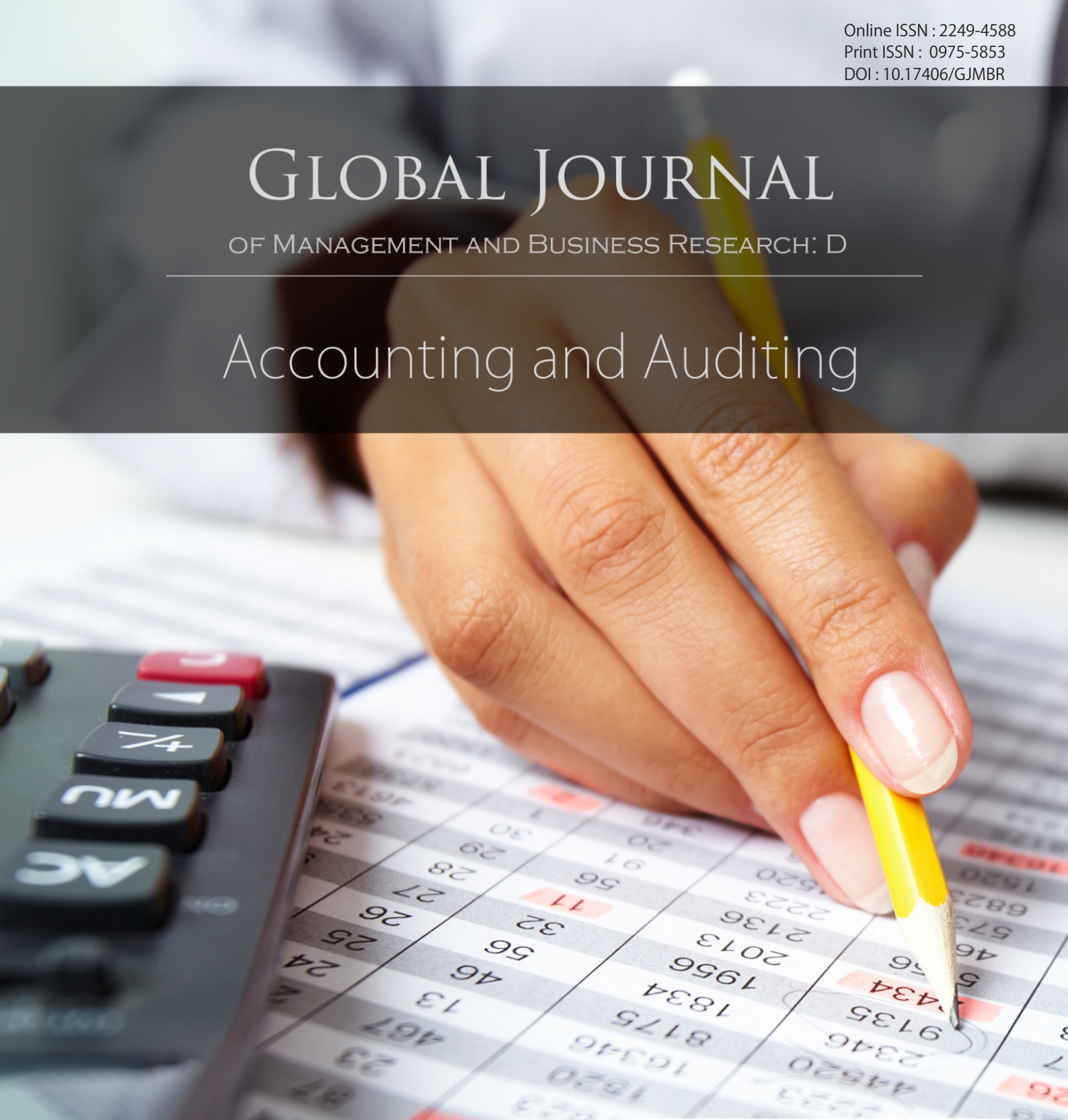
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New Emerging Technology

Specific Accruals and Disclosed

Highlights

The Effect of Internal Audit

Financial Growth and Performance

Discovering Thoughts, Inventing Future

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Evaluation of the Financial Growth and Performance of Tepi Coffee Producer Farmers' Cooperatives Union, Sheka Zone, South West Ethiopia

By Abdu Mohammed Assfaw
Mizan Tepi University

Abstract- Financial performance analysis of a firm is made from its audited financial reports, balance sheets and income statements, to measure its liquidity, solvency, asset management efficiency and profitability position in maximizing the wealth of owners. In line with this, the main purpose of the paper is Evaluation of the Financial Growth and Performances of Tepi Forest Coffee Producer Farmers' Cooperative Union, Sheka Zone, South West Ethiopia. For attaining this objective, secondary data were drawn from audited financial statements of the union for 2010-2016 G.C. and analyzed through ratios and trend analytical techniques. The result of the study revealed current ratio, quick ratio and networking capital were above the standard denoting that the liquidity position of the union is satisfactory. However, the debt and equity ratio (all periods) and the debt to asset ratio (in some study periods) were greater than the standard and the proprietors' ratio (over all study periods) was below the standards showing that the union's long term solvency was very poor.

Keywords: 1. financial growth and performance 2. cooperative union 3. ratio analysis 4. trend analysis.

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Evaluation of the Financial Growth and Performance of Tepi Coffee Producer Farmers' Cooperatives Union, Sheka Zone, South West Ethiopia

Abdu Mohammed Assfaw

Abstract- Financial performance analysis of a firm is made from its audited financial reports, balance sheets and income statements, to measure its liquidity, solvency, asset management efficiency and profitability position in maximizing the wealth of owners. In line with this, the main purpose of the paper is Evaluation of the Financial Growth and Performances of Tepi Forest Coffee Producer Farmers' Cooperative Union, Sheka Zone, South West Ethiopia. For attaining this objective, secondary data were drawn from audited financial statements of the union for 2010-2016 G.C. and analyzed through ratios and trend analytical techniques. The result of the study revealed current ratio, quick ratio and networking capital were above the standard denoting that the liquidity position of the union is satisfactory. However, the debt and equity ratio (all periods) and the debt to asset ratio (in some study periods) were greater than the standard and the proprietors' ratio (over all study periods) was below the standards showing that the union's long term solvency was very poor. It was also revealed that the inventory turnover ratio and the total asset turnover ratio of the union indicated that the union was efficiently managing its inventory and its total assets in increasing its return respectively. But, the debtors' turnover ratio of the union was below the standard. Besides, the gross profit margin ratio, operating profit margin ratio and net profit margin ratio of the union revealed that the profitability of the union was not at its satisfactory level. Therefore, to improve the debtors' turnover ratio of the union, there should be effective collection and credit policy and collection effort. In addition, to improve the solvency position of the union, the management of the union should increase its internal own funds by increasing cooperative members and thereby issuing additional shares, and increase reserve funds by engaging in profitable businesses. To upsurge profitability position of the union, The management bodies should decrease manufacturing and purchasing costs and other operating and non-operating expenses, design effective product pricing policies and undertake profitable business ventures.

Keywords: 1. financial growth and performance 2. cooperative union 3. ratio analysis 4. trend analysis.

I. Introduction

a) Background of the Study

Cooperation is an age-old tradition that runs through the fabric of Ethiopian society. New era in cooperative development was started in Ethiopia in 1998 when new cooperative legislation No 147/1998 was enacted. Since then, cooperatives have been playing significant role in the rural Ethiopia, especially in the areas of input supply, saving and credit, coffee and grain marketing (FCC, 2004 cited in Demeke, 2007). The establishment of cooperative unions in coffee and grain growing areas is a new experience for the country in general and for the organization of cooperative federation in particular.

As background to their establishment, after 1998, the decline of international coffee prices caused a great deal of business trouble between traders and cooperatives. The Ethiopian government took the initiative to establish Coffee Farmers' Cooperative Unions to manage coffee export business on behalf of primary coffee cooperatives that lacked human resources and logistical capacity. At the first stage of establishing coffee unions, the Ethiopian government recruited ex-government officials who were experienced in cooperative activities and the coffee business and supported their salaries in the first two years after their establishment. Coffee unions are privileged to skip coffee auctions in which private traders are obliged to participate (Kodama, 2007).

A well designed and implemented financial management is expected to contribute positively to the creation of a firm's value (Padachi, 2006). Dilemma in financial management is to achieve desired tradeoff between liquidity, solvency and profitability (Lazaridis et al., 2007). Ultimate goal of profitability can be achieved by efficient use of resources. It is concerned with maximization of shareholders or owners' wealth. It can be attained through financial performance analysis (Panwala, 2009). Ratio analysis provides relative measures of the company's financial performance and can indicate clues to the underlying financial position. (Amalendu Bhunia, et al., 2011).

b) Statement of the Problem

Finance is a blood not only for corporate businesses but also for cooperative societies. Unless the financial position and financial performance of cooperatives are healthy, it may be a nightmare for cooperative societies to sufficiently serve their

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members and contribute to the national economic development. Therefore, finance is the fundamental requirement for cooperatives, to carry on operations and achieve the goals. It has been rightly stated that business needs money to make more money (Demeke, 2007).

Several studies have been conducted in Ethiopia on financial performance of cooperatives and their result indicated that majority of failures of cooperatives was the result of the lack of proper financial management. For instance, Tekeste et. al. (2014) conducted a research on financial performance of Multi-Purpose Cooperative Unions and the findings revealed that their borrowing power, profitability and their asset utilization efficiency is not satisfactory. In addition, the poor financial performance of the cooperatives is the result of inefficient financial management skill, lack of adequate internal capital and their significant part of the total capital employed was in the form of borrowed capital, and presence of tight competition from outside the cooperative sector (Tsegay, 2008).

In Ethiopia, several coffee farmers' multipurpose cooperative unions have been established to support peasants who are handicapped by their lack of negotiating power in the global economy. But, the actual volume of purchase by these unions is limited due to financial constraints. Because of this, the majority of cooperatives continue to rely on conventional marketing channels rather than on unions. (Kodama, 2007). In the Ethiopia, however, existing literatures did not show accurately what the financial performance of coffee cooperatives in the Ethiopia looks. And also, still now, to the very knowledge of the researcher, no studies have been made on the financial performance analysis in the study area. This study, therefore, aimed at evaluating the financial performance and financial growth of forest farmers' coffee cooperative union and identifying their problems in the study area.

c) Objectives of the Study

The current study tried to achieve the following objectives:

i. To examine the liquidity position of the union over the study periods.
ii. To analyze the solvency position of the union over the study periods.
iii. To measure the overall profitability of the union.
iv. To analyze the growth trend of the overall financial position and performance of the union over study periods.

II. Review of Literature

Omid Sharifi (2013) stated that financial statements provide certain basic information that focuses on the entity as a whole and meets the common needs of external users. To assess the performance of the cooperatives, different financial ratios can be used. Financial ratios can be designed to manage cooperative's performance. Ratios can be used as one tool in identifying areas of strengths or weakness in cooperatives. Financial ratios enable to make comparison of cooperative's financial conditions over time or in relation to other cooperatives. For example, Alema (2008), used financial ratio analysis to assess the performance of the sample cooperatives that was calculated from the audited financial reports (balance sheet and income statement of each cooperative society). Among ratio analysis methods, liquidity ratio (with current ratio), financial leverage (finances a portion of assets with debts) and profitability ratios (net profit/total asset) of sample multipurpose cooperatives in Alamata Woreda were used. The liquidity analysis showed that the cooperatives under investigation were below the satisfactory rate for the two years. All of the cooperatives under investigation in the two woredas used financial leverage their profitability ratio showed their profitability was weak.

