

# Factors Affecting the Non-Use of Managers in Decision Making from Information (Melli Bank's Financial Reporting in Hormozgan)

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**Abstract:** The aim of the research is to investigate factors affecting the non-use of managers in decision making from information (National Bank's financial reporting in Hormozgan). The statistical population of this study includes experts in the field of financial management and financial reporting which these people are familiar with the selection of the strategy and they have the vision and idea about it. They are 30 people. The research questions are on identifying the factors affecting the non-use of managers in decision making from information of financial reporting and rating of these factors. Fuzzy Analytic Hierarchy Process was used to study the questions of the questionnaire and they were used through Expert choice software. The results indicate the issue that the most important factor in technical factors includes: "lack of familiarity of the managers with the concepts and techniques of accounting management" and "the reluctance of the managers to successful modeling systems" and they have the highest weight and priority. The most important factor in cultural factors includes: "lack of a spirit of the tolerance of conflict and risk" which they have the highest weight and priority. The most important factor in this section includes: "the reluctance to group solidarity spirit" which has the highest weight and priority. Among these factors, the most important of them include technical factors which have the highest weight and priority.

**Keywords:** Decision-making, Financial Reports, National Bank.

## Introduction

According to the issue of decision making, correct evaluation of methods and technologies and selection of the most appropriate projects, to implement, given different conservative, economic, technological, environmental, social and cultural conditions in order to adapt them to contemporary conditions are one of the important problems that decision-makers, managers, policy makers, architects and construction workers are faced with them in developed and developing countries.

Today, banks have an important place in the economy as one of the important cases of the chain of finance in every country. Competitive environment in the global economy directs the banks so that they can benefit from various tools and ways to quantitative and qualitative development. The banks must find the ways which they can adopt a distinctive strategy compared to others to provide services to customers. One of the key requirements for success of the companies in the competitive environment is to recognize the facts that how the benefits and competitive advantages can be permanent. To develop and implement a competitive advantage, the companies need to have the same capabilities which they can be used to create inimitable, precious, rare and irreplaceable resources. One of the most important ways to achieve a sustainable competitive advantage is to utilize the key resources (Jarrahi et al., 2011).

That is why this research seeks to identify and prioritize the factors affecting the non-use of managers in decision making from information and financial reporting using fuzzy analytical hierarchy process (FAHP).

### **Theoretical bases**

The conceptual framework of financial reporting in accounting is essential for three reasons: first, the conceptual framework as a Statute is a guide for standard-setters. Financial Accounting Standards Boards (FASB) defines the conceptual framework for financial reporting as follows. "A coherent set of principles and goals that can lead to consistent standards and the nature of the action and of the financial statements are provided". Standard-setters observe objectives, theories and concepts mention in the conceptual framework when developing standards and they prepare the standards based on it. If the framework which the standard-setters emphasize has an internal coherence and consistency, then we can hope that the result (reporting standards) has also the same characteristics. Second, the conceptual framework can also be a guide for interns. The change in accounting treatment has been associated with environmental changes. Therefore, accounting has always been influenced by the new events which at the moment of the creation, there is no standard procedure for them and when facing with them, the interns are forced to find a practical solution for these cases which the conceptual framework can be a guide to action in these situations. Taking into account the objectives and principles mentioned in the conceptual framework, the interns select the best strategies by applying professional judgment and based on the reasoning of the different approaches. Third, the role and influence of the conceptual framework are on public acceptance standards because the standard which is not generally accepted by the public is doomed. Therefore, if the interns know that the standards are based on a conceptual framework, they feel relaxed and show less resistance against them. In Iran, accounting standards boards of recognizing through knowing the need for a conceptual framework for financial reporting have emphasized the first product in 1997 entitled "theoretical bases of accounting and financial reporting in Iran", the proposed text (Rezaee, 2011).

