503269630)

[2.2.4 Decision 11](#_Toc503269631)

[2.2.5 Decision-Making 11](#_Toc503269632)

[2.2.6 Types of Decision Making Basing on Investment 11](#_Toc503269633)

[2.3 Theoretical Literature Review 12](#_Toc503269634)

[2.3.1 Accounting Theory 12](#_Toc503269635)

[2.3.2 The Theory of GAAP’s 14](#_Toc503269636)

[2.3.3 The theory of Decision 14](#_Toc503269637)

[2.3.4 The Theory of Investment 14](#_Toc503269638)

[2.4 Empirical Literature Review 15](#_Toc503269639)

[2.4.1 The Role of Accounting Information on Investment Decision 15](#_Toc503269640)

[2.5 Research Gap 18](#_Toc503269641)

[2.6 Conceptual and Theoretical Framework 18](#_Toc503269642)

[2.6.1 Conceptual Framework View 19](#_Toc503269643)

[CHAPTER THREE 20](#_Toc503269644)

[3.0 RESEARCH METHODOLOGY 20](#_Toc503269645)

[3.1 Overview 20](#_Toc503269646)

[3.2 Research Design 20](#_Toc503269647)

[3.3 Area of the Research 20](#_Toc503269648)

[3.4 Population of the Study 21](#_Toc503269649)

[3.5 Sampling Procedure 21](#_Toc503269650)

[3.5.1 Sample Size 22](#_Toc503269651)

[3.5.2 Variable and Measurement Procedures 23](#_Toc503269652)

[3.6 Sources of Data 24](#_Toc503269653)

[3.6.1 Primary Data 24](#_Toc503269654)

[3.6.2 Secondary Data 24](#_Toc503269655)

[3.7 Data Collection Methods 24](#_Toc503269656)

[3.8 Description of Questionnaire 25](#_Toc503269657)

[3.8.1 Questionnaires 25](#_Toc503269658)

[3.8.2 Documentation 25](#_Toc503269659)

[3.9 Data Processing and Analysis 26](#_Toc503269660)

[3.10 Methods of Data Analysis 26](#_Toc503269661)

[3.11 Measurement of Variables 27](#_Toc503269662)

[3.12 Reliability and Validity of Data 28](#_Toc503269663)

[3.13 Ethical issues 28](#_Toc503269664)

[CHAPTER FOUR 29](#_Toc503269665)

[4.0 INTERPRETATION, ANALYSIS AND DISCUSSION OF THE FINDINGS 29](#_Toc503269666)

[4.1 Introduction 29](#_Toc503269667)

[4.2 General Background of Respondents 29](#_Toc503269668)

[4.2.1 The Study of the Statistical Characteristics of Population Based on Information of the Respondents 29](#_Toc503269669)

[4.2.2 Gender of Respondents 31](#_Toc503269670)

[4.2.3 Presentation of Responses to the Questionnaires 35](#_Toc503269671)

[4.2.2 Analysis of the Compliance Test Questionnaire Statements to Staffs Members of TANESCO Morogoro 37](#_Toc503269672)

[4.3 The Test of Hypothesis 44](#_Toc503269673)

[4.3.1 Hypothesis - 01 44](#_Toc503269674)

[4.3.2 Hypothesis 02 46](#_Toc503269675)

[4.4 Discussion of the Findings 46](#_Toc503269676)

[5.0 CONCLUSION AND RECOMMENDATIONS 49](#_Toc503269677)

[5.1 Introduction 49](#_Toc503269678)

[5.2 Summary of Findings of the Study 49](#_Toc503269679)

[5.3 General Conclusion 51](#_Toc503269680)

[5.4 Recommendations of the Study 52](#_Toc503269681)

[5.5 The Limitation of the Study 53](#_Toc503269682)

[5.6 Implications of the Study 54](#_Toc503269687)

[5.7 The Areas for Future Research 54](#_Toc503269688)

[REFERENCE 55](#_Toc503269689)

[APPENDICES 57](#_Toc503269690)

**LIST OF TABLES**

[Table 3.1: The Population target and Sample size 21](#_Toc503269786)

[Table 3.2: Sample Size 23](#_Toc503269787)

[Table 4.1: Characteristics of Respondents 29](#_Toc503269767)

[Table 4.2: Gender of Respondents 31](#_Toc503269768)

[Table 4.3: Education of the Respondents 32](#_Toc503269769)

[Table 4.4: Duration of Service of Respondents 34](#_Toc503269770)

[Table 4.5: The Summarizes of Respondents and Non-Respondents N=50 35](#_Toc503269771)

[Table 4.6: Rank of Respondents (Response to Question one) 37](#_Toc503269772)

[Table 4.7: Employees Years of Service (Response to Question two) 37](#_Toc503269773)

[Table 4.8: Why Do You Use Accounting Information on Investment Decision Making (Response to Question three) 38](#_Toc503269774)

[Table 4.9: Did You Use Accounting Information in TANESCO vision Related Investment Decision? (Response to Question Four) 38](#_Toc503269775)

[Table 4.10: Is Accounting Information Useful For Investment Decision-Making? (Response to Question five) 39](#_Toc503269776)

[Table 4.11: Do you Use Accounting Information in Core Competitive Advantage Related Investment Decision? (Response to Question six) 40](#_Toc503269777)

[Table 4.12: Do You Use Accounting information in Human Resources Policies Related Investment Decision? (Response to Question seven) 40](#_Toc503269778)

[Table 4.13: Do you use Accounting Information in Organization Culture Related Investment Decision? (Response to Question Eight) 41](#_Toc503269779)

[Table 4.14: Do you use Accounting Information in Capital Raising Related Investment Decision? (Response to Question Nine) 42](#_Toc503269780)

[Table 4.15: Do you use Accounting Information in Investment in Fixed Assets Related Investment Decision? (Response to Question Ten) 42](#_Toc503269781)

[Table 4.16: The use Accounting Systems at TANESCO Do Not Use New Techniques of Accounting? (Response to Question Eleven) 43](#_Toc503269782)

[Table 4.17: The Top Management of TANESCO Do Use Accounting Information on Investment Decision? (Response to Question Twelve) 44](#_Toc503269783)

[Table 4.18: The Computed X 2 Value for Hypothesis One 45](#_Toc503269784)

[Table 4.19: The Computed x2 Values for Hypothesis 02 46](#_Toc503269785)

# LIST OF FIGURES

[Figure 1.1: The conceptual Framework ………………………………………….....19](#_Toc494795992)

[Figure 4.1: The Table Below Shows the Respondents’ Age 31](#_Toc503269896)

[Figure 4.2: The Gender Distribution of the Respondents 32](#_Toc503269897)

[Figure 4.3: Education of the Respondents 33](#_Toc503269898)

[Figure 4.4: Duration of Service of the Respondents 34](#_Toc503269899)

[Figure 4.5: Description of Questionnaires for TANESCO’s Staffs on Department 36](#_Toc503269900)

[Figure 4.6: It shows the Response to Question five Above 39](#_Toc503269901)

**LIST OF ABBREVIATION**

FAI Financial Accounting Information

FASB Financial Accounting Standards Board

GAAPs Generally Accepted Accounting Principles.

GOR Gender of Respondents

IAASB International Accounting and Auditing Standards Board

IASC International Accounting Standards Committee

IFAC The International Federation of Accountants

MBA Masters of Business Administration- Finance

OUT Open University of Tanzania.

SPSS Software Package for social scientific

TANESCO The Tanzania Electricity Supply Company Limited

# CHAPTER ONE

# 1.0 INTRODUCTION

## 1.1 Background Information

From the year of 1961, all business organization it prepares income statement to confirm the net result of financial working of the business whether it has earned income or loss. Also, public organization it prepares accounting statements. A statement of current assets and current liabilities of any two years can be prepared to know the changes in working capital. The same to the cash flow statement can also be prepared to confirm the future estimate of cash receipts and payment.

Previous studies found that, some earlier trial and investment decision-making need not to be the thought of as the best example by using the accounting information mechanisms. And there is existing within person lower order decision and higher order decision making and that the modeling lower order insightful and memory processes comes at amounts symbolized at the accounting information, Study conducted by Cole and Burns (2003). The accounting information performs a crucial role on management decision, which is achieved by implementing the best fundamental concept of accounting suitable for each organization, Study conducted by Hafij, et al. (2014)

It is the optional that reasonable decision must manage the modern business successfully and for this logical decision to be taken with the objective of the organization. Some analytical tools must to be available and used basing on the strength and weakness of the organization. Therefore, the strengths and weakness of an organization can be disclosed in its accounting statement. Accounting information is expressed in monetary terms and it shows the profit of the business through balance sheet. Accountings information is analyzed to use the information for clarifying the profitability and financial soundness of the organization to determine the managerial efficiency.