Tamilarasu and Tatiku (2015) stated that analysis of financial statements of Cooperative is necessary for member and non-members, because it helps and depicts the financial position and performance on the basis of past and present records of financial statements. They conducted a Study on Financial Performance of Robi-berga Farmers' Cooperative Union in West Shoa Zone, Oromia Regional State, Ethiopia using five years (2009-2013 G.C) audited financial reports of the union using Ratio Analysis, Funds flow and Cash Flows Analysis. From the ratio analysis methods, they used liquidity, activity, leverage and profitability ratios. For measuring the liquidity position of the union, the researchers used Current ratios (with acceptable standard of 2:1), Quick ratios (with acceptable standard of 1:1), Absolute liquid ratios (with acceptable standard of 0.5:1) and Net working capital ratios (with acceptable standard of CA>CL). They also tried to depict the leverage position of the union using Debt to equity ratios (with acceptable standard of 2:1), Proprietor's ratios (with acceptable standard of 0.5:1), Debt to assets ratios (with acceptable standard of 78%), and Fixed assets to net worth ratios (with acceptable standard of 1:1). Furthermore, these researchers analyze the activity performance of the union using Inventory turnover ratios (with acceptable standard of 8 times), Debtor turnover ratios (with acceptable standard of 5 times) and Total assets to turnover ratios (with acceptable standard of 2 times). Finally, to measure the profitability of the union, different ratios are used like Gross profit ratios (with acceptable standard of 25-30%), Net profit ratios (with acceptable standard of >5%), Return on shareholders' investment (with acceptable standard of Higher), and Return on

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total assets Ratios (with acceptable standard of 2-3%). The results of the study indicated that the overall financial performance of the union was not in the satisfactory position.

Furthermore, Tekest.et al (2014) have conducted their study on the financial performance of Eight Multi-Purpose cooperative unions in Tigray Region. The study considered three years' (2000 to 2003(E.C)) audited financial reports with regard to quantitative data analysis using financial analysis ratios such as liquidity ratios using current ratios (with acceptable standard of 2:1) and net working capital (with acceptable standard of current asset>current liabilities), leverage ratios using total debt to asset ratio (with acceptable industry standard of <0.5:1) and Total asset to debt ratio (with acceptable standard >1:1), and profitability ratio using gross profit margin (with acceptable industry standard of 25%-30%), operating profit margin (with acceptable industry standard of 75%-85%), net profit margin (with acceptable industry standard of higher in amount) and return on net asset ratio (with acceptable industry standard of higher in amount). The result of the above study revealed that the current ratio is below the industry standard; the leverage position of the unions indicated that the debt-to-asset ratios of the unions are above the average in all the respected years; the gross profit margins of the unions are efficient in which management produces in each unit of products and services; the operating margin ratio in most of the unions was very poor which is far from the standard, and the borrowing power of the unions are lower than the average.

Natarajan et. al (2015) conducted a research on evaluation of the effectiveness of financial performance of Lume Adama farmers' Cooperative Unions in Oromia Regional State at East Shoa Zone, Lume district. For this purpose, the researchers used different ratios. In order to measure the quality of the cooperatives union' receivables and how efficiently it uses and controls its assets, and how effectively the firm is paying suppliers on its equity (using borrowed funds), they used Efficiency ratios include inventory turnover ratio (ITOR) (with acceptable standard of 8 times), debtors' turnover ratio (DTOR) (with acceptable standard of 5 times), average debtors' collection period ratio (ADCPR) (with acceptable standard of 45 days), creditor's turnover ratio (CTOR) (with acceptable standard of 5 times) and average payment period ratios (APPR) (with acceptable standard of 30 days). They depicted that the inventories turnover was not a sign of efficiency. In order to measure the profitability of the unions, profitability ratios were used that includes gross profit margin (with acceptable standard of 25%), operating profit margin (with acceptable standard of 75-78%), net profit margin (with acceptable standard of >5%), return on net asset (with acceptable standard of 2-3%) and return on equity (with acceptable standard of 15-20%). The result showed that in all the years, the gross profit ratio of the union was under the standard; the union has poor financial liquidity position, leverage position, profitability position, and has not operating the activities in financial efficiency and effective way.

Muhabie (2015) examined the financial performances of five coffee marketing cooperatives in Yirgacheffe Woreda, Gedeo Zone, SNNPRS, Ethiopia using current ratios, debt to equity ratios, accounts payable to sales and profitability ratios based on the cooperatives' audited financial statements which help to evaluate the efficiency of operations, the managerial performance and credit policies, potential investments and the credit worthiness of borrowers. In his study, the liquidity position of cooperative societies is measured using current ratio (acceptable standard of 2:1). Furthermore, the financial leverage management position was measured using debt to equity ratio (DER). Finally, for measuring the profitability of the cooperatives, the simplest and widely used profitability ratio called Net Profit Margin Ratio was utilized. The overall result of this study indicated despite the fact that cooperative societies have shown improvements from time to time, they are not still financially strong enough.

III. Methodology of the Study

a) *Description of the Study Area*

Sheka is a Zone in the Ethiopian Southern Nations, Nationalities and Peoples' Region (SNNPR). Sheka is bordered on the south by Bench Maji, on the west by the Gambela Region, on the north by the Oromia Region, and on the east by Keffa. The administrative center of Sheka is Masha. Sheka is the western part of former Keficho Shekicho Zone. Based on the 2007 Census conducted by the CSA, this Zone has a total population of 199,314, of whom 101,059 are men and 98,255 women; 34,227 or 17.17% are urban inhabitants. Tepi Coffee Producer Farmers' Cooperative Unions is located in Tepi, Southern Nation Nationalities and Peoples' Regional State, South Western Ethiopia. It was established in 2004 by 17 Primary Cooperatives with 4000 individual members and initial capital of Birr 200,000. Currently, the Unions has 38 member primary cooperatives with an individual membership of 11,370 small holder farmers. (Tepi Coffee Farmers' Cooperative Unions, 2015)

b) *Research Design*

The researcher employed descriptive type of research design with quantitative data analysis research approach.

c) *Sources of Data*

The source of data was secondary that was obtained particularly from the six years (2010-

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2016(G.C)) audited financial reports of office of Tepi Coffee Producer Farmers' Cooperative Union.

d) Methods of Data Collections

The methodology that was used in data collection for the study was a review of secondary data. Documents of unions particularly audited financial statements of six periods, as well different researches related to the topic were reviewed to obtain information related to the study.

e) Sample Size and Sampling Techniques

The researcher selected the Six Years (2010-2016 (G.C)) audited financial reports of Tepi Farmers' Coffee Cooperatives Union purposively because of presence of well-organized audited financial statement data in these periods.

f) Methods of Data Analysis and Interpretation

The researcher adapted descriptive data analysis methods after the data collection process has been accomplished. Quantitative data analysis methods were customized. The data was analyzed and interpreted using ratio and trend analysis to find out the true picture of the financial performance of the cooperatives union. This study tried to analyze the union's six years audited financial statements data using profitability, liquidity, leverage and profitability ratios, tables, percentages and graphs to measure financial performance of the union.

IV. Result and Discussion

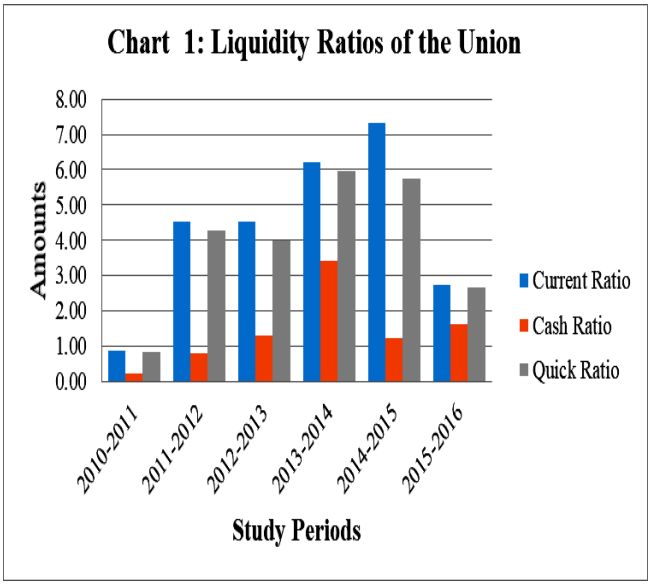
a) Measuring the Liquidity Position of the Union

Liquidity ratios provide a measure of the union's ability to generate cash to meet their immediate needs (current liabilities). So, to measure the liquidity position of the union's, current ratios, cash ratios, quick ratios and networking capital were depicted as follows.

Table 4.1: Liquidity Positions of the Union

Years	Liquidity Ratios of the Union			
	CR	CAR	QR	NC
2010-2011	0.91	0.24	0.85	(233,207.09)
2011-2012	5.78	1.02	5.43	1,535,576.07
2012-2013	5.50	1.59	4.82	1,838,289.24
2013-2014	6.22	3.41	5.95	2,085,358.12
2014-2015	7.31	1.22	5.74	1,886,881.51
2015-2016	2.74	1.62	2.66	2,902,035.62
Average	4.75	1.52	4.24	1669155.58
Standard	2:1	1:1	1:1	CA>CL

Source: Audited financial reports of the union (2010-2016)



Source: Depicted from Table 4.1

i. *Current Ratio (CR)*

It indicates the union's ability to satisfy its current liabilities with its current assets whenever they matured. The higher the current ratio the union has the more liquidity position the union is endowed and vice versa.

$$\text{Current Ratio} = \frac{Current\ \ Asst}{Current\ \ Liabilitie}$$

Table 4.1 and Chart 1 indicated that the current ratio of the union was 0.91, 5.78, 5.50, 6.22, 7.31, and 2.74 in the periods of 2010-2011,2011-2012,2012-2013,2013-2014,2014-2015 and 2015-2016 respectively. Except 2010-2011, in all periods, even their averages, the union has current ratio greater than the standard showing that the union can easily satisfy its current liability with its current asset. This indicates that the union was highly liquid.

ii. *Cash Ratio (CAR)*

It indicates that the ability of the union to satisfy its current liabilities with its most liquid assets called cash and cash equivalents. The higher the cash ratio the union has the more liquidity position the union is endowed and vice versa.

$$\text{Cash Ratio} = \frac{Cash+Markeatable\ \ Securities}{Current\ \ Liabilitie}$$

As it is revealed on the same table and chart above, the cash ratio of the union shows increasing trend in 2010-2011,2011-2012,2012-2013,2013-2014 by 0.24, 1.02,1.59 and 3.41 respectively and decreased to 1.22 in 2014-2015 and raised to 1.62 in 2015-2016. This indicates that the cash ratios over all the periods, except in 2010-2011 and 2011-2012, including their averages, was above the standard. This means, in most periods, the union did not face liquidity problem satisfying current obligations through cash and short term marketable securities whenever they mature.

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iii. *Quick Ratio (QR)*

It is also called Acid Test ratio that measures that the ability of the union to satisfy its current obligations with its quickest assets such as cash, marketable securities, account receivables and other short term receivables. The higher the quick ratio the union has the more liquidity position the union is endowed vice versa.

$$\text{Quick Ratio} = \frac{Current\ \ Assets - Inventories}{Current\ \ Liabilities}$$

Table 4.1 and chart 1 depicted that the acid test ratios of the union were 0.85, 5.43, 4.82, 5.95, 5.74, and 2.66 in the periods of 2010-2011, 2011-2012, 2012-2013, 2013-2014, 2014-2015 and 2015-2016 respectively. Except in 2010-2011, in all periods even their averages, the union has acid test ratio of above the standard showing that the union can easily satisfy its current liability with its quickest assets such as cash, marketable securities, account receivables and other short term receivables.

iv. *Networking Capital (NC)*

It indicates the remained current asset of the union after it meets its current obligations. The higher value the networking capital the union has the more liquidity position the union is endowed vice versa.

$$\text{NC} = (Current\ Assets - Current\ Liabilities)$$

Table 4.1 also indicates that the networking capital of the union was (233,207.09), 1,535,576.07, 1,838,289.24, 2,085,358.12, 1,886,881.51, and 2,902,035.62 in the periods of 2010-2011, 2011-2012, 2012-2013, 2013-2014, 2014-2015 and 2015-2016 respectively. Except 2010-2011, in all periods even their averages, indicates as the union has networking capital of above the standard showing that the union can easily satisfy its current liability with its current asset. Therefore, the union was highly liquid.