### **Review of literature**

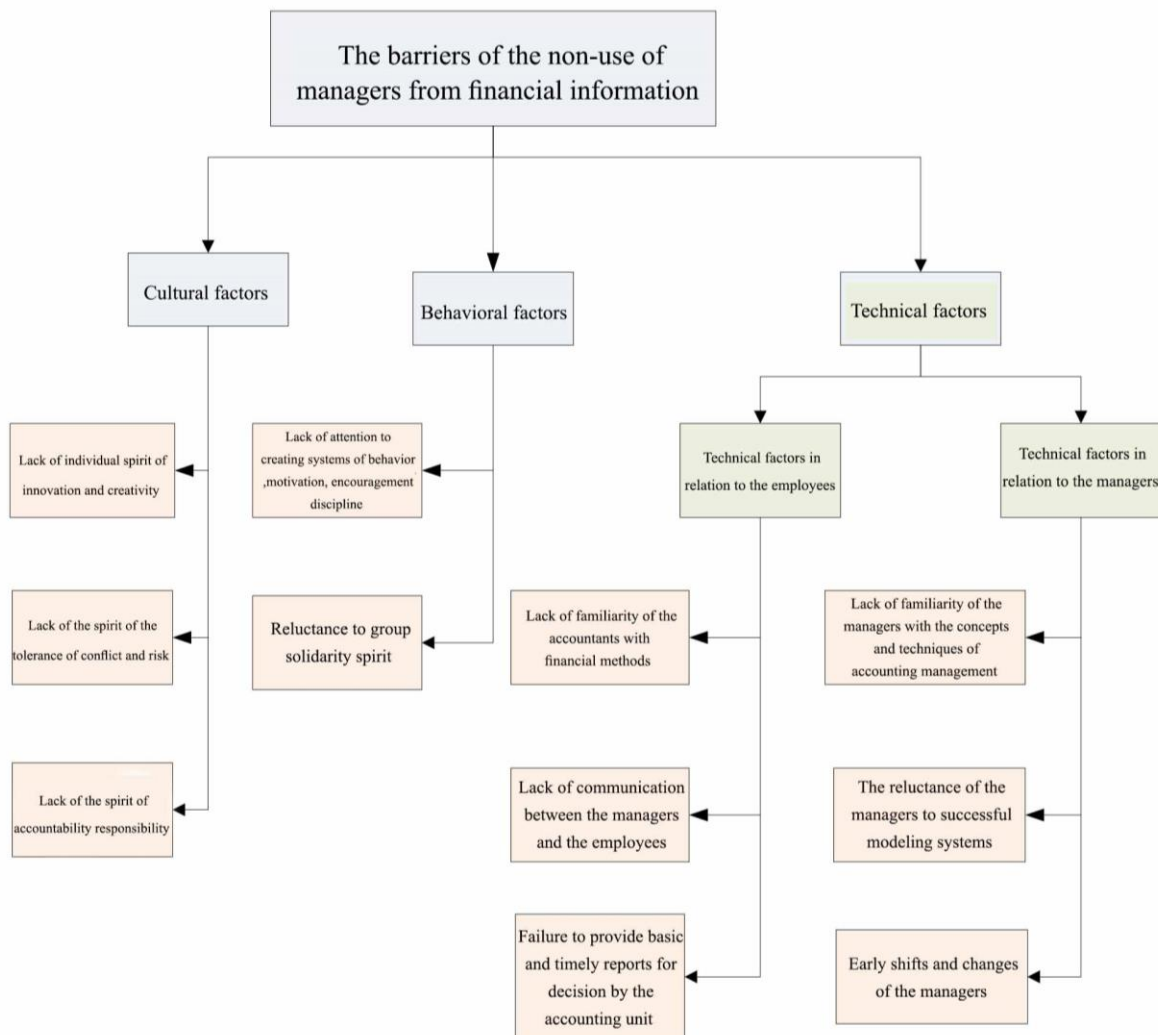
Jarrahi et al (2011) discussed on the study of implementing information security in the banks. In this study, an overview of information security is offered for the banks and also guidance for its implementation. Information Security Management System includes business continuity plan BCP and a methodology for its implementation in the bank branches will be offered. In this methodology, the findings will be of interest to information security through the structural approach and providing key and important steps in establishing information security in the bank will be discussed according to assets and identify threats and vulnerabilities associated with them.