The accounting information disclosed should be presented in way which it can be easily compared with the figures of the previous years. The accounting information that is provided in financial accounting must be which can be prepared within a reasonable time at the end of the period of accounting. It can therefore be seen that accounting information is very effective and essential in making investment decision in public organization. When accounting information seems to be part of today’s life, then it is necessary to know the accurate of accounting information situation of the organization and to be used as the basis of making investment decisions. My present study is my effort to evaluate the role of accounting information for different investment decision makers in practices. In turning it provide the bases for rational investment decisions. Different managers need accounting information to make important investment decisions. In this connection, accounting information is a primary role for providing the useful accounting information for investment decision-making purpose; therefore, evaluating the relationship between accounting information and investment decision is crucial.

## 1.2 Statement of the Problem

For making a good investment decision for any public sectors it is a critical for success of any business organization. So, management who thinks that they can operate at successfully without using the accounting information provided by the accountant, they will end up with economic failure to their respective organization, and can course disorder to the organization. Many deferent types of tools are used on accounting information of an organization and these has been used for different investment decisions which always shows the behavior based on the definition of what accounting information is. Thus, it is important to indicate the deferent role which plays in investment decision. Thus, for managers, to make the best investment decision to resolve each of these problems, the management accountant must provide quantitative information that is timely and relevant, it is with this information that managers can properly plan and control the organization operations.

Many studies in the role of accounting information on investment decision focused on the problems solving of accounting information on investment decision (Abeid*,* 2003).Accounting ability to investment decision (Cole & Burns, 2003**),** other focused on significance of accounting information in decision making (Broadbent et-al, 1994). Despite the success of empirical works on the title, still the roles of accounting information on investment decision remain one of the greatest challenges that many Public sectors faces. This has been the case study of the TANESCO MOROGORO.

Most all studies have been done beyond Tanzania boundaries creating a geographical and cultural gap. So, this study sacks to fill the gap. Indeed, TANESCO Morogoro is considered as apublic sector which playing a key role in economic development. The outcomes of the study were developed a cause of action for TANESCO Management to come up with practices, which enable them to attract and retain best performers and boost their commitment level to the organization. In addition, the study was planned to bridge the knowledge gap by adding some more useful related information to the subject also the researcher focused to find the reliable links between the role of accounting information and investment decisions making to achieve the organization goals.

Ladislar, *et al.* **(**2014, p.7)studied in Czech Republic capital markets and their research findings suggested that all public and private sector are facing technology changes from within and outside of the organization which in the end results in increased ambiguity. Incorrect accounting information will affect the allocation of capital to firms or organization. But the relationship between accounting information and investment decision is certainly not straightforward (Cole & Burns, 2003). Hafij et al (2014), summarize that accounting information performs a crucial role on management decision, which is achieved by implementing the best fundamental concept of accounting suitable for each organization. certainly not straightforward. Investment decision, most of them was carried in other countries particularly Asian countries.

According to Michael (2013), “On The title role of financial statements on investment decision” in his critical investigation on the degree of reliance of the published financial statements by Public sectors. The results reveal that one of the primary responsibilities of management to the investors is to give a standardized financial statement evaluated and authenticated by a qualified auditor. It also showed that investors do understand the financial statement well before making investment decisions the results of the analysis show that investors depend heavily on the credibility of auditor’s approval of financial statement in making investment decisions and as such published financial statement is very important in the investors’ decision making. He recommended that adequate care and due diligence should be maintained in preparing financial statements to avoid faulty investment decisions which could lead to loss of funds and possible litigations. The case studies were conducted in Nigeria. Thus, the relationship between accounting information and investment decision were shown.

Therefore, due to the above five empirical literature reviews, some of them had no relationship between accounting information and investment decision.

## 1.3 Objectives of the Study

The objective of the study is concerned with established of the relevance of role of accounting information on investment decision-making in TANESCO concerns. It is to further review and analyzes accounting information in line with new techniques of presenting accounting information and its unique role as an aid in investment decision making by the management. To answer the research questions, the following research objectives are placed down.

### 1.3.1 The Main Objective

The main objective of the study is to evaluate the role of accounting information on investment decisions.

### 1.3.2 Specific Objectives

### To identify the relationship between accounting information and Investment decision making in Public sector.

### To identify the frequency of using Accounting information on investment decision in Public sector.

## 1.4 Research Questions

These are statement in question which formed, based on the main and specific objectives.

### 1.4.1 General Research Question

The main question of the study is what the role of accounting information on investment decisions.

### 1.4.2 Specific Research Questions

The study will be aimed to answer the following questions:

1. What are significant relationship between accounting information and investment decision?
2. Does the accounting information used frequently for investment decision?
3. Which problems are associated with accounting information in investment decision?

## 1.5 Significance of the Study

The study was excellent to help to the expected investors so as to understand how on how to study the accounting information or financial report of an organization or investors in order to help them to make investment decision whether to invest or not to invest in public sector. This will help the country to be able to determine the tax due, so for doing that, it will improve the overall assets and liabilities. Thus, the research work was addressed to the problems properly. The study were encouraged other researchers to further study on the same topic and fulfill researcher’s academic need of acquiring master degree of Finance (MBA-FINANCE). The research provides wisdom to future accountants on the importance of well-prepared accounting information. Furthermore, the researchers will identify the gaps available for further studies.

## 1.6 Scope of the Study

The study was based on the role of accounting information on investment decision making. The independent variable is accounting information (income statement, balance sheet, cash flow statement) and dependent variable is investment decision. The study undertaken at TANESCO Morogoro Municipal.

## 1.7 Organization of the Study

The study is made up of five chapters. Chapter one introduces the study by discussing background to the study, the statement of the problem, significance of the study, research objectives and research questions. Chapter two covers the literature review. Conceptual definitions, theoretical and empirical literature review. It also provides the research gap and conceptual frame work.

Chapter three describes the methodology that was used by the researcher to collect data in order to achieve the objectives of the study. Also it describes the research design, area of the study and population, the sample size, sampling design and procedure, data procedure and analysis and methods of data collection as well as the methods of presentation, and data processing and analysis, measurement of variables, reliability and validity and finally ethical issues. Chapter four makes interpretation of data, analysis and discussion of the findings. Finally, chapter five present summary of the findings and their implications, conclusion, recommendation, limitation of the study and suggested areas for further studies.

# CHAPTER TWO

# 2.0 LITERATURE REVIEW

## 2.1 General Overview

This chapter is about concepts and theories from other researchers and authors on the title of the “role of accounting information on investment decisions”, observe from the role of accounting information on investment decision making process and the relationship between the two. In this study, the researcher provided an example details on how various studies explain on the role of accounting information in investment decision making in Public sectors. Furthermore, in this study, the researcher was provided details on how other defines accounting information and public sector, an overview of accounting information, how others reported on the role of accounting information in investment decision making in public sector.

## 2.2 Definitions and Concepts

### 2.2.1 An accounting Information

Refers to a financial data about business transactions expressed in terms of money. There are many definitions about accounting information. According to Moore (1984).Accounting is defined as an act of recording classifying, and summarizing in a significant manner and item of money transaction and events which are in part or least of financial character and interpret the result thereafter. It is a language of economic activities.

### 2.2.2 Financial Statements

According to Belverdet al. (2011, p.8) financial statements are primary means of communicating accounting information about a business to those who have an interest in the business. These statements model the business enterprises in financial term.

### 2.2.2.1 The Balance Sheet

This shows the financial position of an entity as at a certain point in time. It discloses the prevailing values of assets held by the entity at the given date and the liabilities and equity of the entity entrusted.

### 2.2.2.2 The Income Statement

The statement which shows the results of operation on an entity during a particular period of time, usually a financial year of the organization. It shows how much profit has been generated by the entity or loss. This account or statement matches revenue earned with the expenditures incurred during that given period.

### 2.2.2.3 Cash Flow Statement

This shows the changes in cash position of an entity during a specified period. It identifies the element of cash flows from operating, investing and financing activities of the entity.

### 2.2.3 Accounting

According to Pacioli, (2012), define an accounting as a process of measuring and recording the financial value of the assets and liabilities of a business and monitoring these values as they change with the passage of time. When we refer to a business we could be referring to an individual, a company or any other entity for which accounting records are to be kept i.e. a church, club or other non-profit organization.

According to Belverd e t al. (2011, P.8) explain as an information system that measure process, and communicates financial information about the business. Accounting is a link between business activities and decision making.

### 2.2.4 Decision

A decision is a choice made at a time, in a given context, from more alternatives, to stimulate actions of variable size and du survival and development, since it is prior to any action. According to Sherlekar (1997),decision means to decide, to come to conclusion or resolution. It represents a course of behavior or action about what must be or not done**,** decision is a choice whereby a person concludes about a situation.

### 2.2.5 Decision-Making

Refers to the study of identifying and choosing alternatives based on the values and preferences of the decision maker ([www.virtualsalt.com](http://www.virtualsalt.com)). A decision is the result of a process and its steps are as important as the final choice. It is possible to highlight several decision systems, according to the type and level of decision-making within public sector; routine, scheduled, repetitive decisions are taken in accordance with classical reasoning systems based on rationality and optimization.