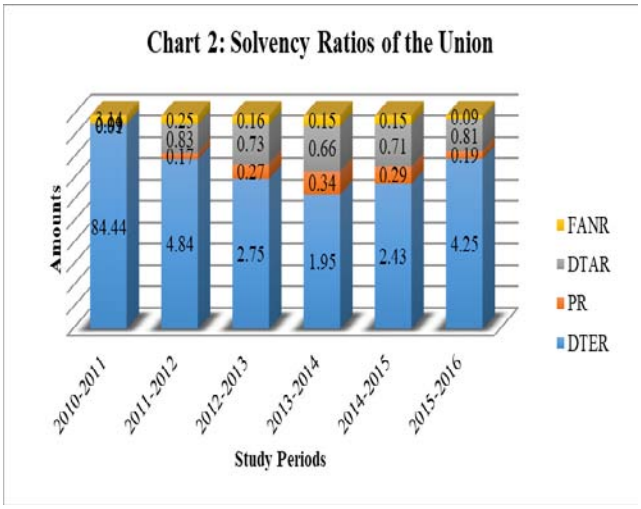
b) Measuring the Solvency (Leverage) Positions of the Union

It was measured using solvency (leverage) ratios to evaluate how much reliant the union is on debt financing and equity financing and to show the ability of the union to meet its long term financial obligations. To analyse these concerns, debt to equity ratios, proprietors' ratios, debt to asset ratios and fixed asset to net worth ratios were employed and depicted as follow.

Table 4.2: The Solvency (leverage) ratios of the union

Years	Solvency Ratios of the Union			
	DTER	PR	DTAR	FANR
2010-2011	84.44	0.01	0.99	3.14
2011-2012	4.84	0.17	0.83	0.25
2012-2013	2.75	0.27	0.73	0.16
2013-2014	1.95	0.34	0.66	0.15
2014-2015	2.43	0.29	0.71	0.15
2015-2016	4.25	0.19	0.81	0.09
Average	16.78	0.21	0.79	0.66
Standard	2:1	0.5:1	0.78	1:1

Source: Audited financial reports of the union (2010-2016)



Source: Depicted from Table 4.2

i. *Debt to Equity Ratios (DTER)*

It indicates the relative use of debt and equity as a source of capital to finance the assets of the union. The union with a higher debt to equity ratio are considered riskier to creditors and investors than with a lower ratio and vice versa.

$$\text{DTER} = \frac{Total\ \ Liabilities}{Total\ \ Share holder\ s'\ Equity}$$

As shown in table 4.2 and chart 2 above, the total debt to shareholders' equity of the union was 84.44, 4.84, 2.75, 1.95, 2.43 and 4.25 in the periods of 2010-2011, 2011-2012, 2012-2013, 2013-2014, 2014-2015 and 2015-2016 respectively. Except 2013-2014, in all periods, including their averages, the union has total debt to shareholders' equity ratio of above the standard showing that the union is leveraged and making the union risky in repaying its long term debt and created solvency problem in satisfying long term liabilities. Payment of principal and interest payment take a significant amount of union's cash flow and ignores payment of dividend for shareholders. This will in turn damage the will of investors to invest in it.

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ii. *Proprietors' Ratio (PR)*

It is used to evaluate the soundness of the capital structure of a union. A high proprietary ratio indicates a strong financial position of the union and greater security for creditors and vice versa.

$$PR = \frac{Total\ Shareholder's\ Equity}{Total\ Assets}$$

Table 4.2 and chart 2 indicated that the proprietors' ratio of the union was 0.01, 0.17, 0.27, 0.34, 0.29 and 0.19 in the periods of 2010-2011, 2011-2012, 2012-2013, 2013-2014, 2014-2015 and 2015-2016 respectively. This indicates that the proprietors' ratio over all periods is fluctuating and below the standard and that indicates the assets of the union was highly financed by debt and less financed by equity. This implies that the union was heavily depending on debts for its operations which makes the union risky in its solvency position.

iii. *Debt to Asset Ratios (DTAR)*

It indicates the proportion of assets of the union that are financed with debt (both short and long term debt) rather than equity. A high number means the union is using a larger amount of financial leverage, which increases its financial risk in the form of fixed interest payment and vice versa.

$$DTAR = \frac{Total\ Debt}{Total\ Assets}$$

As it is shown in Table 4.1 chart 2, the debt to asset ratio of the union was 0.99, 0.83, 0.73, 0.66, 0.71 and 0.81 in the periods of 2010-2011, 2011-2012, 2012-2013, 2013-2014, 2014-2015 and 2015-2016 respectively. In the periods of 2010-2011, 2011-2012 and 2015-2016 the union has debt to asset ratio of above the standard showing that the union's a considerable proportion of assets were funded with debt indicating that union was extremely leveraged and highly risky to invest in or lend to. And in the rest periods (2012-2013, 2013-2014 and 2014-2015), the bulk of asset of the union funding is coming from equity indicating that it the union is safe in satisfying its obligation.

iv. *Fixed Asset to Net Worth Ratios (FANR)*

It shows the extent to which the union's funds are frozen or can't be used for meeting its debt obligations in the form of fixed assets, such as property, plant and equipment. A low ratio is indication of greater solvency because the lower the ratio becomes; the more funds are available to meet current obligations and vice versa.

$$FANR = \frac{Total\ Fixed\ Assets}{Total\ Net\ Worth}$$

Table 4.2 and chart 2 reflected that the fixed assets to net worth ratio of the union shows a decreasing trend which was 3.14, 0.25, 0.16, 0.15, 0.15 and 0.09 in the periods of 2010-2011, 2011-2012, 2012-2013, 2013-2014, 2014-2015 and 2015-2016 respectively. Except 2010-2011, in all other periods, the union has the fixed assets to net worth ratios of below the standard. This indicates that higher investment was made on current assets than fixed assets and more funds are available to meet union's current obligations.

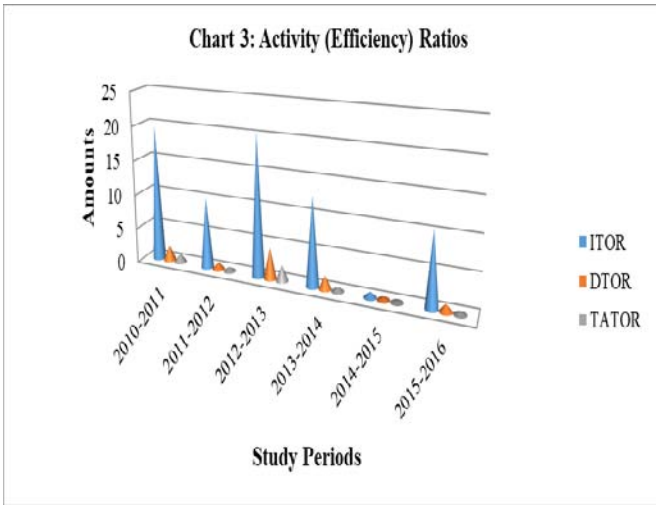
c) *Measuring the Asset Management Efficiency Position of the Union*

Activity ratios are used to measure how efficiently the union utilizes its assets. In other words, they present how many times per period inventory is replenished or receivables are collected. For this purpose, inventory turnover ratio, debtors' turnover and total asset turnover ratios were customized.

Table 4.3: Activity Ratios of the Unions

Year	Efficiency (Activity) Ratios of the Union		
	ITOR	DTOR	TAOT
2010-2011	19.78	2.18	1.26
2011-2012	10.26	0.97	0.61
2012-2013	20.48	4.49	2.27
2013-2014	12.76	1.91	0.67
2014-2015	0.83	0.43	0.23
2015-2016	10.62	1.10	0.39
Average	12.45	1.85	0.91
Standard	8 times	5 times	2 times

Source: Audited financial reports of the union (2010-2016)



Source: Depicted from Table 4.3

i. *Inventory Turnover Ratios (ITOR)*

It indicates how many times inventory is created and sold during the period. The higher the inventory turnover ratio the union has the greater merchandizing capacity the union is endowed and vice versa.

$$ITOR = \frac{COGS}{Inventories}$$

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Table 4.3 and Chart 3 describe that the inventory turnover ratio of the union was 19.78, 10.26, 20.48, 12.76, 0.83 and 10.62 in the periods of 2010-2011, 2011-2012, 2012-2013, 2013-2014, 2014-2015 and 2015-2016 respectively. This depicted that except 2014-2015, in all periods, the union has the inventory turnover ratio more the standard showing that the union is efficiently managing its inventory and there may lead to less carrying cost and low rental of space needed for inventory.

ii. *Debtors' Turnover Ratio (DTOR)*

It is the ratio of net credit sale to account receivable that indicates that how many times in the period credit sales have been created and collected on. A higher DTOR is an indication of good performance indicating that customers are paying bills on time to the union and vice versa.

$$\text{DTOR} = \frac{Net\ Sale}{Accounts\ \ Receivables}$$

As it is depicted in Table 4.3 and chart 3, the Debtors' Turnover Ratio of the union was 2.18, 0.97, 4.49,1.91, 0.43 and 1.10 in the periods of 2010-2011, 2011-2012, 2012-2013, 2013-2014, 2014-2015 and 2015-2016 respectively. This indicates that over all the study periods the Debtors' Turnover Ratio was below the standard signifying that the union had not efficient collection and credit policies of account receivables and it is possible to say that the union is not efficient in converting account receivables to cash easily and on time. In other words, this may indicate the union has either liberal credit policy, poor credit selection or inadequate collection effort or policy.

iii. *Total Asset Turnover Ratios (TATOR)*

It measures how efficiently the union uses its total assets to generate revenues or income. The higher the total asset turnover ratio the union has, the more efficiently the union used its invested in asset in producing sales amount and vice versa.

$$\text{TATOR} = \frac{Net\ Sale}{Total\ \ Assets}$$

Table 4.3 and chart 3 pointed out that the total asset turnover ratio of the union was 1.26, 0.61, 2.27, 0.67, 0.23 and 0.39 in the periods of 2010-2011, 2011-2012, 2012-2013, 2013-2014, 2014-2015 and 2015-2016 respectively. Except 2012-2013, in all periods, the total asset turnover ratio of the union was below the standard showing that the union was efficiently managing the total assets in increasing its return.

d) Measuring the Profitability of the Unions

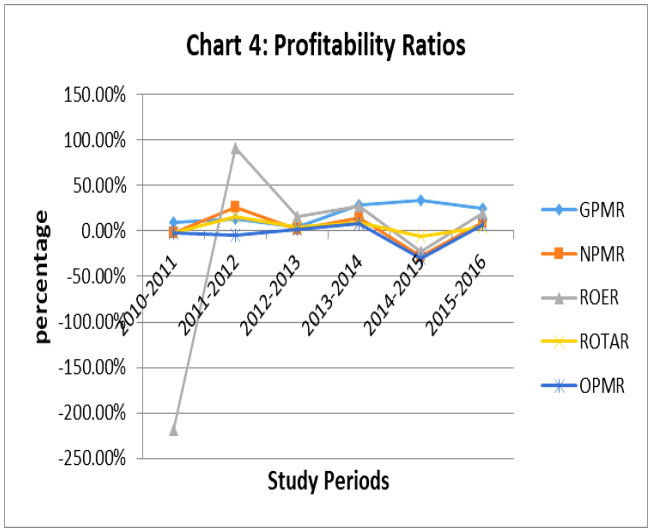
Profitability of the union is an indication of the efficiency with which the operations of the union are carried out that can be measured by its profitability ratios such as Gross profit margin ratio, net profit margin ratio, return on equity and return on total asset.