Faraji and Khodizadeh Nahari (2010) discussed on the study of providing a model to evaluate the readiness of organizations in adopting information systems. The purpose of this paper is to provide a model to evaluate the readiness of the organizations on adopting information systems. In this study, web-based questionnaire was prepared based on the identified indicators using the questionnaires designed to collect data from individuals. In this questionnaire, defined variables in any of the indicators were questioned in two forms. In the first form, the right people in the organization should record their organization points about each of the questions asked in the column of the score based on their knowledge and experience of business by considering the fact that the number entered must be a number between 0 and 100. In the second, given that each question has an important degree in determining the readiness of the organizations, by choosing one of the options 1 to 5, people determine the importance of the question asked. The opinions of the experts for two organizations have been collected and the kinds of the indicators associated with each component are evaluated and recognized based on a model. Using such a model, the readiness of an organization in implementing the management information system can be determined and appropriate solutions and strategies can be provided to improve their weaknesses.

Bahrani (2011) have discussed on the study of providing a good way to develop management indicators for designing and implementing information security in the organizations. In the field of communication and information security management by providing a suitable security management cycle and consistent with the principles of ISO27001 and BS7799, the indicators of information security management are developed and improved to design and implement in a large organization. In the implementation model designed, 120 final station and 6 trial period were used (one round per month) which resulted in evaluating the proposed system. The results show that regardless of the unpredictable causes, the security can continue in more than 95% of the hosts in the next periods safely and effectively.

Mahdavi and Rezaee (2013) discussed on the study of the role of the quality of financial reporting on dividend policy of listed companies on the Tehran Stock Exchange using data related to 64 companies from 2003 to 2009. The results of their study showed that there was a significant and direct relationship between the optional section of accruals quality and dividend payment, but there was no the significant relationship between the non-optional section of accruals quality and the dividend payment.

Yarifard et al (2013) in their study entitled "XBRL, new thinking in financial reporting" while a comprehensive definition of the system XBRL attempted to recognize the benefits used in this system and they discussed by expressing the reasons and use of XBRL to classifying the effects of this system partially. Then, they are looking for a relation to the system of accounting and auditing standards and the necessities and benefits of implementing approaches are discussed and examined to financial reporting by explaining the conditions of using.



The conceptual model of research

**Materials and Methods**

This research is applied in terms of the purpose and descriptive-survey in terms of collecting data which a quantitative approach. The ultimate goal of research is to determine and prioritize the factors affecting the non-use of the managers in decision making from financial information. The statistical population of this study includes experts in the field of financial management and financial reporting which these people are familiar with the selection of the strategy and they have the vision and idea about it. The kind of sampling available is used for the sampling method. Since the sample for this study are the experts in the financial field of National Bank in Hormozgan and the nature of research is descriptive and macro-oriented and this need data from the managers of high levels of the organization, therefore, 30 top managers of organizations were selected randomly as the sample. The assessment tool is the questionnaire. Since the purpose of the study is to prioritize the problems facing the investment, fuzzy hierarchical techniques (FAHP) and a comparison between the indices and sub-indices were used. In the questionnaire, the managers were asked to compare each of the indices and sub-indices known to each other and determine the importance to other factors.

**Research questions**

*Main question*

What are the factors affecting the non-use of managers in decision making from financial information?

*Secondary question*

How is prioritization and rank the factors affecting the non-use of managers in decision making from financial information?

**Results**

Weighting and prioritizing the sextet sub-indices related to technical factors.