### 2.2.6 Types of Decision Making Basing on Investment

Decision-making in public organizations can be of two types. According to ACCA (2002) there are two types of decision making. These are: Programmed decisions: These are solutions to routine problems determined by rules, procedures. They are made in accordance with written or unwritten policies that simplify decision making in repeating situations by limiting alternatives. They are used for dealing with repeating problems whether complex or uncomplicated. Programmed decisions have limitations, and one of this is it limits freedom because the individual has less freedom in deciding what to do. On other hand they have advantage and this is they save time which can be finished for more other activities.

Non-programmed decisions: These are solutions created through unstructured process to deal with non-routine problems. If problem has not come up with frequently enough to be covered by a policy or it is so important that it will be worthy of special treatments, it must be handled as a non-programmed decision.

## 2.3 Theoretical Literature Review

This chapter gives the parts and theories of accounting information and it describes the merits that derived from the “role of accounting information in investment decision making”. For the purpose of this study, were taken through different definitions of accounting concepts and theories of the role of accounting information in investment decision making by showing the importance of the role of accounting as the chief maker of FAI. The chapter was therefore reviewed some of the available accounting literature on concepts, theories and previous research findings which relate directly to the current research problem, and as such it will help the researcher to establish a theoretical as well as empirical base of the study.

### 2.3.1 Accounting Theory

It states that is a set of assumptions and methodologies used in the study and application of financial reporting principles. The study of [accounting](http://www.investopedia.com/terms/a/accounting.asp) theory involves a review of both the historical foundations of accounting practices, as well as the way in which [accounting practices](http://www.investopedia.com/terms/a/accounting-practice.asp) are changed and added to the regulatory framework that governs [financial statements](http://www.investopedia.com/terms/f/financial-statements.asp) and financial reporting

According to Frank et al (2008)**,** all theories of accounting are tie by the conceptual framework of accounting. This framework is provided by the Financial Accounting Standards Board and works to outline and establish the key objectives of financial reporting by businesses, both public and private. Furthermore, accounting theory can be despite of as the logical reasoning that it helps to evaluate and guide accounting practices. Accounting theory, as regulatory standards developed, also it helps develop new accounting practices and procedures. All theories of accounting are bound by the conceptual framework of accounting. This framework is provided by the Financial Accounting Standards Board and works to outline and establish the key objectives of financial reporting by businesses, both public and private. Further, accounting theory can be thought of as the logical reasoning that helps evaluate and guide accounting practices. Accounting theory, as regulatory standards evolve, also helps develop new accounting practices and procedures.

Finally, accounting theory requires that all accounting and financial professionals to operates under four assumptions. The first assumption states that, a business is separate from its owners. The second confirm that, a company will continue to exist and not go bankrupt. The third assumes that all financial statements are prepared with $ amounts and not with any numbers or units. Finally, all financial statements must be prepared on monthly basis.

**2.3.2 The Theory of GAAP’s**

Normally financial statements are prepared basing on the generally accepted accounting principles (called GAAPs). These principles provide the guidance on how to prepare the financial statements. According to Imdieke & Smith (1987**),** the sources of accounting principles and practices are American Institute of Certified Public Accountants (AICPA), FASB, and Security Exchange Commission (SEC). Others are IASC, International Federation of Accountants (IFAC), and American Accounting Association (AAA). These principle states that, all accounting information should be relevant, reliable. What this essentially means is that all financial statements need to be accurate and stick to the generally accepted accounting principles (GAAP). By supporting to GAAP, it allows the preparation of financial statements to be both regular and similar to a company's past financials, as well as the financials of other companies.

### 2.3.3 The theory of Decision

Basically, the word decision means to decide, to come to conclusion or resolution. It represents a course of behavior or action about what must be/or not done. According to Sherlekar (1997), define decision as a choice whereby a person concludes about a situation. Sherlekar elaborates further that decision is the act of determining in one’s own mind upon an opinion or a course of action from two or more alternative course of action.

### 2.3.4 The Theory of Investment

It encompasses the body of knowledge used to support the decision-making process of choosing investments for various purposes. It includes portfolio theory, the capital asset pricing model, arbitrage pricing theory, the efficient market hypothesis and rational pricing (Goetzmen, 2017).

## 2.4 Empirical Literature Review

At this level the researcher considered what other researchers wrote on the same area of the study.

### 2.4.1 The Role of Accounting Information on Investment Decision

Here some of the available relevant literature has been discussed below to bring an insight of the previous research done on the subject. The findings in this area, in any event, are not regular. Some studies found a positive relationship between the two variables means accounting information and investment decision. But others report has no any linkages between accounting information and investment decision. While other report found have a negative relationship between these two variables (accounting information, investment decision).

Tyll & Pohl (2014, p.7), studied in Czech Republic on the role of accounting information on investment for capital markets and their research findings suggested that all public and private sector are facing technology changes from within and outside of the organization which in the end results in increased ambiguity. The Issues concerning with the information satisfaction of accounting statements and other publicly shows documents have been created important policy issues. Incorrect accounting information affects the allocation of capital to organization. But the relationship between accounting information and investment decision is certainly not straightforward.

According to Michael (2013), “The title role of financial statements on investment decision” in his critical investigation on the degree of reliance of the published financial statements by Public sectors. The results reveal that one of the primary responsibilities of management to the investors is to give a standardized financial statement evaluated and authenticated by a qualified auditor. It also showed that investors do understand the financial statement well before making investment decisions. The results of the analysis show that investors depend heavily on the credibility of auditors’ approval of financial statement in making investment decisions and as such published financial statement is very important in the investors’ decision making. He recommended that adequate care and due diligence should be maintained in preparing financial statements to avoid faulty investment decisions which could lead to loss of funds and possible legal action. The case study was conducted in Nigeria (Cole& Burns, 2003).

The researcher found thatsome earlier trial and decision-making need not to be the thought of as the best example by using the accounting information mechanisms. They argued that there is existing within person lower order decision and higher order decision making and that the modeling lower order insightful and memory processes comes at amounts symbolized at the accounting information. But the relationship between accounting information and investment decision certainly not straightforward.

Hafij, et al. (2014), summarize that accounting information performs a crucial role on management decision, which is achieved by implementing the best fundamental concept of accounting suitable for each organization.Njau (2000) concludes that, management and professional firms are still accepting the stewardship objective while external users are stand for the investment decision making objective. It is therefore suggested that, financial reports be split into two parts, one part serving the economic decision-making purpose. The second group that are conflicting will be accommodate such preparation of reports will bring consensus on the objective of financial reporting. Indeed, once such consensus has been established improvement on such reports has been established; improvement on such reports will be easier and will make reports more meaningful.

According Adebayo, et al. (2013), examined the impact of accounting information in assisting organizations in making sound and effective investment decision. The major source of data to their research was primary data through the administration of questionnaires. Regression analysis and Karl Pearson’s correlation was used for the data analysis. Their findings shown that accounting information is an essential tool in investment decision making in today’s active world. Organizations are however, advised to invest on information technology tools as it improve their efficiency, effectiveness and their overall performance.

The major findings revealed that for every investor to take investment decision via the accounting information of the financial institution the focus is Marjory on the profitability of the organization and the profit of the organization is a function of the assets, liabilities and equity contribution of the owner of the organization, as such the relationship between the profit and asset, liabilities, and equity is very significant for where the investors put their resources via multiplier effect. Therefore, due to the above six empirical literature reviews, three of them shows, there is no the relationship between accounting information and investment decision and the other show that there is a relationship between accounting information and investment decision basing on the organization performance.

## 2.5 Research Gap

My study goes direct to deferent literature reviews on the role of accounting information on investment decision making. By considering the above reviewed empirical literature which show several similar researches have been done, but there is a gap left range from geographical to time as well as the nature of the organization. Tyll & Pohl (2014) conducted a research on the role of accounting information for investment decision on private of capital market in Czech Republic. Despite the study relevance the research conducted in Czech Republic where geographical attributes and a socio culture value differs from Tanzania.

Thus, their findings cannot favor the environment of Tanzania. In spite of the fact show a number of research have been done to investigate the role of accounting information in relation to investment decision, most of them were carried in other countries particularly Asian countries. This study was filled the exiting gap left by previous literature specifically the role of accounting information on investment decision in Tanzania organizations TANESCO a case study.

## 2.6 Conceptual and Theoretical Framework

After the theoretical review, the researcher was developed a conceptual framework on what were surveyed from the research study proposed by categorizing between independent variables and dependent variables, to evaluate the role of accounting information on investment decision.

INDEPENDENT VARIABLE

DEPENDENT VARIABLE

Accounting information based on:-

* Income statement
* Balance sheet
* Cash flow statement.

Investment decisions

Figure 1.: The Conceptual Framework: Relationship Diagram Between Independent Variable and Dependent Variable

**Source:** Research Data (2017)

### 2.6.1 Conceptual Framework View

This research shows a conceptual framework which includes a summary of number of relationships that is discussed at the previous reviews of literature and theories. The purpose of this framework (see Figure 1.1) is to show the relationships between the accounting information and investment decision. The figure shows the links between independent variables, dependent variables. The conceptual framework indicates that there is a relationship between accounting information and investment decision making whereby independent variables like balance sheet and income statement can be affected by accounting information. Each of the independent variables has an effect of investment decision making depending on the effectiveness and efficiency of the uses of accounting information. These conceptual frame works are clearly explained in the Figure 1.1.