Table 4.4: Profitability of the Union

Year	Profitability Ratios of the Union				
	GPMR	NPMR	ROER	ROTAR	OPMR
2010-2011	9.6%	-2.0%	-218.7%	-2.6%	-2.4%
2011-2012	13.3%	25.7%	91.2%	15.6%	-4.1%
2012-2013	4.7%	1.8%	15.5%	4.1%	1.7%
2013-2014	28.1%	13.9%	27.7%	9.4%	8.2%
2014-2015	33.2%	-28.1%	-22.0%	-6.4%	-29.9%
2015-2016	24.3%	9.5%	19.4%	3.7%	6.8%
Average	18.9%	3.5%	-14.5%	4.0%	-3.3%
Standard	25-30%	>5%	Higher	2-3%	75-85%

Source: Audited financial reports of the union (2010-2016)

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Source: Depicted from Table 4.4

i. *Gross profit margin ratios (GPMR)*

It shows how much of every dollar of sale is left after cost of goods sold. It speaks, how much it costs the union to produce and to sale the product. The higher the gross profit margin ratios is an indication of efficiency of the union and vice versa.

$$\text{GPMR} = \frac{Gross\ Profit\ *100}{Net\ Sale}$$

Table 4.4 and Chart 4 revealed that the gross profit margin ratio of the union was 9.6%, 13.3%, 4.7%, 28.1%, 33.2% and 24.3% in the periods of 2010-2011, 2011-2012, 2012-2013, 2013-2014, 2014-2015 and 2015-2016 respectively. Except in 2013-2014 and 2014-2015, in all periods, the gross profit margin ratio was below the standard showing that the union was not efficient in controlling the cost of purchase and sell of the product in relation to the sales made over the periods.

ii. *Operating Profit Margin ratio (OPMR)*

It is a measure of overall operating efficiency, incorporating all of the expenses of ordinary, daily business activity. A high OPMR is an indication of good performance and vice versa.

$$\text{OPMR} = \frac{Operating\ \ Profit\ *100}{Net\ Sale}$$

Table 4.4 and graph 4 indicated that the net profit margin ratio of the union was -2.4%, -4.1%, 1.7%, 8.2%, -29.9% and 6.8% in the periods of 2010-2011, 2011-2012, 2012-2013, 2013-2014, 2014-2015 and 2015-2016 respectively. This depicts that in all periods the operating profit margin ratio of the union was fluctuating and below the standard showing that the union couldn't easily satisfy operating expenses whenever they are incurred.

iii. *Net Profit Margin Ratio (NPMR)*

It designated how much of each dollar of sales is left over after all expenses are satisfied. It measures management's efficiency in manufacturing, administering and selling of union's products. It is the overall measure of the union's ability to turn each sale into Net profit

$$\text{NPMR} = \frac{Net\ Profit\ *100}{Net\ Sale}$$

As it is observed from Table 4.4 and chart 4, the net profit margin ratio of the union was -2.0%, 25.7%, 1.8%, 13.9%, -28.1% and 9.5% in the periods of 2010-2011, 2011-2012, 2012-2013, 2013-2014, 2014-2015 and 2015-2016 respectively. Except 2010-2011 and 2011-2012, in all periods, the net profit margin ratio of the union was fluctuating and it was above the standard showing that the union can easily satisfy different expenses whenever they are incurred.

iv. *Return on Equity Ratio (ROER)*

It shows how much union makes profit for each dollar that investors put into it. In other words, it measures the ability of a union to generate profits from its shareholders' investments in the company. Higher values are generally favorable and vice versa.

$$\text{ROER} = \frac{Net\ Profit\ *100}{Share\,holder\,s'\,Equity}$$

Table 4.4 and graph 4 indicated that the return on equity ratio of the union shoed fluctuation trend. It was -218.7%, 91.2%, 15.5%, 27.7%, -22.0% and 19.4% in the periods of 2010-2011, 2011-2012, 2012-2013, 2013-2014, 2014-2015 and 2015-2016 respectively. This implies that except 2010-2011 and in 2014-2015, in the rest periods, the union has positive return on equity ratio implying that the union was earning positive profit from the employment of shareholders' investment.

v. *Return on Total Asset Ratio (ROTAR)*

It measures how effectively the company produces income from its assets. Higher values are generally favorable and vice versa.

$$\text{ROTAR} = \frac{Net\ Profit\ *100}{Total\ \ Assets}$$

Table 4.4 and graph 4 showed that the return on asset ratio of the union was -2.6%, 15.6%, 4.1%, 9.4%, -6.4% and 3.7% in the periods of 2010-2011, 2011-2012, 2012-2013, 2013-2014, 2014-2015 and 2015-2016 respectively. The result implies that, except 2010-2011 and 2014-2015, in the rest study periods, the return on asset ratio of the union was above the standard showing that the union was efficiently and effectively employing its asset in generating adequate sales or income.

e) Trend Analysis of the Financial Growth of the Union

The overall financial growth of the unions was depicted by taking the figures of 2010-2011 as base year. This analysis shows the growth trend of major balance sheet and income statement accounts.

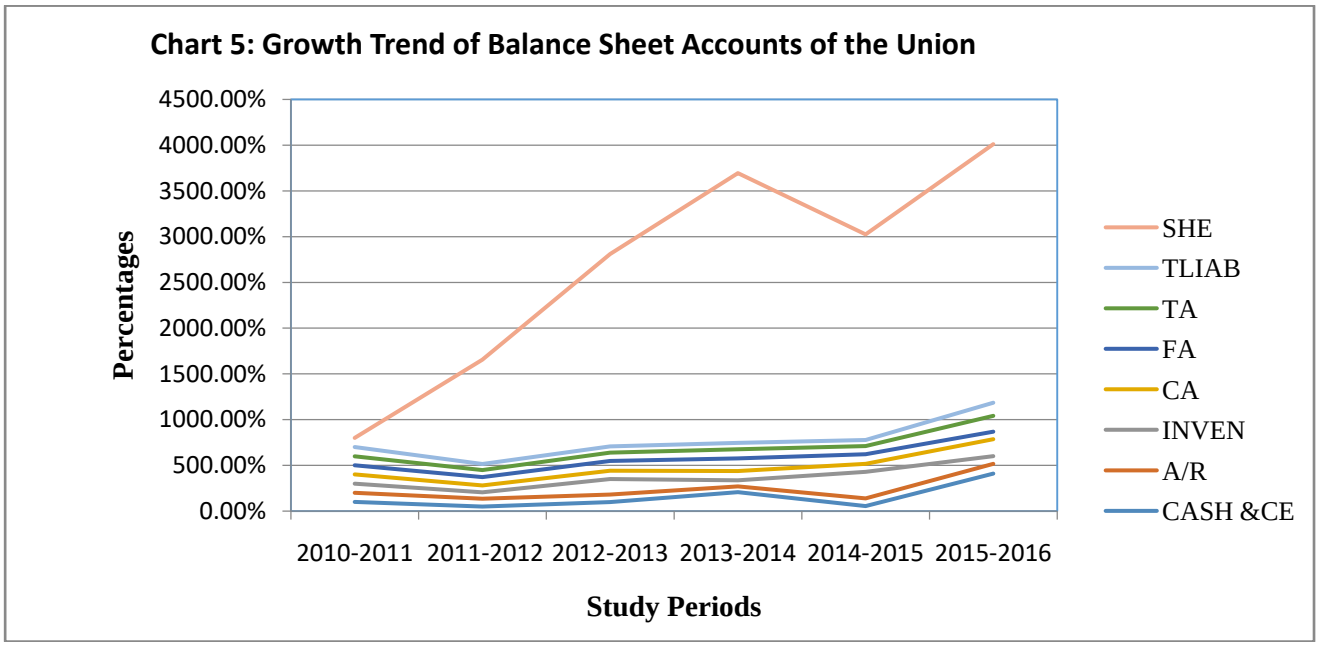
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Table 4.5: Trend analysis of balance sheet and income statement elements of the union

Particulars														
Year base year 2010-2011	Balance Sheet								Income Statement					
Year	CASH & CE	A/R	INVEN	CA	FA	TA	TLIAB	SHE	SALES	COGS	GP	OE	OP	NI
2010-2011	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
2011-2012	50%	85%	70%	75%	91%	78%	65%	1141%	38%	36%	52%	55%	64%	-476%
2012-2013	99%	81%	170%	91%	106%	92%	68%	2102%	167%	176%	82%	42%	-117%	-149%
2013-2014	208%	62%	67%	101%	137%	102%	68%	2949%	54%	43%	160%	91%	-186%	-373%
2014-2015	56%	83%	290%	88%	105%	90%	65%	2247%	16%	12%	57%	86%	203%	227%
2015-2016	410%	107%	84%	185%	82%	174%	142%	2827%	54%	45%	138%	79%	-151%	-251%
Average	154%	86%	130%	107%	103%	106%	85%	1894%	72%	69%	98%	76%	-14%	-154%

Source: Audited financial statement of the union (2010-2016)

KEY: CASH &CE = cash and cash equivalent, CA =Current asset, AR= Accounts receivable, INV= Inventory, FA= Fixed asset, LIAB= Liability, OEQ= Owners Equity



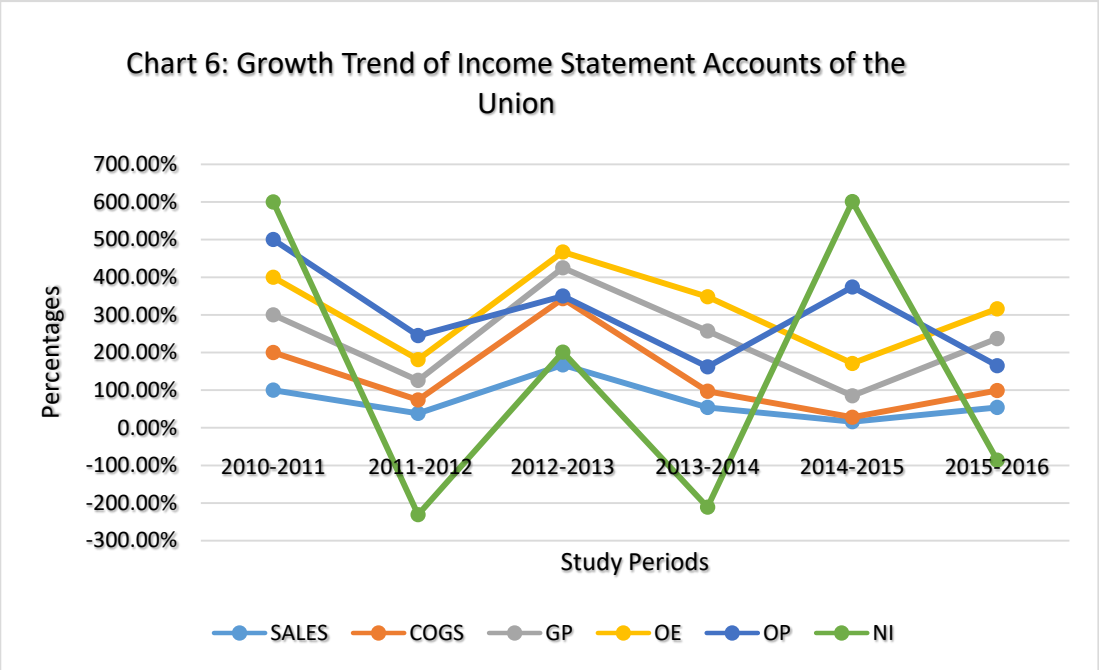
Source: Depicted from Table 4.5

As the result portrayed on table 4.5 and chart 5, the current assets of the union was decreased from 100% in 2010-2011 to 75% in the year to 2011-2012 and increased to 91% and 101% and again decreased to 88% and increased to 185% in 2012-2013 and 2013-2014 respectively. This points out that current assets of the unions were fluctuating throughout the study years. But, the average growth trend of the current asset of the union is positive which is 107%. The result observed on table 4.5 and chart 5, shows that the fixed assets of the union were decreased from 100% in 2010-2011 to 91% in 2011-2012 and increased to 137% in 2013-2014 and again dropped to 105% and 82% in 2014-2015 and 2015-2016 respectively. This indicates that fixed assets of the unions were unstable throughout the study periods. But, the average growth trend of the fixed asset of the union is positive which is 103% showing that it has good long term growth potential.