**Table 1.** Matrix of paired comparisons of technical indexes.

	C <sub>1</sub>	C <sub>2</sub>	C <sub>3</sub>	C <sub>4</sub>	C <sub>5</sub>	C <sub>6</sub>
C <sub>1</sub>	(1,1,1)	(0/608,0.741,0.921)	(1/34,1/546,1/782)	(0/4,0/471,0/579)	(0.435,0/484,0/551)	(0/835,0/954,1/112)
C <sub>2</sub>	(1.086,1/349,1/645)	(1,1,1)	(1/767,2/045,2/364)	(0/783,0/796,0/811)	(0/867,0/906,0/959)	(1/265,1/446,1/629)
C <sub>3</sub>	(0/561,0/647,0.746)	(0/423,0/489,0/656)	(1,1,1)	(0/351,0/417,0/5)	(0/326,0/397,0/496)	(0/787,0/96,1/163)
C <sub>4</sub>	(1/727,2/123,2/5)	(1/233,1/256,1/277)	(2,2/398,2/849)	(1,1,1)	(0/589,0/652,0/747)	(1/214,1/309,1/415)
C <sub>5</sub>	(1/815,2/066,2/229)	(1/042,1/103,1/153)	(2/016,2/218,3/067)	(1/339,1/534,1/698)	(1,1,1)	(1/171,1/258,1/344)
C <sub>6</sub>	(0/899,1/048,1/198)	(0/614,0/691,0/79)	(0/86,1/042,1.2/7)	(0/707,0/764,0/824)	(0/744,0/794,0/854)	(1,1,1)

Then, According to EIA method, for each rows of the matrix of pairwise comparisons above, SK value, which is a triangular fuzzy number, is calculated.

$$\sum_{j=1}^6 M_{g_1}^j = (1,1,1) + (0.608, 0.741, 0.921) + (1.34, 1.546, 1.782) + (0.4, 0.471, 0.579) + (0.435, 0.484, 0.551) + (0.835, 0.954, 1.112) = (4.618, 5.196, 5.945)$$

$$\sum_{j=1}^6 M_{g_2}^j = (6.768, 7.542, 8.0408) \qquad \sum_{j=1}^6 M_{g_3}^j = (3.448, 3.91, 4.561)$$

$$\sum_{j=1}^6 M_{g_4}^j = (7.763, 8.738, 9.788)$$

$$\sum_{j=1}^6 M_{g_5}^j = (8.383, 9.179, 10.561)$$

$$\sum_{j=1}^6 M_{g_6}^j = (4.824, 5.339, 5.936)$$

$$\sum_{i=1}^6 \sum_{j=1}^6 M_{g_i}^j = (35.804, 39.904, 45.199) \quad \left( \sum_{i=1}^6 \sum_{j=1}^6 M_{g_i}^j \right)^{-1} = (0.022, 0.0250, 0.0279)$$

$$S_1 = (0/102, 0/130, 0/166)$$

$$S_2 = (0/149, 0/189, 0/234)$$

$$S_3 = (0/076, 0/097, 0/127)$$

$$S_4 = (0/171, 0/218, 0/273)$$

$$S_5 = (0/185, 0/230, 0/294)$$

$$S_6 = (0/106, 0/133, 0/165)$$

Then, SK large degree for any of the values obtained is calculated to the rest of them. In the following, the values of the great degree,  $V(S_i \geq S_k)$  obtained are mentioned for each of SKs.

$$V(S_1 \geq S_2, \dots, S_6) = \text{Min}(V(S_1 \geq S_2), \dots, V(S_1 \geq S_6)) = 0.069$$

$$V(S_2 \geq S_1, \dots, S_6) = \text{Min}(V(S_2 \geq S_1), \dots, V(S_2 \geq S_6)) = 0.546$$

$$V(S_3 \geq S_1, \dots, S_6) = \text{Min}(V(S_3 \geq S_1), \dots, V(S_3 \geq S_6)) = 0.057$$

$$V(S_4 \geq S_1, \dots, S_6) = \text{Min}(V(S_4 \geq S_2), \dots, V(S_4 \geq S_6)) = 0.888$$