# CHAPTER THREE

# 3.0 RESEARCH METHODOLOGY

## 3.1 Overview

This chapter discusses the overall study design and the study’s data collection and data analysis activities to be applied to collect sufficient data to test the study’s research hypothesis. This chapter explores the methodological approach for the study and it covers the research strategies, survey population, area of the research, sampling design and procedures and data processing and analysis. Research methodology defined as the procedural plan which can be used by the researcher to validity, objectively, and accuracy answers on the research questions.

## Research Design

Both qualitative and quantitative approaches was used by researcher to add value of the research study and confirm on the research analyses as it exists at present. Questionnaires were used as the main data collection instrument. Research design is the structure of the research. It is the glue that holds all of the elements in a research project together (Tromp, 2006). Furthermore, a research design will enable the researcher to complete the study within a short framework of time.

### 3.3 Area of the Research

The study was conducted at TANESCO Morogoro Municipal and the research shall focus on the “Role of accounting information on investment decision making”. The target populations of the researcher were 500 employees which include a department of Accounting and Finance, Management, Human resources. However, the key area in that organization was the department of Accounting & Finance and the senior organization decision makers.

### 3.4 Population of the Study

Population of the study was originated from employees of the organization. This is the population about which information is desired. The target population was comprised of all staff. Random sampling was applied to choose 50 staffs working at Tanesco Morogoro. The target of the population for the study was obtained from the administration and personnel department, accounting and finance department of the organization. The researcher focused on Tanesco main office in Morogoro, covering 50 respondents’. Population is refers to a total of items about which information is desired. It can be finite or infinite. So, population is said to be finite if its consist of a fixed number of elements, so that it is possible to count it in its totality. (Kothari, 2009, p.153).

Table 3.: The Population target and Sample size

|  |  |  |
| --- | --- | --- |
| Unit of inquiry | Population | Sample size |
| TANESCO ‘s Staff  | 500 | 50 |
| Total | 500 | 50 |

**Source:** researcher’s work (2017)

**Target population [N] = 500** of the Employee of TANESCO MOROGORO

### 3.5 Sampling Procedure

A sample is a true representation of a population. In sampling techniques, the researcher used Random sampling to select the sample size 50 staffs, in order to reduce the possibility of biasness , so that all the departments was involved in the sample and correct information was collected. According to Busara, (2012, p.90) define a “sample size” as a number of items to be selected from the universe to constitute a sample. The convenience sampling techniques was used to collect data based on quantitative and qualitative method.

### 3.5.1 Sample Size

According to Babbie (1992), He explain that the sample size is a segment of a population in which researcher is interested in gaining information and drawing conclusion. The sample for this study constituted a total number of 50 respondents from various departments in TANESCO MOROGORO. Therefore, this number makes up the sample size for this research. According to Happy Gilbert (2014), state that, in order to minimize error, the sample size was taken as follows;

 n = NC2

 C2 + (N-1) e2

Where:n = Sample size

 N = Population (500)

 C = Coefficient of variation (7.5%)assumed

 e = Sampling error (1%)assumed

Therefore;

 n = [500X7.5%2 ] ] / [7.5%2 +500-1X 1%2]

 **n = 50**

For better distribution of the questionnaires to the area of the study, the sample size used was 50 Respondents, only 36 respondents received the questionnaires and 14 of the total number of respondents did not responses the questionnaires. (Table 3.2 summarizes the sample units).

|  |  |  |  |
| --- | --- | --- | --- |
| S/N | Expected Sample Units | Expected Number of Respondents | Expected Sample Selected in % |
| 1. | Chief Accountant | 2= 2/50x100 | 4% |
| 2. | Financial Analysts | 10= 10/50x100 | 20% |
| 3. | General Manager | 2= 2/50x100 | 4% |
| 4. | Senior Accountants | 5= 5/50x100 | 10% |
| 5. | Project Accountant | 8= 8/50x100 | 16% |
| 6. | Other Employees | 20= 20/50x100 | 40% |
| 7 | HRM | 3=3/50x100 | 6% |
|  | **TOTAL** | **50** | **100%** |

Table 3.: Sample Size

**Source:** Researcher (2016)

**Interpret:** The above table shows the overall response rate; therefore, the overall response rate was 4% of the respondents. It is an opinion of the study that the response rate was satisfactory for analysis and hence meets the objective of the study.

### 3.5.2 Variable and Measurement Procedures

Researcher used a sample size of 50employees. The employee was randomly selected from each category and in some instance; stratified sampling adopted to come up with convenient facts. Basing on stratified sampling, the following employees was consulted; Chief accountant and administration, senior accountant, financial analysis, director of human resource and projects managers.

## 3.6 Sources of Data

The study employed both the primary and the secondary sources for purpose of obtaining the data. Data collection refers to gathering of specific information aimed at providing or refusing some factors (Adam, 2008).

### 3.6.1 Primary Data

Primary data are the data which were collected by the researcher directly from her own observation and experiences. Are those data which are collected for the first time from the field, taking a sample representing a population. Primary data provided by the subjects in the sample through the scheduled interactions by using the well prepared tools. The tools employed to obtain the primary data in this study was questionnaire.

### 3.6.2 Secondary Data

Secondary data was obtained from literature sources or data collected by other people for some other purposes. These data provide second hand information and include both raw data and published ones. Journals and textbooks were reviewed. Other secondary data in this study was obtained through internet search method and documentary analysis method.

### 3.7 Data Collection Methods

Both primary and secondary data were used where by questionnaire, internet search, documentary analysis and methods were applied in data collection. A research instrument is a logical model that guides the researcher in the process of collecting, analyzing and interpreting data. Data were collected quantities by using descriptive statistics which helped to suggest possible reasons for a particular relationship between the variables. In order to obtain relevant information, a researcher collected the data by using three instruments. Which it includes the use of questionnaires, documentation, and internet search.

## 3.8 Description of Questionnaire

This questionnaire involved for the research work was typed questions, personally issued to the respondents so as to enable them to fill in their options to the questions asked. The questions were in form of Yes/No, strong agree, agree, disagree, strong disagree structures to enable the respondent with limited knowledge of the study areas to answer it.

### 3.8.1 Questionnaires

Questionnaires were prepared and presented to the respective employees. The employees were requested to read the questions and provide appropriate answers to the questions in the questionnaire. The researcher was used a schedule of questionnaires as a tool of gathering relevant data and information from the study. Both closed questionnaires Yes or No and opened questionnaires were employed.

### 3.8.2 Documentation

This method was used since a greater part of the researchers data was being retrieved from documentary source. The Information was studied from official documents such as books, journals, internet, and in-house prints of policies. Due the nature of the study, some special and relevant documents were sought from the ORGANISATION to supplement the information. These included Income statement Reports, Balance sheet etc.

## 3.9 Data Processing and Analysis

Primary data were edited, coded, hence analyzed quantitatively into frequencies and percentage and presented into graphs and tables which enable to answer the research questions and to meet the research objective of the role of accounting information in investment decision making. Thus, only quantitative methods were used to analyze data of the research findings. The technique which used depends on the data collected from despondences and documents.

This study was considered the following steps when making processing the raw data.

1. To edit the questionnaire then the entire to be filled, questionnaire were crosschecked, corrected and then be summarized.
2. To coding where the number were assigned to every question in the questionnaire paper.
3. The data entry and analysis: The coded data were entered into SPSS by using frequencies, percentages and tables and the researcher employed pie charts for statistical data analysis.

## 3.10 Methods of Data Analysis

The following methods were used to evaluate the following hypothesis. This involves the procedures adopted in analyzing the hypothesis used in the research. The null hypothesis (Ho) and the altering alive hypothesis (Ha) were analyzed using percentages and chi-square.

The percentages were used to calculate the numbers of respondents who answered Yes or No. The presentation is in a tabular form. The chi-square (X2) was used to test the hypothesis put forward in chapter one and from the answers gotten from the questionnaires and personal interview. The use of chi-square is important where there are two or more population, so proportion chi-square is used to test the validity of the result of the correlation coefficient, it should however be stressed that the correlation coefficient measures the direction of the association among the two variables.

Statistical Tool for Test of Hypothesis;

The chi-square (X2) was used to test the hypothesis. The chi-square test (X2) is an important extension of the hypothesis testing and is used to compare an actual or observed distribution with a hypothesized or expected distribution. It is often referred to as goodness of fit test. The value of chi-square was computed using the formula

 X2 = Fo– Fe/F

 Where Fo = observed fervency

 Fe = theoretical frequency

 The observed and expected frequency

 Σ = summation

 Σ**[FO-Fe]2/Fe** sum of all deviations squared and weighted

## 3.11 Measurement of Variables

The main variables of the study are accounting information and investment decision. This research used standard questions adopted from previous studies to measure the variables.