Table 4.5 and chart 5 also depicted that the shareholders' equity of the union was increased from 100% in 2010-2011 to 1141%, 2102%, and 2949% in the year to 2011-2012, 2012-2013 and 2013-2014 respectively and decreased to 2247% in 2014-2015 and again increased to 2827% in 2015-2016. This denotes

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that the shareholders' equity of the union was fluctuating over the study years. Table 4.5 also indicates the fluctuated trend of gross profit of the union over the study periods, that means, it increased in some periods and decrease in other periods. For example, it was decreased from 100% in 2010-2011 to 52% in 2011-2012 and again rise to 160% in 2013-2014 and decreased to 57% in 2014-2015 and again increased to 138% in 2015-2016. This shows that the overall average trend of gross profit over the study periods was nearer to the base year which is 98%.



Source: Depicted from Table 4.5

It is also illustrated in table 4.5 and chart 6, above that the operating profit of the union was decreased from 100% in 2010-2011 to -186% in 2013-2014 and radically improved to 203% in 2014-2015 and again highly deteriorated to -151% in 2015-2016. This indicates the average growth trend was negative 14% which is bad signal. The negative growth trend of operating profit of the union showing that the union could not easily control selling and administrative expenses. The overall average trend of operating profit over the study periods was more far from the base year which is 76%.

As it is indicated in table 4.5 and chart 6, the net profit of the union was decreased from 100% in 2010-2011 to -476% in 2011-2012 and slightly improved to -149% in 2012-2013 and again deteriorated to -373% in 2013-2014 and showed major improvement and becomes 227% in 2014-2015 and again decreased drastically to -251% 2015-2016. In almost all periods including their averages, the union has the negative profit showing that the union cannot easily satisfy operating expenses whenever they are incurred. This is an indication of inefficiencies of the union in generating high sales and controlling operating and non-operating expenses. The overall average trend of net income of the study periods was also more negatively far from the base year which is -154%.

V. Conclusion and Recommendations

a) *Conclusion*

The evaluation of the financial growth and performances of Tepi Forest Coffee Producer Farmers' Cooperative Union, Sheka Zone, South West Ethiopia was undertaken using secondary data from audited financial statements of the union for 2010-2016 G.C. and analyzed through ratio and trend analytical techniques, and findings of this study are depicted as follow.

Liquidity ratios indicated that liquidity position of the union is satisfactory. Except in 2010-2011, in the rest periods, the current ratio, the quick ratio and networking capital of the union were above the standard that imply the union can easily satisfy its current liability with its current asset such as cash, marketable securities, account receivables and other short term receivables and other current assets. The cash ratio the union, except in 2010-2011 and 2011-2012, was above the standard indicating that the union did not face liquidity problem in satisfying current obligations through cash and short term marketable securities.

The study illustrated that the solvency ratios indicates as the union was leveraged in majority study periods that the solvency position of the union was not satisfactory. The debt and equity ratio (except 2013-2014), and the debt to asset ratio of the union (in the

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periods of 2010-2011, 2011-2012 and 2015-2016) was above the standard. And the proprietors' ratio over all study periods is below the standard. These shows that the union was heavily depending on debts for its operations which makes the union extremely leveraged and highly risky to invest in or lend to. But, in the study periods of 2012-2013, 2013-2014 and 2014-2015), the majority of asset financed from equity indicating that the union is safe in satisfying its obligation. The fixed asset to net worth ratio of the union, except in 2010-2011, was below the standard indicating that higher investment is made on current assets and more funds are available to meet union's current obligations.

The inventory turnover ratio of the union in all periods, except 2014-2015, was above the standard showing that the union is efficiently managing its inventory; the debtors' turnover ratio over the study periods is below the standard indicating that the union may be suffered from cash shortage and it may create high bad debts of receivables, and the total asset turnover ratio of the union, except 2012-2013, was below the standard showing that the union was efficiently managing the total assets in generating its return.

The result also discovered that the gross profit margin ratio, except in 2013-2014 and 2014-2015, and the operating profit margin ratio of the union in all periods were below the standard showing that the union had weak profit position. Furthermore, the net profit margin ratio of the union, except 2010-2011 and 2011-2012, was above the standard indicating that the profitability was improved that helps the union to easily satisfy different expenses like interest expenses whenever they are incurred. The return on equity of union, except 2010-2011 and in 2014-2015, and the return on total asset ratio, except 2010-2011 and 2014-2015, were above standard and positive respectively implying that the union was earning positive profit from the employment of shareholders' investment, and the union was efficiently employing its asset in generating sales or income.

The trend analysis of balance sheet and income statement accounts of the union showed fluctuation growth trend which shows increasing trend on some periods and decreasing trend on other study periods.

b) Recommendations

Based on the finding of the study, the following recommendations were forwarded:

The cash ratio of the union indicates as it was below the standard that causes the union to face liquidity problem. Therefore, the concerned bodies should work to have optimum cash and cash equivalents by adopting good collection policy and collection effort and proper planning of cash and credit policy.

In majority study periods, the debt to equity ratio and debt to asset ratio of the union were above the standard and the proprietors' ratio over all study periods was below the standard. These makes the union unable to repay its principal and interest payments for the debt and over the long-term, this would lead the union to bankruptcy. Therefore, the union should increase its internal own funds by increasing cooperative members and thereby issuing additional shares and increase reserve funds by engaging in profitable business. The management of the union should take into account that no more than half of the union asset should be financed with debt.

The result also revealed that the debtors' turnover ratio over the study periods is below the standard. This creates liquidity problem. Therefore, there should be employing of effective credit and collection policy and collection efforts.

The gross profit margin ratio, operating profit margin ratio and net profit margin ratio of the union revealed that the profitability position of the union was not at its satisfactory level that it was not efficient in controlling the cost of purchase and sell of the product; cost of manufacturing, other operating and non-operating expenses. Therefore, the management bodies of the union should decrease manufacturing and purchasing costs and other operating and non-operating expenses, design effective product pricing policies and undertake profitable business ventures.

The trend analysis of balance sheet and income statement accounts of the union showed fluctuation growth trend which shows increasing trend on some periods and decreasing trend on other study periods. Therefore, the management of the union should also give due attention, especially for those items of financial statement which show deteriorating results.

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The Effect of Internal Audit on Budget Management of Local Government of Rwanda

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Abstract- This study aimed at investigating the effect of internal audit on budget management of local government of RwandatakingMusanze District as case study. The problem of failing to consolidate transactions and balances of NBAs in financial statements of local government has still persisted. Many local governments have not been examining efficiently the internal audit in budgeting process and execution and this has consequently led to mismanagement; lack of control and less budget execution from their activities or operations. Moreover to prove the general objective, the results of this study was presented in accordance with specific objectives stated by the researcher such as, to analyze the internal audit functions in local government of Rwanda; to assess budget process and execution in local government in Rwanda and to analyze the relationship between internal audit and budget process and execution in Rwanda. Descriptive research design was adopted for this study using both qualitative and quantitative methods of data collection.

Keywords: internal audit, budget process,execution and local government.

GJMBR-D Classification: JEL Code: M42



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Keywords: internal audit, budget process,executionand local government.

I. General Introduction

The problem of failing to consolidate transactions and balances of Non Budget Agencies (NBAs) in financial statements of local government has still persisted. Many local governments have not been examining efficiently the internal audit in budgeting process and execution and this has consequently led to mismanagement; lack of control and less budget execution from their activities or operations (Raghunandan et al. , 2012).

According to Association of Certified Faud Examiners (2014), the majority of organizations today have created the internal audit department to examine the fraud issues, financial reporting and misappropriation of the organizations assets by ensuring accuracy, objectivity and consistency of the financial statements as a prerequisite in monitoring proper organizational financial performance.Hansen & Kræmmergaard (2013) confirm that , accessing the high level of budgeting process and execution is a challenging task for local government. However, these financing constraints tend to be more difficult for some local government to overcome.

The Ministry of Finance only requires Local government to compile a separate report of balances of budget execution for information purposes (as a disclosure note in financial statements) and they are not consolidated in balances reported in financial statements of Local Government (Daske & Gebhardt, 2006). This implies that balances reported in financial statements of Local government do not includeamountsfrom non budget agencies and hencemaking District financial statements and state consolidated financial statements incomplete. The problem of failing to consolidate transactions and balances of NBAs in financial statements of local government has still persisted (Brook, 2010).

Hawkesworth et al.(2011) shown that, many local governments have not been examining efficiently the internal audit in budgeting process and execution and this has consequently led to mismanagement; lack of control and less budget execution from their activities or operations. However, there is no evidence of adequate follow up done to verify the accountability reports submitted to Districts by non- budget agencies and to follow up activitiesreported by non budget agencies. Such follow up should have been done on a regular basis by Internal Audit unit(Onumah & Krah, 2012). As a consequence, there is a continued problem of misuse and misappropriation of public funds being perpetuated through non budget agencies.

The question that arises to the researcher therefore, is to make the analysis on the role of internal audit in budgeting process and execution on local government in Rwanda.

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The main objective of this study is to assess the effect of internal audit on budget process and execution of local government in Rwanda.Specific objectives of this study are the following:To analyze the internal audit functions in local government of Rwanda; to assess budget process and execution in local government in Rwanda and to analyze the relationship between internal audit and budget process and execution in Rwanda.

The usefulness of this research is the improvement of the budgeting process and execution based on internal audit system in local government, the results of findings is very useful to the government. The Government and people now know how it can intervene in budgeting process and execution of much internal audit system in local government in Rwanda through its policies and regulations in terms of taxes.The local government is the backbone of development of its citizens through the funds invested from non budget agencies and national badget prepared and issued by MINALOC if were used and reported well so the internal audit must involved in the management of those funds in order to show the accuracy and fair value of report from Local government. The reason why the researcher intends to assess the effect of internal audit in budget process and execution of local government.The local government is great get importance because some suggestions clarifies where they have to improve and how they are supposed to do it in terms of its budget implementation.

II. Material and Methods

In conducting this research, the data were obtained from primary and secondary sources. The primary data was collected by use of a structured interview and questionnaires and the secondary data wasobtainedfromdifferent data base including books and Musanze District annual report.

According to Bartlett et al. (2001), population is the full set of cases from which a sample is taken. Population of this study is concerned with all staffs (employees) working in Musanze District (Headquarters) whereby 63 district members of staff were considered as the population to study.

According to Stumpf & Kerle (2011), "the sample is to choose a limited number of individuals, of object or events whose observation makes it possible to draw the conclusions applicable to the whole population inside which the choice is made". This definition relates to the fact of starting from a limited number of elements to draw the conclusions applicable to the unit in which were drawn. Daniel (2012)further defined purposive sampling as a type of sampling in which, ''particular settings, persons, or events are deliberately selected for the important information they can provide that cannot be gotten as well from other choices. Purposive sampling technique was used to select respondents from different units of the district office and sectors because they were expected to have necessary information with respect to objectives of the study, their availability and their willingness to participate. The questionnaire was administered to the 18 respondents who are relatedwith budget process and executionfromemployees of Musanze District. Moreover, Secondary data was obtained from many existing documents.

As said byTeubner & Woods (2013), data processing is concerned with classifying responses into meaningful category called codes ; it consists of editing the schedule and coding the responses. The data processing included: editing, coding, and tabulation. Data was cleaned and edited to ensure consistence of responses.

Becker et al. (2013) defined data analysis as the process of compiling and study data to provide summaries, description and conclusion. Data analysis is developed to deal with manipulation of the information that was gathered so as to present the evidence. Regarding this research the researcher was analyze views give finding by respondent through questionnaire .on this, the qualitative technique was be used. All of those were applied in order to find out and assess the relationship between the both variables included in this study. After coding, data were input into the statistical package for social sciences (SPSS) for analysis. The data were analyzed using the descriptive statistics like percentages in frequency table in statistical package for social science (SPSS) software version 20.

III. Results and Discussion

This chapter presents data gathered from Musanze district office using questionnaires administered, interviews conducted and documentary review. The chapter also presents the analysis of the data with relevant interpretation and from the presented data, conclusion and suggestions were drawn.

a) Characteristics of Respondents

This section was considered imperative that the biographical information of sampled respondents. Presented information includes gender, age, education level and years of working experience.