$$V(S_5 \geq S_1, \dots, S_6) = \text{Min}(V(S_5 \geq S_1), \dots, V(S_5 \geq S_6)) = 1$$

$$V(S_6 \geq S_1, \dots, S_5) = \text{Min}(V(S_6 \geq S_1), \dots, V(S_6 \geq S_5)) = 0.075$$

$$W' = (0.069, 0.546, 0.057, 0.888, 1, 0.075) \rightarrow$$

$$W_N = (0.0261, 0.207, 0.0216, 0.337, 0.379, 0.0284)$$

Therefore, the results of applying the fuzzy AHP show that the preference for any of the above mentioned factors from the viewpoint of the experts is like in Table 2:

**Table 2.** Weights from the point of view of the experts.

Technical indicators	The degree of importance derived from fuzzy	Ranking in terms of importance
The reluctance of the managers to successful modeling systems	0.337	2
Lack of familiarity of the accountants with financial methods	0.027	4
Lack of familiarity of the managers with the concepts and techniques of accounting management	0.379	1
Failure to provide basic and timely reports for decision by the accounting unit	0.207	5
Early shifts and changes of the managers	0.028	3
Lack of communication between the managers and the employees	0.022	6

Table 3 shows the defuzzification of fuzzy numbers related to technical indices.

**Table 3.** The defuzzification of fuzzy numbers related to technical indices.

	$B_\lambda$	$B_\gamma$	$B_\tau$	$B_\epsilon$	$B_\sigma$	$B_\alpha$
$B_\lambda$	1.0000	0.5777	1.4760	0.9352	1.0311	1.0384
$B_\gamma$	2.8263	1.0000	2.1305	1.0936	1.1002	1.0255
$B_\tau$	1.1032	0.7434	1.0000	0.8419	1.2297	0.9536
$B_\epsilon$	1.6011	1.4565	1.9693	1.0000	1.3233	1.1639

B <sub>s</sub>	1.5810	1.3296	1.2863	1.2691	1.0000	1.3791
B <sub>v</sub>	1.5830	1.6118	1.6214	1.4261	1.1828	1.0000
CI=0.0987						

As it is shown in Table 3, the amount of the consistency rate is 0.0987 which this indicates the compatibility of the answers.

**Table 4.** Pairwise comparison matrices of cultural indicators.

	A <sub>1</sub>	A <sub>2</sub>	A <sub>3</sub>
A <sub>1</sub>	(1,1,1)	(0.7527, 0.8811, 1.0395)	(0.6834, 0.8094, 0.9705)
A <sub>2</sub>	(0.9620, 1.1350, 1.3285)	(1,1,1)	(1.0465, 1.2351, 1.4573)
A <sub>3</sub>	(1.0304, 1.2355, 1.4633)	(0.6862, 0.8097, 0.9556)	(1,1,1)

Then, According to EIA method, for each rows of the matrix of pairwise comparisons above, SK value, which is a triangular fuzzy number, is calculated.

$$\sum_{j=1}^3 M_{g_1}^j = (3.3374, 3.7609, 4.306)$$

$$\sum_{j=1}^3 M_{g_2}^j = (4.3986, 5.0138, 5.7669)$$

$$\sum_{j=1}^3 M_{g_3}^j = (3.8786, 4.4478, 5.1315)$$

$$\sum_{i=1}^3 \sum_{j=1}^3 M_{g_i}^j = (22.88, 26.354, 30.385) \quad \left( \sum_{i=1}^3 \sum_{j=1}^3 M_{g_i}^j \right)^{-1} = (0.0329, 0.0379, 0.0437)$$

$$S_1 = (0.1098, 0.1427, 0.1882)$$

$$S_2 = (0.1448, 0.1902, 0.252)$$

$$S_3 = (0.1276, 0.1688, 0.2243)$$

Then, SK large degree for any of the values obtained is calculated to the rest of them. In the following, the values of the great degree,  $V(S_i \geq S_k)$  obtained are mentioned for each of SKs.