## 3.12 Reliability and Validity of Data

To test for reliability, a researcher was used a scale test. Using SPSS software, questions in the questionnaire was tested by distributing to a small number of respondents to measure their reliability of predictor variables. Validity is described as the degree to which a research study measures what it intends to measure. In this study, the researcher used external validity in order to generalize the findings to the target population. The concept of reliability and validity are core issue in determining the quality of a study. In order for a study to provide sufficiently sound, consistent and relevant evidence, the information provided must be both reliable and valid.

## 3.13 Ethical issues

All information which is collected from the respondents was treated with confidentiality without disclosure of the respondents’ identity. In this study, the researcher ensured that there was a confidentiality of the data provided by the respondents. Before collecting the data, respondents were informed the purpose of the study and the way the results were used for.

# CHAPTER FOUR

# 4.0 INTERPRETATION, ANALYSIS AND DISCUSSION OF THE FINDINGS

## 4.1 Introduction

This chapter represents the answers to the research questions as actually observedat TANESCO a case study.Also the chapter constitutes the discussion of the findings basing on the objectives of the research. It Lastly presents the summary of findings which test the hypothesis of the data as well as making comparison with what other reserachers have found in their studies.

## 4.2 General Background of Respondents

A total sample of 36 respondents were collected for analysis, out of which 20 respondents were other employees and the rest of 16 respondents were HRM, General Manager, Chief Accountant.

### 4.2.1 The Study of the Statistical Characteristics of Population Based on Information of the Respondents

Table 4.: Characteristics of Respondents

| **Factors** | **Details** | **Frequency(N)** | **Percentage (%)** |
| --- | --- | --- | --- |
| Position of the Respondents | General Manager | 2 | 5.5 |
| Chief Accountant | 2 | 5.5 |
| Project Accountant | 6 | 16.6 |
| HRM | 3 | 8.3 |
| Financial Analysis | 8 | 22.2 |
| Other Employees | 15 | 41.6 |
| Total | 36 | 100 |
| Department | Accounts | 20 | 55.5 |
| Accounts & Finance | 13 | 36.1 |
| HRM | 3 | 8.3 |
| Total | 36 | 100 |
| Duration of service | Below 5years | 0 | 0 |
| 5-10years | 11 | 30.5 |
| 10-15years | 15 | 41.5 |
| Above 15years | 10 | 27.7 |
| Total | 36 | 100 |
| Education  | MBA | 4 | 11.1 |
| B.COM | 11 | 30.5 |
| BBA-Accounting | 15 | 41.6 |
| CPA | 6 | 16.6 |
| Total | 36 | 100 |
| Age group of respondents | Below 30 years | 0 | 0 |
| 30-35 years | 11 | 30.5 |
| 35-40 years | 9 | 25 |
| 40-45 years | 6 | 16.6 |
| 45-50 years | 5 | 13.8 |
| Above 50 years | 5 | 13.8 |
| Total | 36 | 100 |
| Gender | Male | 21 | 58.3 |
| Female | 15 | 41.6 |
| Total | 36 | 100 |

**Source:** Research Data (2017)

**Interpret:** The sample characteristics of respondents were presented in terms of gender, age, position of respondents and level of education. The table 4.1above shows the respondents’ gender and education level and their age and duration of service as well as their position. It summarizes the descriptive percentage of the respondent's demographic factors including age, gender, academic qualifications and duration of services. The study findings show that majority of the respondents 30.5% were aged between 30-35 years followed by 25% who aged between 35-40 years. Others 16.6% were aged between 40-45 years and few of the respondents aged above 50 years 13.8%.

Sample included 58.3% male respondents and 41.6% female respondents. All of respondents were educated, the results found that 26[72.1%] of respondents were university graduates and 4 [11.1%] were master degree holders. And only 6 [16.6%] of the respondents were having CPA. In terms of duration of service majority of the responded was 15[41.5%] have working with TANESCO between 10-15 years, 11[30.5%] working between 5-10yrs and 10[27.7%] working above 15years

Figure 4.: The Table Below Shows the Respondents’ Age

**Source:** Research Data (2017)

**Interpret:** Results show that age and working experience of the respondents both have positive and significant relationship with accounting information and investment decision Results in Table 4.1 shows the study findings show that majority of the respondents 30.5% were aged between 30-35 years followed by 25% who aged between 35-40 years. Others 16.6% were aged between 40-45 years and few of the respondents aged above 50 years 13.8%.

### 4.2.2 Gender of Respondents

Table 4.: Gender of Respondents

|  |  |  |
| --- | --- | --- |
| **Sex /Gender** | **Frequency** | **Percentage** |
| Male  | 21 | 58.3% |
| Female  | 15 | 41.6% |
| **Total**  | **36** | **100%** |

**Source:** Research Data (2017)

**Interpret:** The Table 4.2 shows the respondents’ gender, the data in the table below about TANESCO MOROGORO gender staff level which has been analyzed by using percentage. The finding shows that 58.3%is male respondents and 41.6% is female respondents.

Figure 4.: The Gender Distribution of the Respondents

**Source:** Research Data (2017)

**Interpret:** The table above shows the respondents’ gender, the data in the table below about TANESCO Morogoro gender staff level which has been analyzed by using percentage. The finding shows that 58.3% is male respondents and 41.6% is female respondents.

Table 4.: Education of the Respondents

|  |  |  |
| --- | --- | --- |
| **Qualification**  | **Frequency** | **Percentage** |
| BBA Accounting | 15 | 41.6% |
| MBA | 4 | 11.1% |
| CPA | 6 | 16.6% |
| B.COM | 11 | 30.5% |
| Total  | 36 | 100% |

**Source:** Primary Data

**Interpret:** The finding revealed that 15(41.6%) & 11(30.5%) of the respondents had an undergraduate degree, followed by 6(16.6%) who possesses a CPA. And only 4(11.1%) possessed Masters Degree. This indicates that TANESCO MOROGORO employs persons with various level of education as summarized in table 4.2 and figure 4.3. The employees are therefore knowledgeable and are well positioned to implement the role of accounting information on investment decision.

The figure below shows the respondents’ education.

Figure 4.: Education of the Respondents

**Source:** Research Data (2017)

**Interpret:** The finding revealed that 15(41.6%)& 11(30.5%) of the respondents had an undergraduate degree, followed by 6(16.6%) who possesses a CPA. And only 4(11.1%) possessed Masters Degree. This indicates that TANESCO MOROGORO employs persons with various level of education as summarized in table 4.2 and figure 4.3. The employees are therefore knowledgeable and are well positioned to implement the role of accounting information on investment decision.

Table 4.: Duration of Service of Respondents

|  |  |  |
| --- | --- | --- |
| **Duration of service** | **Frequency** | **Percentage** |
| Below 5 years | 0 | 0% |
| 5-10 years | 11 | 30.5% |
| 10-15 years | 15 | 41.5% |
| Above 15 years | 10 | 27.7% |
| **Total**  | **36** | **100%** |

**Source:** Research Data (2017)

**Interpret:** A summary of the results on how long the respondents had worked at TANESCO MOROGORO is shown in table 6 & figure 6.Most of them 15(41.5%) have worked at TANESCO Morogoro for 10-15 years. And 11 (30.5%) have worked for 5-10years, while 10 (27.7%) above 5years. Only 0% of the respondents indicate that they have been working at TANESCO Morogoro at most one year. This implies that most of the respondents at TANESCO Morogoro have worked at that company (TANESCO) long enough to provide both reliable and accurate accounting information to be used for investment decision so that to meet the objective of this study.

Figure 4.: Duration of Service of the Respondents

**Source:** Research Data (2017)

**Interpret:** A summary of the results on how long the respondents had worked at TANESCO MOROGORO is shown in table 4.4& figure 4.4.Most of them 15(41.5%) have worked at TANESCO Morogoro for 10-15 years. And 11 (30.5%) have worked for 5-10years, while 10 (27.7%) above 5years. Only 0% of the respondents indicate that they have been working at TANESCO Morogoro at most one year. This implies that most of the respondents at TANESCO Morogoro have worked at that company long enough to provide both reliable and accurate accounting information to be used for investment decision so that to meet the objective of this study.

### 4.2.3 Presentation of Responses to the Questionnaires

Table 4.5 summarizes the Presentation of responses to the questionnaires, where by the researcher distributed50 questionnaires to the staffs of TANESCO. Two questionnaires (2) to General managers, two questionnaires (2) to Chief accountant, eight questionnaires (8) to project accountant, three questionnaires (3) to HRM, ten questionnaires (10) to financial analysis, twenty questionnaires (20) to other employees, making a total of 50 distributed questionnaires, in which thirty-six (34) respondents returned the questionnaires to the researcher. The table below shows the summary of respondents and non-respondents with response rates.