Gender was assessed in this study since gender can affect the level of judgment on a given phenomenon. Hence, the researcher wanted to determine the gender of the respondents and asked to respondents to indicate their gender as depicted in the table below.

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Table 3.1: Distribution of Respondents by Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	14	77.8	77.8	77.8
	Female	4	22.2	22.2	100.0
	Total	18	100.0	100.0	

Source: Primary Data, 2016

The Table 3.1 illustrates that 77.8% of respondents were male whereas 22.2% of respondents were female. This implies that majority of respondents are males indicating that males are more than female in the sample. However, since the research were not gender sensitive the researcher deduct that the information that is obtained from both male and female will be equally relevant and reliable to answer the stated research questions. This implies that both women and men have adequate information on the budget processing and execution in Musanze District

Age of respondents was identified since age would affect the level of judgment of individuals. Here the researcher wanted to know the age distribution of respondents included in the sample. Hence, respondents were requested to indicate their age category as depicted by the table below.

Table 3.2: Distribution of respondents by age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	26 and above	18	100.0	100.0	100.0

Source: Primary Data, 2016

Table above depicts that 100% of respondents were in the age range of 26 years and above. This implies that sampled respondents are distributed in all categories of age and involve young and mature as well as oldindividualswho are employees of Musanze district. This indicates that the information collected from these individuals covers ideas and opinions of individuals in many different age categories which make it accurate considering its source.

Education level of respondents was assessed in this study since education achievement represents the potential and ability to reflect on a given phenomenon. Hence, respondents were asked to indicate their highest level of education to ensure that selected respondents are knowledgeable about the variables under study. The results are presented in the table below.

Table 3.3: Distribution of respondents by education level

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Certificate	1	5.6	5.6	5.6
	Diploma	3	16.7	16.7	22.2
	Degree	14	77.8	77.8	100.0
	Total	18	100.0	100.0	

Source: Primary Data, 2016

Table 3.3 illustrates that 77.8% of respondents acquired masters and bachelors as their highest level of education whereas majority of respondents equivalent to 77.8% attained university and are masters or bachelors' degree holders in different field of study whereas 16.7% of respondents have advanced diploma and 5.6 attained Secondary. This implies that majority of sampled respondents have acquired degrees and another portion have diploma in different field of study which makes them able to understand the questions and provide information on the variables under study.

Experience is considered worth an asset for an organization because the long experience that one has in executing the task, the more expertise they accumulated making them better task performers. Here, the researcher wanted to know the period in which they worked for Musanze district. Hence, respondents were asked to indicate the period for which they had served for the institution under study to ensure that sampled employees have adequate information about the functioning of the budgeting process in the District.

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Table 3.5: Distribution of respondents by years of experience

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	3-4 years	7	38.9	38.9	38.9
	5 years and above	11	61.1	61.1	100.0
	Total	18	100.0	100.0	

Source: Primary Data, 2016

Table 3.5 shows the years of service for whichrespondentsworked for Musanze district. Findings in the table 3.5 show that 61.1% of respondents have worked for Musanze District for a period of 5 years and above whereas minority of respondents equivalent to 38.9% of respondents have worked for the district in a period between 3 to 4 years. This implies that the majority of respondents worked for the district for a considerably long period indicating that they have vast information about the functioning of the budget processing and execution of Musanze District they work for.

b) *Analysis of Respondents' Views on Internal Audit of Budget Process and Execution in Local Government*

Preparation of budgets in an organization is a management function as well as an accounting task. Here, the study wanted to know the budget processing and execution's practices adopted by Musanze district and requestedrespondents to presenttheir views on different practices and functions. Hence, this section presents the budget processing and execution practices adopted by Musanze district.

Respondents were asked to highlight whether asset management is a systematicapproach of maintaining and operating physicalassets in Musanze district office. The view of respondents is presented in tables below:

Table 3.6: Respondents view on whether asset management is a systematic approach of maintaining and operating physical assets

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	11	61.1	61.1	61.1
	Strongly Agree	7	38.9	38.9	100.0
	Total	18	100.0	100.0	

Source: Primary Data, 2016

According to the table 3.6, the greater number about 61.1% of respondents agreed that asset management is a systematic approach of maintaining and operating physical asset sin Musanze District while 38.9% of all respondents strongly agreed that asset management is a systematicapproach of maintaining and operating physical assetsin Musanze District. This means that asset management iswellused in Musanze District office in order to make a good budget preparation and execution through good practice of internal audit.This is in line with Zhang et al.(2009) who stated that asset management is a systematic approach of maintaining, upgrading, and operating physical assets cost effectively. Bhamidipati (2015) added that it combines engineering principles with sound business practices and economic theory, and it provides tools to facilitate a more organized, logical approach to decision making. Thus, asset management provides a framework for handling both short- and long-range planning.

Table 3.7: Respondents view on whether asset management is a methodology to efficiently and equitable allocate resources among valid and competing goals and objectives

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	10	55.6	55.6	55.6
	strongly agree	8	44.4	44.4	100.0
	Total	18	100.0	100.0	

Source: Primary Data, 2016

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According to the table 3.7, the greater number about 55.6% of respondents agreed that asset management is a methodology to efficiently and equitable allocate resources among valid and competing goals and objectivesin Musanze District while 44.4% of all respondents strongly agreed that asset management is a methodology to efficiently and equitable allocate resources among valid and competing goals and objectives in Musanze District. This means that asset management iswellused in Musanze District office in order to make a good budget preparation and execution through good practice of internal audit.This findings is in line with Pedersen & Garleanu (2015)who stated that asset management is a methodology to efficiently and equitably allocate resources amongst valid and competing goals and objectives. Finally, Bloch & Bloch, (2017), emphasizes the service to the public, which is the end customer of the road agencies and administrations and to him, asset management is a systematic process of maintaining, upgrading and operating assets, combining engineering principles with sound business practice and economic rationale, and providing tools to facilitate a more organized and flexible approach to making the decisions necessary to achieve the public's expectations.

Respondents were asked to highlight whethermanagement control iswellapplied in Musanze District office. The view of respondents is presented in tables below:

Table 3.8: Respondents view on whether management control is well applied in Musanze District office

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	8	44.4	44.4	44.4
	Strongly Agree	10	55.6	55.6	100.0
	Total	18	100.0	100.0	

Source: Primary Data, 2016

According to the table 3.8, the greater number about 55.6% of respondents strongly agreed thatmanagement control iswellapplied in Musanze District officewhile 44.4% of all respondents strongly agreed thatmanagement control iswellapplied in Musanze District office. This means thatmanagement control iswellapplied in Musanze District officein order to make a good budget preparation and execution through good practice of internal audit.

The findings is in line with Brown (2008) who stated that a management control system (MCS) is a system which gathers and uses information to evaluate the performance of different organizational resources like human, physical, financial and also the organization as a whole in light of the organizational strategies pursued.

Table 3.9: Respondentsview on whetherMusanze district office use formal management control system

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	9	50.0	50.0	50.0
	Strongly agree	9	50.0	50.0	100.0
	Total	18	100.0	100.0	

Source: Primary Data, 2016

According to the table 3.9, the greater number about 50.0% of respondents strongly agreed that Musanze district office use formal management control system while 50.0% of all respondents strongly agreed that Musanze district office use formal management control system. This means that management control is well applied in Musanze District officein order to make a good budget preparation and execution through good practice of internal audit.

The findings is in line with Armesh et al. (2010) who stated that management control system influences the behavior of organizational resources to implement organizational strategies. Management control system might be formal or informal.

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Table 3.10: Respondentsview on whethermanagement control helps Musanze district office to achieve its objectives

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	9	50.0	50.0	50.0
	Strongly Agree	9	50.0	50.0	100.0
	Total	18	100.0	100.0	

Source: Primary Data, 2016

According to the table 3.10, the greater number about 50.0% of respondents strongly agreed that management control helps Musanze district office to achieve its objectives while 50.0% of all respondents strongly agreed that management control helps Musanze district office to achieve its objectives in order to make a good budget preparation and execution through good practice of internal audit. Those findings are confirmed by the research done by Raduan et al. (2009) that who stated that management control systems are tools to aid management for steering an organization toward its strategic objectives and competitive advantage. Management controls are only one of the tools which managers use in implementing desired strategies. However strategies get implemented through management controls, organizational structure, human resources management and culture(Riccaboni & Luisa Leone, 2010).

Respondents were asked to highlight whetherstaff management iswellapplied in Musanze District office in its internal audit staffing. The view of respondents is presented in tables below:

Table 3.11: Staff management is well applied in Musanze District office in its internal audit staffing

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	9	50.0	50.0	50.0
	Strongly agree	9	50.0	50.0	100.0
	Total	18	100.0	100.0	

Source: Primary Data, 2016

According to the table 3.11, the greater number about 50.0% of respondents strongly agreed thatStaff management iswellapplied in Musanze District office in its internal audit staffing while 50.0% of all respondents strongly agreed thatStaff management iswellapplied in Musanze District office in its internal audit staffing in order to make a good budget preparation and execution through good practice of internal audit.This is in the line with Brymer et al. (2014) who stated that before hiring or beginning any type of internal audit staffing, the organization must determine its human capital strategy.

Table 3.12: Staff management is well applied in Musanze District office in its internal audit staffing

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	11	61.1	61.1	61.1
	Strongly agree	7	38.9	38.9	100.0
	Total	18	100.0	100.0	

Source: Primary Data, 2016

According to the table 3.12, the greater number about 61.1% of respondents agreed thatStaff management iswellapplied in Musanze District office in its internal audit staffing while 38.9% of all respondents strongly agreed thatstaff management iswellapplied in Musanze District office in its internal audit staffing in order to make a good budget preparation and execution through good practice of internal audit.This is in the line withHoekstra (2011) who stated that the first human capital model is the experienced hire career model. AnInternational Accreditation Forum (IAF) that utilizes this model focuses on hiring or "importing" experienced personnel from within or outside the organization (Scontrino, 2006). These functions want to ensure that they have auditors with specialized business knowledge and skills. Internal auditing is seen as a permanent career destination (Jans, Alles, & Vasarhelyi, 2013). The migration model also focuses on ensuring that the IAF is staffed with individuals Core auditors remain with the IAF for an indefinite period of time. This model employs the IAF as a management training ground. Finally, IAFs that employ the change agent model view the IAF as an

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integral part of the organization's human resource strategy. "Companies using this model selectively deploy talent through internal audit to create a pipeline of corporate change agents who flow continuously into business units. Here, the migration of talent to line businesses occurs as part of a formal corporate strategy to achieve this objective and is a primary performance metric for internal audit"(Abbott et al., 2016).

Table 3.13: Respondents' view on internalauditingisseen a permanent career destination in Musanze District office

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	15	83.3	83.3	83.3
	Strongly agree	3	16.7	16.7	100.0
	Total	18	100.0	100.0	

Source: Primary Data, 2016

Table 3.13 reveals that the 83.3% of respondents agreed that internalauditingisseen a permanent career destination in Musanze District officewhile 16.7% of all respondents agreed that internal auditing is seen a permanent career destination in Musanze District office. This means that internal auditing is seen a permanent career destination in Musanze District office as it indicated by 100% of respondents. This is due to the good practice of internal audit.This is in line with Sarens et al. (2011) who stated that internal auditing is seen as a permanent career destination. The migration model also focuses on ensuring that the IAF is staffed with individuals who possess skills that are proven to make the IAF a successful part of the organization. While this model is not designed to automatically move personnel from the IAF to management positions, the movement of successful internal auditors into other areas of the organization is seen as a positive sign of the IAF's ability to add value to the organization(Prawitt et al., 2012). On the other hand, the strategy implicit in the consulting model's strategy is to recruit auditors into the IAF only to later move these individuals into other organizational functions. Under this model, the IAF consists of a group of consultant auditors and another group of core auditors. Consultants are internal auditors who expect to move to other areas of the organization upon gaining valuable experience within the IAF. Core auditors remain with the IAF for an indefinite period of time (Mat Zain etal., 2015).