$$\frac{V(S_1 \geq S_2, S_3) = \text{Min}(V(S_1 \geq S_2), V(S_1 \geq S_3)) = 0.7070}{V(S_2 \geq S_1, S_3) = \text{Min}(V(S_2 \geq S_1), V(S_2 \geq S_3)) = 1.0841}$$

$$V(S_3 \geq S_1, S_2) = \text{Min}(V(S_3 \geq S_1), V(S_3 \geq S_2)) = 1.2088$$

Therefore, the results of applying the fuzzy AHP show that the preference for any of the above mentioned factors from the viewpoint of the experts is like in Table 5:

**Table 5.** Weights of cultural indicators from the point of view of the experts.

Cultural indicators	The degree of importance derived from fuzzy	Ranking in terms of importance
Lack of the spirit of the tolerance of conflict and risk	0.482	1
Lack of the spirit of accountability responsibility	0.368	2
Lack of individual spirit of innovation and creativity	0.15	3

Table 6 shows the defuzzification of fuzzy numbers related to cultural indices.

**Table 6.** The defuzzification of fuzzy numbers related to cultural indices.

	A <sub>1</sub>	A <sub>r</sub>	A <sub>r</sub>
A <sub>1</sub>	1.0000	1.0823	1.0125
A <sub>2</sub>	1.3862	1.0000	1.5202
A <sub>3</sub>	1.5317	0.9968	1.0000
CI=0.0798			

As it is shown in Table 6, the amount of the consistency rate is 0.0789 which this indicates the compatibility of the answers. Weighting and prioritizing triple sub-indicators related to behavioral indicators.

**Table 7.** Pairwise comparison matrices of behavioral indicators.

	K <sub>1</sub>	K <sub>2</sub>
K <sub>1</sub>	(1,1,1)	(1.5942, 1.8869, 2.1992)
K <sub>2</sub>	(0.4549, 0.5299, 0.6272)	(1,1,1)

Then, According to EIA method, for each rows of the matrix of pairwise comparisons above, SK value, which is a triangular fuzzy number, is calculated.

$$\sum_{j=1}^3 M_{g_1}^j = (4.4179, 5.08, 5.7658) \quad \sum_{j=1}^3 M_{g_2}^j = (3.6761, 4.1486, 4.6401)$$

$$\sum_{i=1}^2 \sum_{j=1}^2 M_{g_i}^j = (9.8155, 11.0665, ) \quad \left( \sum_{i=1}^2 \sum_{j=1}^2 M_{g_i}^j \right)^{-1} = (0.08061, 0.09036, )$$

$$S_1 = (0.3561, 0.4590, 0.5874) \quad S_2 = (0.2963, 0.3748, 0.4727)$$

Then, SK large degree for any of the values obtained is calculated to the rest of them. In the following, the values of the great degree, V (S<sub>i</sub> ≥ S<sub>k</sub>) obtained are mentioned for each of SKs.

$$\frac{V(S_1 \geq S_2, S_3) = \text{Min}(V(S_1 \geq S_2), V(S_1 \geq S_3)) = 0.7070}{V(S_2 \geq S_1, S_3) = \text{Min}(V(S_2 \geq S_1), V(S_2 \geq S_3)) = 1.0841}$$

$W' = (0.7070, 1.0841)$
$W_N = (0.5971, 0.4029)$

Therefore, the final ranking of the dual factors related to behavioral indicators will be as Tables 4-8.

**Table 8.** Ranking behavioral indicators.

Ranking in terms of importance	The degree of importance derived from fuzzy	Dimensions of the main factors
2	0.5971	Lack of attention to creating systems of behavior motivation, encouragement, discipline
1	0.4029	Reluctance to group solidarity spirit
	0.0439	Compatibility rate

Table 9 shows the defuzzification of fuzzy numbers related to behavioral indices.