Table 4.: The Summarizes of Respondents and Non-Respondents N=50

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Respondents | Sample size | Responses(RETURNED) | Non- respondents(NOT RETURNED) | Response rate % |
| General Managers | 2 | 2 | Nil | 100% |
| Chief Accountant | 2 | 2 | Nil | 100% |
| Project Accountant | 8 | 6 | 2 | 75% |
| HRM | 8 | 3 | 5 | 37.5% |
| Financial Analysis | 10 | 8 | 2 | 80% |
| Other Employees | 20 | 15 | 5 | 75% |
| Total | 50 | 36 | 14 | 72% |

**Source:** Research Data (2017)

**Interpret:** From the table 4.5, it is true to say that the researcher achieved the target as the respondent’s response was good as 75% of the questionnaire was returned and only 37.5% were not returned. Good cooperation between the researcher and his/her respondents is the secret behind this success. Questionnaires not returned were due to some forces which were above to both the researcher and his respondents Thus, it’s an option that, the response rate was satisfactory for analysis and then meets the objectives of the study.

 **Department in which the questionnaires were distributed**

37.5%

75%

77.7%

100%

HRM

Department

Other Employee

Accounting Dept.

Administration

Department

Figure 4.: Description of Questionnaires for TANESCO’s Staffs on Department

**Source:** Research Data (2017)

**Interpret:** The finding revealed that 2(100%) of the respondents found in Administration department, followed by 20(77.7%) found in Accounting department. And 20(75%) of the respondents found in other section and 8(37.5%)of the respondents found in HRM department. This indicates that the respondents who returned the questionnaires to the researcher from all departments were 3employee from HRM department, 16 employees from Accounting department, 2 employee from Administration department and 15 employee from other section.

### 4.2.2 Analysis of the Compliance Test Questionnaire Statements to Staffs Members of TANESCO Morogoro

Table 4.: Rank of Respondents (Response to Question one)

|  |  |  |
| --- | --- | --- |
| Variables  | Respondents  | Percentage (%)  |
| Managers | 2 | 100 |
| Chief Accountants | 2 | 100 |
| Project Accountants | 6 | 75 |
| HRM | 3 | 37.5 |
| Financial Analysis | 8 | 80 |
| Others | 15 | 75 |
| Total | 36 | 100 |

**Source:** Research Data (2017)

**Interpret:** From the responses to question one in the questionnaire in table 4.6 above only two respondents indicated that they hold position of managers2 (100%), 2 (100%) indicate that they hold positions of Chief accountants, 6(75%) hold position of project accountants, 8 or 80% indicated that they hold Financial analysis, 3 or 37.5% indicated that they hold HRM and 15 or 75% indicate that they hold other positions not mentioned in the table.

Table 4.: Employees Years of Service (Response to Question two)

|  |  |  |
| --- | --- | --- |
| Variables  | Respondents  | Percentage (%)  |
| Below 5yrs | 0 | 0% |
| 5-10 years | 11 | 30.5 |
| 10-15 years | 15 | 41.5 |
| 15 years above  | 10 | 27.7 |
| Total | 36 | 100 |

**Source:** Research Data (2017)

**Interpret:** From the responses to question two in the questionnaire, table 4.7 indicates that 11 or 30.5% of the respondents have worked under TANESCO Morogoro between 0-10 years, 15 or 41.5% between 10-15 years, 10 or 27.7% between 15 years and above.

Table 4.: Why Do You Use Accounting Information on Investment Decision Making (Response to Question three)

|  |  |  |  |
| --- | --- | --- | --- |
| S/N | OPINION | Frequency | Percentage |
| 1 | Because other people use | 1 | 2.9% |
| 2 | In order to increase accuracy of decision | 25 | 69.4% |
| 3 | Decision making is not possible without accounting information | 10 | 27.7% |
|  | Total | 36 | 100% |

**Source:** Research Data (2017)

**Interpret:** Table 4.8 shows the frequency and percentage of the reason of using accounting information on investment decision making. From the analysis, it is observed that 69.4% of the respondents use the accounting information for increasing the accuracy of investment decision and27.7% respondents always use accounting information because they think that without accounting information it is impossible to make investment decision.

Table 4.: Did You Use Accounting Information in TANESCO vision Related Investment Decision? (Response to Question Four)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **S/N** | **QS** | **Response** | **Percentage: %** | **Total** |
|  |  | SA | A | D | SD | SA | A | D | SD |  |
| **02** | **You use Accounting information in TANESCO’s vision related investment decision?** | **21** | **5** | **6** | **4** | **58.3** | **13.8** | **16.6** | **11.1** | **36****[100%]** |
|  | Total | 21 | 5 | 6 | 4 |  |  |  |  |  |

Source: Research Data (2017)

**Key:** SA : Strong Agree

 A : Agree

 D : Disagree

 SD : Strong Disagree

**Interpret:** Table 4.9 shows the response and percentage of using accounting information in TANESCO’S vision related investment decision. It shows that 58.3% respondents strong agreed that they use accounting information in TANESCO’s vision related decision and 16.6% disagreed in this regard.

Table 4.: Is Accounting Information Useful For Investment Decision-Making? (Response to Question five)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **S/N** | **QS** | **Response** | **Percentage** | **Total** |
| 03 | Is accounting information useful for investment decision-making? | YES | NO | YES | NO |  |
|  | Total | 30 | 6 | 83.3% | 1.6% | 36[100%] |

**Source:** Research Data (2017)

**Interpret:** The data also prove that 83.3% respondents agreed “yes” that accounting information is useful for investment decision-making, where 1.6% disagreed (says “No”) in this regard.

1.6%

83.3%

0

10

4

30

8

10

60

14

16

90

20

Yes

No

RESPONSE

Figure 4.: It shows the Response to Question five Above

**Source:** Research Data (2017)

**Interpret:** The finding revealed that83.3% respondents agreed “yes” that accounting information is useful for investment decision-making, where 1.6% disagreed (says “No”) in this regard.

Table 4.: Do you Use Accounting Information in Core Competitive Advantage Related Investment Decision? (Response to Question six)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| S/N | QS | Response | Percentage | Total |
|  |  | SA | A | D | SD | SA | A | D | SD |  |
| 04 | Do you use Accounting information in Core competitive advantage related investment decision? | 9 | 20 | 7 | 0 | 25% | 55.5% | 1.9% | 0% | 36[100%] |
|  | Total | 9 | 20 | 7 | 0 |  |  |  |  | 36 |

**Source:** Research Data (2017)

**Key:** SA : Strong Agree

 A : Agree

 D : Disagree

 SD : Strong Disagree

**Interpret:** The data also prove that 55.5% respondents agreed that they use accounting information in Core competencies and competitive advantage related investment decision where 1.9% disagreed in this regard.

Table 4.: Do You Use Accounting information in Human Resources Policies Related Investment Decision? (Response to Question seven)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **S/N** | **QS** | **Response** | **Percentage** | **Total** |
|  |  | SA | A | D | SD | SA | A | D | SD |  |
| 05 | Do you use Accounting information in Human resources policies related investment decision? | 18 | 10 | 4 | 5 | 50 | 27.7 | 11.1 | 13.8 | 36[100%] |
|  | Total | 18 | 10 | 4 | 5 | 50% | 27.7% | 11.% | 13.8% |  |

**Source:** Research Data (2017)

**Key:** SA : Strong Agree

 A : Agree

 D : Disagree

 SD : Strong Disagree

**Interpret:** The Data in table 4.12. It reveals the frequency and percentage of using accounting information in human resource policies related investment decision. As per data, 50% of the respondents agreed strongly that they use accounting information in human resources policies related investment decision where 13.8% strongly disagreed in this point.

Table 4.: Do you use Accounting Information in Organization Culture Related Investment Decision? (Response to Question Eight)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **S/N** |  | **Response** | **Percentage-%** | **Total** |
|  |  | SA | A | D | SD | SA | A | D | SD |  |
| 08 | Do you use Accounting information in Organization culture related investment decision? | 10 | 19 | 6 | 0 | 27.7 | 52.7 | 16.6 | 0% | 36[100%] |
|  | Total | 10 | 19 | 6 | 0 | 27 | 52.7 | 16.6 | 0 |  |

**Source:** Research Data (2017)

**Key:** SA : Strong Agree

 A : Agree

 D : Disagree

 SD : Strong Disagree

**Interpret:** Table 4.13 shows the response and percentage of using accounting information in Organization culture related investment decision. It shows that 52.7% respondents agreed that they use accounting information in Organization culture related investment decision and 16.6% disagreed in this regard.

Table 4.: Do you use Accounting Information in Capital Raising Related Investment Decision? (Response to Question Nine)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **S/N** | **QS** | **Response** | **Percentage** | **Total** |
|  |  | SA | A | D | SD | SA | A | D | SD |  |
| 09 | Do you use Accounting information in Capital raising related investment decision? | 8 | 22 | 4 | 2 | 22.2 | 61.1 | 11.1 | 5.5 | 36[100%] |
|  | Total | 8 | 22 | 4 | 2 | 22.2% | 61.1% | 11.1% | 5.5% |  |

**Source:** Research Data (2017)

**Key:** SA : Strong Agree

 A : Agree

 D : Disagree

 SD : Strong Disagree

**Interpret:**

Table 4.14 shows that the response and percentage of using accounting information in Capital rising related investment decision. The data shows that 61.1% of the respondent agreed that they use accounting information in capital Raising related investment decision whereas 11.1% of them disagreed in this regard.