The respondentsview on budget process and execution in Musanze district office. The view of respondents is presented in tables below:

Table 3.14: Respondents' view on budget process and execution in Musanze district office

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	7	38.9	38.9	38.9
	Strongly agree	11	61.1	61.1	100.0
	Total	18	100.0	100.0	

Source: Primary Data, 2016

Table 3.14 reveals that the 61.1% of respondents strongly agreedthatbudget process and execution in Musanze district office iswellusedwhile 38.9% of all respondents agreedthatbudget process and execution in Musanze district office iswellused. This is due to the good practice of internal audit.According to Johansson & Siverbo (2014), budget process refers to the process by which governments create and approve a budget, which is as follows: The Financial Service Department prepares worksheets to assist the department head in preparation of department budget estimates; the Administrator calls a meeting of managers and they present and discuss plans for the following year's projected level of activity; the managers can work with the Financial Services, or work alone to prepare an estimate for the departments coming year; the completed budgets are presented by the managers to their Executive Officers for review and approval; Justification of the budget request may be required in writing. In most cases, the manager talks with their administrative officers about budget requirements. Adjustments to the budget submission may be required as a result of this phase in the process.

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Table 3.15 : Respondents' view on budget proposals and dialogue is used in budget process and execution in Musanze district office

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	2	11.1	11.1	11.1
	Strongly Agree	16	88.9	88.9	100.0
	Total	18	100.0	100.0	

Source: Primary Data, 2016

Table 3.15 reveals that the 88.9% of respondents agreed that budget proposals and dialogue is used in budget process and execution in Musanze district office while 11.1% of all respondents agreed that budget proposals and dialogue is used in budget process and execution in Musanze district office. This means that budget proposals and dialogue is used in budget process and execution in Musanze district office as it indicated by 100% of respondents. This is due to the good practice of internalaudit.This is in line with Higdon & Topp (2004) who stated that a budget proposal must establish parameters for measuring performance with regard to attaining goals and meeting benchmarks. According to National Priorities Project (2016), measuring performance could be something as simple as monthly sales figures for a small business budget proposal or as complex as the national unemployment rate for the federal government's budget proposal. This standard helps the business predict the likelihood of meeting the goals set forth in the budget proposal. A budget proposal with a high standard for measuring performance may have a lower chance of meeting goals than a budget which requires lower performance numbers(Nisbet et al., 2012).

Table 3.16: Respondents' view on budget monitoring is used in budget process and execution in Musanze district office

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	8	44.4	44.4	44.4
	Strongly agree	10	55.6	55.6	100.0
	Total	18	100.0	100.0	

Source: Primary Data, 2016

Table 3.16 reveals that the 55.6% of respondents agreed that budget monitoring is used in budget process and execution in Musanze district office while 44.4% of all respondents agreed that budget monitoring is used in budget process and execution in Musanze district office. This means that budget monitoring is used in budget process and execution in Musanze district office as it indicated by 100% of respondents. This is due to the good practice of internal audit.According to Sponem & Lambert (2016), during budget monitoring, to be successful, a budget proposal must quantify a business' objectives and identify how those objectives may be reached. These are confirmed by Susha et al. (2015) who said that a budget proposal accomplishes this task by creating benchmarks throughout the year, identifying when goals should be met and the level of performance necessary for those benchmarks to be attainable. These benchmarks should be flexible, allowing the business the ability to shift its goals and performance levels easily to compensate for more financially permissible or adverse market conditions.

Table 3.17: Respondents' view on budget adjusting is used in budget process and execution in Musanze district office

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	13	72.2	72.2	72.2
	Strongly agree	5	27.8	27.8	100.0
	Total	18	100.0	100.0	

Source: Primary Data, 2016

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Table 3.17 reveals that the 72.2% of respondents agreed that budget adjusting is used in budget process and execution in Musanze district office while 27.8% of all respondents agreed that budget adjusting is used in budget process and execution in Musanze district office. This means that budget adjusting is used in budget process and execution in Musanze district office as it indicated by 100% of respondents. This is due to the good practice of internal audit.This findings are in line with Raghunandan et al. (2012) who stated that budgeting adjusting is an extremely individual process which in large part is tied to the fact that we can provide estimates, but we cannot ensure that all students will incur the same cost of living nor that students will arrive with the same financial resources. A hefty part of budgeting comprises an individual's financial resources, such as personal assets and/or financial assistance.

Table 3.18: Respondents' view on budget control is used in budget process and execution in Musanze district office

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	8	44.4	44.4	44.4
	Strongly Agree	10	55.6	55.6	100.0
	Total	18	100.0	100.0	

Source: Primary Data, 2016

Table 3.18 reveals that the 55.6% of respondents agreed that budget control is used in budget process and execution in Musanze district office while 44.4% of all respondents agreed that budget control is used in budget process and execution in Musanze district office. This means that budget control is used in budget process and execution in Musanze district office as it indicated by 100% of respondents. This is due to the good practice of internal audit. These are in the line with Abata (2014) who confirm that Budgetary control refers to how well managers utilize budgets to monitor and control costs and operations in a given accounting period. In other words, budgetary control is a process for managers to set financial and performance goals with budgets, compare the actual results, and adjust performance.

Table 3.19: Respondents' view on budget reporting is used in budget process and execution in Musanze district office

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not sure	2	11.1	11.1	11.1
	Agree	11	61.1	61.1	72.2
	Strongly agree	5	27.8	27.8	100.0
	Total	18	100.0	100.0	

Source: Primary Data, 2016

Table 3.19 reveals that the 61.1% of respondents agreedthatbudget process and execution in Musanze district officewhile 27.8% of all respondents agreedthatbudget process and execution in Musanze district office while11.1% of all respondents agreedthatbudget process and execution in Musanze district office. This meansthatbudget process and execution in Musanze district office as it indicated by 100% of respondents. This is due to the good practice of internal audit.A budget report is an internal report used by management to compare the estimated, budgeted projections with the actual performance number achieved during a period. In other words, a budget report is designed to compare how close the budgeted performance was to the actual performance during an accounting period (MELITSKI & MANOHARAN, 2014).

Respondents were asked to highlight whether there is a relationship between internal audit and budget process and execution in Musanze district office. Respondents' view is presented in table below.

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Table 3.20: Respondents' view on to what extend internal audit contributes to the budget process and execution in Rwanda

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Medium (50%-79%)	4	22.2	22.2	22.2
	HIGH (80%-100%)	14	77.8	77.8	100.0
	Total	18	100.0	100.0	

Source: Primary Data, 2016

Table 3.20 reveals that the 77.8% of respondents agreed that internal audit contributes to the budget process and execution in Rwanda at high level (80%-100%) while 22.2% of all respondents agreed that internal audit contributes to the budget process and execution in Rwanda at medium level (50%-79%). This means that there is a relationship between internal audit and budget process and execution in Musanze district office.This is in the line withFrazer (2012)who stated that determine the accuracy and propriety of financial transactions, evaluate financial and operational procedures for adequacy of internal controls and provide advice and guidance on control aspects of new policies, processes systems, verify the existence of assets and ensure that proper safeguards are maintained to protect them from loss, determine the level of compliance with the ministry policies and procedures, and Government laws and regulations, evaluate the accuracy, effectiveness, and efficiency of the electronic information and processing systems, to determine the effectiveness and efficiency of Ministry in accomplishing mission and identify operational opportunities for cost savings and revenue enhancements, coordinate audit efforts with, and provide assistance to, the Audit committee and external auditors finally to investigate fiscal misconduct.

All responses related to the questions of the reasons of the internal audit were summarized to generate a representative independent variable while all responses related to budget process and execution in Musanze district officeweretotaled to give the dependent variable.

Table 3.21: Correlations

			Internal audit	Budget process and execution in Musanze district office
Spearman's rho	Internal audit	Correlation Coefficient	1.000	.987**
		Sig. (2-tailed)	.	.000
		N	18	18
	Budget process and execution in Musanze district office	Correlation Coefficient	.987**	1.000
		Sig. (2-tailed)	.000	.
		N	18	18
**. Correlation is significant at the 0.01 level (2-tailed).				

Source: Primary data, 2016

The variation of spearman Coefficient correlation is between -1 and1. Spearman Coefficient correlation has significance when it is equal or greater than 0.01. According to the research, the correlation was 0.987 (98.7%) is located in the interval [0.75-1.00 [categorized as positive and high correlation. As significant level is at 0.01 (1%), the p value of 0.000(i.e. 0.0%) is less than 1%. This leads to confirm that there is significant relationship correlation between internal audit and budget process and execution in Musanze district office.This is in the line stated by Feng et al. (2015) that to determine the accuracy and propriety of financial transactions, evaluate financial and operational procedures for adequacy of internal controls and provide advice and guidance on control aspects of new policies, processes systems, verify the existence of assets and ensure that proper safeguards are maintained to protect them from loss, determine the level of compliance with the ministry policies and procedures, and Government laws and regulations, evaluate the accuracy, effectiveness, and efficiency of the electronic information and processing systems, to determine the effectiveness and efficiency of Ministry in accomplishing mission and identify operational opportunities for cost savings and revenue enhancements, coordinate audit efforts with, and provide assistance to, the Audit committee and externalauditorsfinally to investigate fiscal misconduct.

IV. Conclusion and Recommendations

a) Conclusion

Based on the findings of this study, the researcher concluded that asset management; management control and staffing management are well

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used to enhance good budgeting process and execution in local government. The budget process and execution in local government is based on budget formulation; budget proposal and dialogue, budget monitoring, budget adjusting, budget control and budget reporting. As significant level is at 0.01 (1%), the p value of 0.000(i.e. 0.0%) is less than 1%. This leads to confirm that there is significant relationship correlation between internal audit and budget process and execution in Musanze district office.

b) Recommendations

Based on the findings and conclusions of this study, the following suggestions are made for the budgeting and budgetary controls of the district to happen in accordance to the regulations and achieve the desired goals and objectives.

- Musanze District shouldintensify capacity building of its employees in the field of budgeting and budgetary controls ensure that officers keep abreast of the new developments in the field of public finance budgeting.
- Musanze District shouldimprove the participation of all stakeholders in budget execution in enhancing the overall budget performance.
- Musanze district shouldadopt flexible budget which enables the District to adjust possible variances in the course of budget implementation.
- Government of Rwanda should provide its transfers to the Districts and other government institutions at the right time to ensure the timely availability of funds for budget execution and implementation.
- Musanze District should put more efforts in raising more revenue to supplement the government transfers and smoothen the budget execution.
- The researcher suggested that further similar studies need to be conducted in other public institutions in Rwanda in order to assess whether the study could yield similar findings regarding effect of budgeting and budgetary controls on financial performance of public institutions.

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Inline XBRL New Emerging Technology

By Dr. Edel Lemus, DBA
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Abstract- The purpose of this research study is to provide an understanding of the adoption of Inline XBRL in the United States. The eXtensible business reporting language (XBRL) has revolutionized the financial reporting system at the Securities and Exchange Commission (SEC). As members of the financial reporting community are aware of the importance of information technology, leaders of both public and private companies should consider the challenges and risks of adopting Inline XBRL. For instance, the most important challenges and risks to consider when adopting Inline XBRL are: (a) independent audit assurance, (b) appropriate set of controls and procedures, and (c) education review. Inline XBRL is currently replacing HTML submissions of separate files. The XBRL International will be responsible for Inline XBRL maintenance, including its format. Therefore, the European Securities and Market Authorities (ESMA) mandated the use of Inline XBRL as new technology with the intention of protecting the financial capital well-being in public markets.

Keywords: SEC, internet financial reporting, inline XBRL, XBRL, IFRS, accounting information technology.

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Keywords: SEC, internet financial reporting, inline XBRL, XBRL, IFRS, accounting information technology.