**Table 9.** The defuzzification of fuzzy numbers related to behavioral indices.

	K1	K2
K <sub>1</sub>	10000	2.2969
K <sub>2</sub>	0.6524	10000
	0.0439	

As it is shown in Table 9, the rate of adjustment related to the dual factors of behavioral indicators will be 0.0439 which indicates high compatibility rate of the answers.

Weighting and prioritizing triple sub-indicators related to the main indicators

**Table 10.** pairwise comparison matrices related to triple main indicators.

	K <sub>1</sub>	K <sub>2</sub>	K <sub>3</sub>
K <sub>1</sub>	(1,1,1)	(1.5942, 1.8869, 2.1992)	(1.8236, 2.1931, 2.5665)
K <sub>2</sub>	(0.4549, 0.5299, 0.6272)	(1,1,1)	(2.2214, 2.6186, 3.0128)
K <sub>3</sub>	(0.3896, 0.4559, 0.5483)	(0.3319, 0.3818, 0.4501)	(1,1,1)

$$\sum_{j=1}^3 M_{g_1}^j = (4.4179, 5.08, 5.7658) \quad \sum_{j=1}^3 M_{g_2}^j = (3.6761, 4.1486, 4.6401)$$

$$\sum_{j=1}^3 M_{g_3}^j = (1.7215, 1.8378, 1.9984)$$

$$\sum_{i=1}^3 \sum_{j=1}^3 M_{g_i}^j = (9.8155, 11.0665, 12.4044) \quad \left( \sum_{i=1}^3 \sum_{j=1}^3 M_{g_i}^j \right)^{-1} = (0.08061, 0.09036, 0.10187)$$

$$S_1 = (0.3561, 0.4590, 0.5874) \quad S_2 = (0.2963, 0.3748, 0.4727)$$

$$S_3 = (0.1387, 0.1660, 0.2036)$$

$$\frac{V(S_1 \geq S_2, S_3) = \text{Min}(V(S_1 \geq S_2), V(S_1 \geq S_3)) = 0.7070}{V(S_2 \geq S_1, S_3) = \text{Min}(V(S_2 \geq S_1), V(S_2 \geq S_3)) = 1.0841}$$

$$\frac{V(S_3 \geq S_1, S_2) = \text{Min}(V(S_3 \geq S_1), V(S_3 \geq S_2)) = 1.2088}{W' = (0.7070, 1.0841, 1.2088)}$$

$$W_N = (0.2356, 0.36139, 0.4029)$$

Table 11 shows the defuzzification of fuzzy numbers related to triple main factors.

**Table 11.** The defuzzification of fuzzy numbers related to triple main factors.

	K1	K2	K3
K <sub>1</sub>	1.0000	2.2969	2.6897
K <sub>2</sub>	0.6524	1.0000	3.1452
K <sub>3</sub>	0.5704	0.4668	1.0000
	CI=0.0246		

As it is shown in Table 12, the rate of adjustment related to the factors of triple main factors will be 0.0246 which indicates high compatibility rate of the answers.



### Conclusion

To respond to the questions raised, i.e., the technique of FAHP is used to determine the factors affecting the non-use of managers in decision making from financial information.

First, by studying the internal and external researches and also the opinion of the experts mentioned, the determination of the factors affecting the non-use of managers in decision making from financial information (reporting) are performed. Therefore, by providing a new conceptual model, technical, behavioral and culture characteristics were identified. The general results are mentioned in Table 12.

**Table 12.** The overall result of the comparison among each three main and general indices.

Dimensions of the main factors	The degree of importance derived from fuzzy	Ranking in terms of importance
Cultural Indicators	0.2356	3
Behavioral indicators	0.3613	2
Technical indicators	0.4029	1
Compatibility rate	0.0246	4

Among these indicators, the most important of them are technical indicators which have high weight and priority.

### Conflict of interest

The authors declare no conflict of interest

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