Table 4.: Do you use Accounting Information in Investment in Fixed Assets Related Investment Decision? (Response to Question Ten)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **S/N** | **QS** | **Response** | **Percentage** | **Total** |
|  |  | SA | A | D | SD | SA | A | D | SD |  |
| 10 | Do you use Accounting information in Investment in fixed assets related investment decision? | 5 | 24 | 7 | 0 | 13.8 | 66.6 | 19.4 | 0% | 36[100%] |
|  | **Total** | **5** | **24** | **7** | **0** | **13.8** | **66.6** | **19.4** | **0%** |  |

**Source:** Research Data (2017)

**Key:** SA : Strong Agree

 A : Agree

 D : Disagree

 SD : Strong Disagree

**Interpret:** Table 4.15shows the response and percentage of using accounting information in Investment in fixed assets related investment decision. It shows that 66.6% respondents agreed that they use accounting information on Investment in fixed assets related investment decision and 19.4% disagreed in this regard.

Table 4.: The use Accounting Systems at TANESCO Do Not Use New Techniques of Accounting? (Response to Question Eleven)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **S/N** | **QS** | **Response** | **Percentage** | **Total** |
|  |  | SA | A | D | SD | SA | A | D | SD |  |
| 11 | The use accounting systems at TANESCO do not use new techniques of accounting? | 0 | 0 | 26 | 10 | 0% | 0% | 72.2% | 27.7% | 36[100%] |
|  | **Total** | **0** | **0** | **26** | **10** | **%** | **0%** | **72.2%** | **27.7%** |  |

**Source:** Research Data (2017)

**Key:** SA : Strong Agree

 A : Agree

 D : Disagree

 SD : Strong Disagree

**Interpret:** Table 4.16 shows the response and percentage of the problems of using accounting information on investment decision making. It provides that 0% respondents agreed and 72.2% disagreed that they do not use modern techniques of accounting.

Table 4.: The Top Management of TANESCO Do Use Accounting Information on Investment Decision? (Response to Question Twelve)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **S/N** | **QS** | **Response** | **Percentage** | **Total** |
|  |  | SA | A | D | SD | SA | A | D | SD |  |
| 12 | The Top Management of TANESCO do use accounting information on investment decision? | 11 | 15 | 4 | 6 | 30.5% | 41.6% | 11.1 | 16.6 | 36[100%] |
|  | **Total** | **11** | **15** | **4** | **6** | **30.5%** | **41.6%** | **11.1%** | **16.6%** |  |

**Source:** Researcher field work (2017)

**Interpret:** Table 4.17 shows that the response and percentage of using accounting information by Top Management of TANESCO do use accounting information on investment decision. The data shows that 41.6% of the respondent agreed that Top Management of TANESCO they use accounting information on investment decision where as 16.6% of them disagreed strongly and Strong agree 30.5%.

## 4.3 The Test of Hypothesis

In this side, the research hypotheses which stated from chapter one,were tested. The statistical tool employed is **chi-square (X2)** as shown in chapter three of this study. The hypothesis was stated as follows: -

### 4.3.1 Hypothesis - 01

**Ho 1:** Accounting information does not ensure the significant relationship between with Investment decision making.

**Ha 1:** Accounting information ensures that there is significant relationship between with Investment decision making.

Table 4.18; shows the result from the analysis that relationship exists between the independent variable and the dependent variable. The model was significant by establishing a relationship between accounting information and investment decision making. Therefore, it is concluded that for Hypothesis I that, there is a significant relationship between Accounting information and investment decision making.

**TEST DATA:** The data for the validation of the hypothesis above is presented in Table 4.18.

Table 4.: The Computed X 2 Value for Hypothesis One

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Response variable[V] | No of respondents[FO] | Expected freq [FE] | FO-FE | [FO-FE]2 | [FO-FE]2FE |
| Yes | 26 | 20 | 6 | 36 | 1.8 |
| No | 10 | 16 | -6 | 36 | 1.8 |
| Total | 36 | 36 | 0 | 72 | 3.6 |

Source: Research Data (2017)

**Interpret:** The table 4.18 shows that the computed X2**3.6** with 1 degree of freedom, that is (2-1) (2-1), the theoretical value of X2 at 5% level of significance is **3.8** which is less than the computed X2.

Finally; this implies that there is a relationship between accounting information and investment Decision-making. Therefore, it rejects **Ho1** and accepts **Ha 2** this implies that always accounting Information ensures that there is a relationship between with Investment decision making.

### 4.3.2 Hypothesis 02

**Ho2**: Accounting information is useful for investment decision-making in TANESCO Morogoro Municipal.

**Ha2**: Accounting information does not used for investment decision-making in TANESCO Morogoro Municipal.

**TEST DATA**: The data for the validation of the hypothesis above is presented below

The computed x2values for hypothesis 02.

Table 4.: The Computed x2 Values for Hypothesis 02

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Response variable | No of respondents (FO) | Expected freq (FE) | FO-FE | (FO-FE)2 | (FO-FE)2FE |
| Yes | 30 | 25 | 10 | 100 | 4 |
| No | 6 | 11 | -5 | -25 | -2.27 |
| Total | 36 | 36 | 5 | 75 | 1.73 |

From the response to the question 5 in the questionnaire

Interpret: Table 4.19 shows that the computed X2 is 1.73with 1 degree of freedom that is (2-1) (2-1) the theoretical value of X2 at 5% level of significance is3.8which is less than the computed X2 level. Therefore, it rejects Ha2 and acceptsHo 2 this implies that always accounting information is useful for investment decision-making in TANESCO Morogoro Municipal.

## 4.4 Discussion of the Findings

The present studies evaluate the relationship between accounting information and investment decision. In all, it has been proved based on the empirical findings of this research work that accounting information and investment decision have significant relationship. And most of of the respondents that 83.3% of the respondents say always they use accounting information in making investment decision in TANESCO Morogoro as a case study and 1.6% they don’t agree, and 66.6% of the respondents agreed that they use accounting information on investment decision in fixed assets related investment decisions and 19.4% disagree.

Most all studies have been done beyond Tanzania boundaries creating a geographical and cultural gap. Therefore, this study sacks to fill the gap.It is observed from the analysis of the opinion of the respondents that 83.3% of the respondents say always they use accounting information in making investment decision in TANESCO Morogoro as a case study and 1.6% they don’t agree (they say No).And it shows that the computed X2**3.6** with 1 degree of freedom, that is (2-1) (2-1), the theoretical value of X2 at 5% level of significance is **3.8** which is less than the computed X2. Finally; this implies that there is a relationship between accounting information and investment decision making. When we compare with the researcher Ladislar Tyll & Petr. Theirs findings reveal that, the Incorrect accounting information will affect the allocation of capital to the organization, Republic capital markets as a case study. But the finding does not show the relationship between accounting information and investment decision.

And my finding relates with the researcher Michael (2013).His findings reveal that one of the primary responsibilities of management to the investors is to give a standardized financial statement evaluated and authenticated by a qualified auditor. He concludes that there is a relationship between accounting information and investment decision. As per data, 50% of the respondents agreed strongly that they use accounting information in human resources policies related investment decision where 13.8% strongly disagreed in this point. Also, it shows that 66.6% respondents agreed that they use accounting information on Investment in fixed assets related investment decision and 19.4% disagreed in this regard.

The data shows that 61.1% of the respondent agreed that they use accounting information in capital Raising related investment decision where as 11.1% of them disagreed in this regard. After analyzing the use of accounting information in Human resource investment decision, it is found that 50% respondents strongly agreed that they use accounting information in Human resources policies related investment decisions and 13.8% they don’t agree. The analysis of the use of accounting information on investment decisions shows that 66.6% agreed that they use accounting information on investment decision in fixed assets related investment decisions and 19.4% disagree.

The analysis of the use of accounting information on investment decisions shows that 61.1% agreed that they use accounting information on investment decision in raising capital and 22.2% strong disagree. The analysis of the use of accounting information on investment decisions show that 52.7% respondents agreed that they use accounting information in Organization culture related investment decision and 16.6% disagreed.

**CHAPTER FIVE**

# 5.0 CONCLUSION AND RECOMMENDATIONS

## 5.1 Introduction

This chapter presents the summary, conclusion and recommendations of the study findings based on the analysis made in chapter four respects to specific objectives and thereafter general conclusions and recommendations for the course of action in respect to the objectives of the research have also been given

## 5.2 Summary of Findings of the Study

This chapter presented data presentation and discussion on findings obtained from chapter four; it further gives an interpretation of the study findings. The study had the total number 50 respondents who were investigated through the questionnaires. They explain the role of accounting information on investment decision making in TANESCO Morogoro branch. The primary purpose of the study was to evaluate the relationship between accounting information and investment decision. Various statistical techniques were used to analyze data derived from objectives of the study. Research questions were answered only by 36 respondents while 14 respondents were not answered the questions. The study findings show that majority of the respondents 30.5% were aged between 30-35 years.

Sincethe basic aim of this study is to evaluate the role of accounting information on investment decision making of TANESCO Morogoro. This is because prospective investor’s uses accounting information of any public or private sector and also financial institutions as a major parameter for assessing the profitability and the risk of investing in such organization, TANESCO as a case study and the aim of accounting information is to provide financial information about an entity to interested parties or investors. The accounting information can become meaningful through financial interpretations and become necessary for any investment decision.

This research shows that the accounting information are mostly used for control, then for the purpose of analysis, operations reports, decision making, and are least used for the purpose of planning. Planning and decision making are the last from the aspect of intensity of using accounting information. The analysis of this study proves that there is significant relationship between accounting information and investment decisions.

1. It is observed from the analysis of the opinion of the respondents that 83.3% of the respondents say always they use accounting information in making investment decision in TANESCO Morogoro as a case study and 1.6% they don’t agree (they say No).
2. After analyzing the use of accounting information on investment decision, it is 58.3%respondents strongly agreed that they use accounting information for setting the organizational objective and 55.5% respondents agreed that they use accounting information in Core competitive advantage related investment decisions and 1.9% they don’t agree.
3. After analyzing the use of accounting information in Human resource investment decision, it is found that 50% respondents strongly agreed that they use accounting information in Human resources policies related investment decisions and 13.8% they don’t agree.
4. The analysis of the use of accounting information on investment decisions shows that 66.6% agreed that they use accounting information on investment decision in fixed assets related investment decisions and 19.4% disagree.
5. The analysis of the use of accounting information on investment decisions shows that 61.1% agreed that they use accounting information on investment decision in raising capital and 22.2% strong disagree.
6. The analysis of the use of accounting information on investment decisions show that 52.7% respondents agreed that they use accounting information in Organization culture related investment decision and 16.6% disagreed.
7. The analysis of the use of accounting information on investment decisions shows that 0% respondents agreed and 72.2% disagreed that they do not use new techniques of accounting.
8. The analysis of the use of accounting information on investment decisions shows The data shows that 41.6% of the respondent agreed that Top Management of TANESCO they use accounting information on investment decision where as 16.6% of them disagreed strongly.

There is no major problem faced by management of TANESCO as a case study in using the accounting system. They all using the updated accounting system and maintaining the standard of accounting system.

## 5.3 General Conclusion

At the every initial stage of the study, the researcher had set forth the value of 55% as the minimum value of decision criteria to be based upon during the study and when drawing conclusion. Therefore all results of the key question or hypothesis which ranged from 55% or above were considered to meet the decision criteria.

Two hypotheses were accessible seeking to establish relationships between the role of accounting information and investment decisions. The study revealed that accounting information performs a crucial role on investment decisions which has been shown to be major force in investment decision making. This is achieved by implementing the best fundamental concept of accounting suitable for each public organization. The study also showed that accounting information plays a vital role in taking the effective, accurate and significant investment decision in human resource, long term investment. The study also tried to find out the problems of the accounting system faced by TANESCO organization in Morogoro branch.

The study proves that the accounting information was used by TANESCO Morogoro significantly. And the problem of using accounting system is poor. It is really a satisfactory result for an organization in TANESCO. Since all public sectors still face technological changes from within the organization and outside the organization which ultimately results in increasing uncertainty. The issue is concerning with the accounting information and other publicly disclosed document that have been created important policy issues. In particularly, incorrect information could affect the decision making on investment.

## 5.4 Recommendations of the Study

Based on the findings of the research work, I therefore make the following recommendations of the study. There is an opportunity to increase the percentage of using accounting information on investment decision making in TANESCO Morogoro. Thus, the public organization should use accounting information always to increase the accuracy of their investment decision making. TANESCO should increase the percentage of using accounting information for setting the accurate the objective.

The study also recommends that TANESCO Morogoro should increase the uses of accounting information on investment decision based on Human resource to increase the accuracy and effectiveness of the investment decision making. The researcher recommends that TANESCO at Morogoro should consult the accounting information before making investment decisions, and also it is recommending that all interested parties to accounting information should use required financial ratios analysis for investment decision making.

Finally, success or failure of any investment decision depends on accounting information.

## 5.5 The Limitation of the Study

## Since the sample is chosen from TANESCO Morogoro only, it was small which does not represent population of the whole staffs at TANESCO. That’s why the findings and analysis is varying slightly in organization.

## The questionnaire was not well understood by other respondents.

## 14 of respondent did not answer the questionnaire, it give a great challenge to the research as the researcher must find more time to find employees who were willing to answer the questionnaire.

## The time was not enough to enable a researcher to collect the data from the respondents and the data was collected from a single public sector TANESCO Morogoro as a case study.

## Implications of the Study

My study can provide benefits to the :-

1. TANESCO Morogoro as a public sector and their investment decision makers. Because by this study they can know how they should increase the uses of accounting information on investment decision purposes.
2. From this study, researchers can get some directions and benefits.

## 5.7 The Areas for Future Research

The suggestions for future studies are provided accordingly. The study gives some direction to the following study:

1. The researchers should considerthe investigating effects of the role of accounting information and investment decision in other privatesectors for the purpose of making comparative study on the findings.
2. The Uses of accounting information in short term investment decision making at TANESCO.
3. The role of accounting information on investment decision making in service sector at TANESCO.
4. Also the impact of accounting information on investment decision making and the impact of accounting information on organization’s financial performance at TANESCO Morogoro as a case study.

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**APPENDICES**

**APPENDIX I: INTRODUCTION LETTER**

Faculty of Business Management

Department of Accountancy& Finance

The Open University of Tanzania,

DAR ES SALAAM

Dear Sir/Madam;

**REQUEST FOR THE COMPLETION OF THE QUESTIONNAIRE**

My name is Leoson Deus Thuhoye, pursuing a Master’s degree in Finance at Open University of Tanzania. I am currently conducting a research on the role of accounting information on investment Decision. The objective of this questionnaire is to provide assistance in data collection that aimed at evaluating the role of accounting information in decision making. The data collected will not be shared with any individual or institution, only aggregate data and summaries will be published. You are kindly requested to participate in this study by filling in information in this questionnaire. Be assured that information provided will only be used with confidentiality and for academic purpose.

I will be very grateful if you would complete the attached questionnaires to the best of your knowledge to enable me complete a successful research on the study topic.

I wish to thank you in advance for your assistance.

Yours faithfully,

L. D. Thuhoye

**APPENDIX II: QUESTIONNAIRE**

**RESEARCH TITLE: The Role of Accounting Information in Investment.**

**Part I: Respondent’s Personal Information**

**Put a tick in the box provided.**

Name of Organization ………………………………………………..

Position of Respondent………………………………………………..

Name of Department/Section…………………………………………

Duration of Service; Year…………………………………………...

Professional Education in Accounting/Finance

 B.Com B.B.A C.P.A

 MBA B.B.A [major in accounting]

**Gender:**  Sex: Male [ ]

 Sex: Female [ ]

Age group of Respondent

Under 30 years40 to 45 years

30 - 35 years45 to 50 years

35 to 40 yearsover 50 years

**Part II: Specific information to the study**

**Put a tick in the box provided**

**1. What position are you occupying?**

 A. Manager [ ]

 B. Chief accountant [ ]

 C.Project manager [ ]

 D.HRM [ ]

 E.Others[ ]

**2. For how long have you worked with TANESCO?**

 A. below 5 years [ ]

 B. 5-10 years [ ]

 C. 10-15 years [ ]

 D. 15years and above [ ]

**3. Why do you use Accounting information on investment decision making?**

Because other people use[ ]

In order to increase accuracy of decision[ ]

Decision making is not possible without accounting information[ ]

**4. Did you use Accounting information in TANESCO vision relatedinvestment** decision?

[ ] strong agree

 [ ] Agree

 [ ] Disagree

[ ] strong Disagree

**5. Are accounting information useful for investment decision-making?**

[ ] Yes

[ ] NO

**6. Do you use Accounting information in Core competitive advantage related** investment decision?

Strong agree[ ]

Agree[ ]

 Disagree[ ]

Strong Disagree [ ]

**7. Do you use Accounting information in Human resources policies related** **investment decision?**

[ ] strong agree

[ ] Agree

[ ] Disagree

 [ ] strong Disagree

**8. Do you use Accounting information in Organization culture related investment decision?**

[ ] strong agree

[ ] Agree

[ ] Disagree

[ ] strong Disagree

**9. Do you use Accounting information in Capital raising related investment decision?**

[ ] strong agree

[ ] Agree

[ ] Disagree

[ ] strong Disagree

**10. Do you use Accounting information in Investment in fixed assets related** **investment decision?**

[ ] strong agree

[ ] Agree

[ ] Disagree

[ ] strong Disagree

**11. Problems of accounting system in Organization (TANESCO) as a public sector.**

a. The use accounting systems do use new techniques or approaches of accounting?

[ ] strong agree

[ ] Agree

[ ] Disagree

[ ] strong Disagree

B.The Top Management do use accounting information in investment decision?

[ ] strong agree

[ ] Agree

[ ] Disagree

[ ] strong Disagree

Thanking you for your participation