I. Introduction

The focus of this article is on the adoption of Inline XBRL in the United States. In the last decade, the XBRL has grown at a rapid pace as a global communication technology accounting standard. In the global context, 150 projects have promoted its immediate use and applicability. XBRL's main supporters are Australia, China, Europe, and the United States. The main achievement of the XBRL implementation was data management enhancement and its internal quality control system. Throughout the years, XBRL has helped align and standardize financial reporting as one singular accounting language. The SEC has granted permission to public companies through March of 2020 to adopt voluntarily Inline XBRL.

Users can visit the SEC's website (SEC.gov) for more information related to the new Inline XBRL financial translation system. The SEC made an announcement that the IFRS Taxonomy aspect has been approved and will be part of the Commission website. For the fiscal period ending before or after December 15, 2017, foreign private investors will be required to issue Form 20-F or 40-F as a financial disclosure requirement.

A *Business Wire* article ("XBRL US commends," 2017) reported that in the UK, three million private and public companies report to tax authorities. In an effort to report the appropriate information in financial statements as a disclosure requirement, nonprofit organizations have joined the XBRL US Center for Data Quality in an effort to improve the accuracy and reliability of financial statements and reports. Companies adopting Inline XBRL as a reporting financial language will enjoy a sustainable path of technology financial language translation. Future adopters suggest that in order to promote a healthy financial reporting language, the implementation and adoption of Inline XBRL are vital. Inline XBRL can help align and standardize financial reporting as one singular accounting language.

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II. Literature Review

Members of the financial reporting community are aware of the importance of information technology. XBRL has served as a vehicle to communicate business reports to investors and regulators. The SEC and international regulators have made an effort to make progress in simplifying the translation financial reporting method. The historical progress of XBRL is as follows:

- In October of 2005, XBRL affected more than 8,000 banks in the U.S. banking industry with the enforcement of quarterly "Call Reports" by the SEC.
- By April of 2005, the SEC recommended that the adoption of XBRL be voluntary in nature by permitting registrants exhibits in their consolidated financial statements.
- In September of 2006, the SEC introduced the new electronic format known as Interactive Data Electronic Application (IDEA).
- In 2007, the Canadian Securities Administrators (CSA) founded a voluntary program to help companies in the Canadian market place to file, report, and comply with XBRL guidelines. Regulators in China, Spain, the Netherlands, and the United Kingdom required the use of XBRL.
- In May of 2008, the SEC required publicly traded companies to adopt XBRL by December 15, 2008 to meet new financial requirements. Also, the SEC encouraged the creation of a comparable version of XBRL internationally.

For example, Fang (2014) indicated the mandated adoption standard of the XBRL during this time in the United States was a difficult transition for private and public companies.

Under the Sarbanes-Oxley Act, XBRL plays a vital role as a legal requirement by enforcing reliability and accuracy in financial reporting (Hall, 2016).

By 2016, the SEC mandated public companies to adopt voluntarily Inline XBRL with the added concept of financial accounting policies. The new Inline XBRL promotes reliability in a traditional financial statement

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format. For example, public and private companies using Inline XBRL have the ability to translate their financial statements from French, German, Japanese, and Spanish into English using one document. Most importantly, Inline XBRL provides rich data and can be easily extracted. Public and private companies should consider the impact of internal control systems and the technological contributing value. Therefore, communication is paramount to commerce in the global financial market arena (Dreyer, 2017).

The SEC has granted permission to public companies through March of 2020 to adopt voluntarily Inline XBRL. Investors will have the opportunity to evaluate and assess the usefulness of Inline XBRL. Public and private companies should consider the challenges and risks of adopting Inline XBRL (Dreyer, 2017). The most important challenges and risks to consider when adopting Inline XBRL are:

- Independent audit to promote efficiency and reasonable assurance.
- Appropriate set of controls and procedures with a focus on data security and the accuracy of financial disclosure requirement from a management solution perspective.
- Education review, which is a critical element in the application of an internal control process by addressing an organization's financial risk and overseeing the relevance of CFOs, investors, and corporate lawyers (Dreyer, 2017).

Public companies can benefit from Inline XBRL by moving from traditional filing to a more accelerated modern system. Inline XBRL promotes transparency and rich-text format at a greater level. Public companies and public users will experience a reduction in the cost of the submission of financial reports to the SEC. Inline XBRL is embedded into one financial singular language, which prevents technical inconsistencies across the board. Users of Inline XBRL have complete control of the financial XBRL disclosure requirement. Viewers can visit the SEC.gov website for more information as it pertains to the new Inline XBRL financial translation system (Barlas, 2017).

The SEC requires publicly traded companies to submit periodic financial statements and financial footnotes using Inline XBRL. The Inline XBRL is currently replacing the HTML submission. Inline XBRL embraces the XBRL readable aspect and the human approach of making final adjustments in companies' financial statements ("XBRL US commends," 2017).

Most recently, the SEC made an announcement that the IFRS Taxonomy aspect has been approved and will be part of the Commission website. For the fiscal period ending before or after December 15, 2017, foreign private investors are required to issue Form 20-F or 40-F as a financial disclosure requirement. According to Campbell Pryde, CEO of the XBRL in the United States, the main benefit of shifting to Inline XBRL is that it will reduce duplicity and add great value to the investment community related to automation, time, and efficiency ("XBRL US commends," 2017).

XBRL International will be responsible for Inline XBRL maintenance, including its format. As a result, XBRL US is a U.S.-based jurisdiction part of XBRL International, which is responsible for creating U.S. financial data. For example, in the UK, three million private and public companies report to tax authorities, Japanese securities regulators use Inline XBRL to collect data from public companies and Danish authorities benefit by collecting data from private companies. The European Securities and Market Authorities (ESMA) mandated the use of Inline XBRL with the intention of protecting the financial capital well-being of public markets. Therefore, in 2020, companies that comply with IFRS principles-based standards will pursue Inline XBRL using the same financial disclosure requirement announced by the SEC ("XBRL US commends," 2017).

In the last decade, the XBRL has grown at a rapid pace as a global communication technology accounting standard. In the global context, 150 projects have promoted its immediate use and applicability. XBRL's main supporters are Australia, China, Europe, and the United States. The main achievement of the XBRL implementation was data management enhancement and its internal quality control system (Cooper, 2012).

XBRL has revolutionized the financial reporting system at the SEC. The EDGAR database under the XBRL translates the financial statements of companies into actual words. The taxonomy aspect was developed under USGAAP with the goal of creating better financial reporting practices by supporting disclosure requirements in financial statements. From 2009 to 2010, the SEC experienced a high filing compliance level by companies utilizing XBRL as a new accounting method of financial translation (Debreceny et al., 2011).

The quality of financial disclosure requirement under XBRL is a persistent topic of discussion among regulators in the financial market. Financial regulators argue that the data reported to the SEC should be free of error by demonstrating accuracy and reliability. Financial errors can lead companies to make incorrect business decisions. In an effort to report the appropriate information in the financial statements as a disclosure requirement, nonprofit organizations have joined the XBRL US Center for Data Quality to improve the quality and reliability of financial statements (Rohman, 2015).

Companies adopting XBRL as a reporting financial language will enjoy a sustainable path of technology financial language translation. In Malaysia, the main objective of XBRL is to raise the awareness of transparency among stakeholders. Publicly traded companies in Malaysia have experienced a positive

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outcome by creating strong governance and compliance in the financial sector. Future adopters suggest that in order to promote a healthy financial reporting language, the implementation and adoption of the XBRL are vital (Ilias, Razak, & Rahman, 2015).

The SEC and other financial regulators around the world have promoted the importance of reliable financial data. XBRL focuses on external financial reporting accounting by embracing the applicability of the internal accounting aspect. Throughout the years, XBRL has helped align and standardize financial reporting as one singular accounting language. Therefore, the implementation of XBRL has contributed to the efficiency and effectiveness of financial reporting standards in the international financial market arena (Markelevich & Riley, 2013).

III. Conclusion

In conclusion, Inline XBRL embraces the readable aspect and the human approach of consolidated financial statements. Inline XBRL is understood as providing great value in the investment community related to automation, time, and efficiency. As a result, Inline XBRL, under the Sarbanes-Oxley Act, plays a vital role as a legal requirement by enforcing reliability and accuracy in financial reporting. Moreover, Inline XBRL serves as a vehicle to communicate accounting information technology in the global financial market arena. The implementation of Inline XBRL has contributed to the efficiency and effectiveness of financial reporting standards across the globe. Therefore, in 2020, companies that comply with IFRS principles-based standards will pursue Inline XBRL using the same financial disclosure requirements announced by the SEC.

IV. Recommendations for Future Studies

The author of this article suggests the following aspects be considered for future studies into the implementation of Inline XBRL in the U.S. market:

- Private and public companies should consider in the adoption process the pros and cons of Inline XBRL.
- The SEC should evaluate the financial reporting taxonomy aspect under USGAAP versus IFRS.
- Universities and colleges should incorporate the applicability of Inline XBRL into their accounting curricula.

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Relationship between Specific Accruals and Disclosed Accounting Results of Companies in Financial Failure

By Kamel Fekiri & Ezzeddine Abaoub
University of Carthage

Abstract- The display of net counter-performance (explained by the existence and persistence of negative accruals) can help leaders to convince partners of the need to renegotiate contracts. The importance of the measurement of the earnings management lies, for the most part, in the suspicion of undervaluation of debts and losses. This suspicion is so persistent that this risk of undervaluation must be taken into account in the valuation of any business. Nevertheless, we have tried through this article to test the approach of the models of specific accruals in order to identify them and to measure their impacts on the modification of the published result. Indeed, three models were tested, that is, that of receivables, inventories and amortization and provisions, which allowed us to validate the hypothesis according to which the managers of financially failing companies tend to exploit the Discretionary Accruals in an upward management goal to circumvent the costs of financial distress and change the perception of risk by its partners, especially donors. Based on this approach by the specific accruals, we have developed the model (4) which incorporates the specific discretionary accruals as explanatory variables of the formation of the published net result.

Keywords: *earnings management, specific accruals, financial failure jel classification: m41.*

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Relationship between Specific Accruals and Disclosed Accounting Results of Companies in Financial Failure

Kamel Fekiri [α] & Ezzeddine Abaoub [σ]

Abstract- The display of net counter-performance (explained by the existence and persistence of negative accruals) can help leaders to convince partners of the need to renegotiate contracts. The importance of the measurement of the earnings management lies, for the most part, in the suspicion of undervaluation of debts and losses. This suspicion is so persistent that this risk of undervaluation must be taken into account in the valuation of any business. Nevertheless, we have tried through this article to test the approach of the models of specific accruals in order to identify them and to measure their impacts on the modification of the published result. Indeed, three models were tested, that is, that of receivables, inventories and amortization and provisions, which allowed us to validate the hypothesis according to which the managers of financially failing companies tend to exploit the Discretionary Accruals in an upward management goal to circumvent the costs of financial distress and change the perception of risk by its partners, especially donors. Based on this approach by the specific accruals, we have developed the model (4) which incorporates the specific discretionary accruals as explanatory variables of the formation of the published net result.

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I. Introduction

The informative content of the accounting figures has always been the traditional toolfor the evaluation of the financial situation of the company especially when it comes to granting loans, creditors require, through restrictive clauses in debt contracts, compliance with certain ratios (liquidity ratio or solvency ratio ...) to protect against any form of wealth transfer from the firm to the shareholders (K.V. Peasnell, P.F. Pope and S. Young, 2000). In this aspect, debt contracts have prompted researchers to ask about the the effectiveness in reducing conflicts of interest between shareholders, creditors and managers (Joseph Gerakos, 2012), it is obvious that in the face of pressure Restrictive clauses, managers use the maneuvers given to them by the accounting standards and therefore they manage the results in order to avoid the violation of these restrictive clauses that would be costly in the opposite case. It is therefore interesting to study the earnings management in a particular context of debt (Hawariah Dalnial et al., 2014). Indeed, most of the research on this subject has been conducted in an Anglo-American socio-economic framework and few of them have been interested in the Euro-continent or in emerging countries such as Tunisia. Nevertheless, despite the fact that Tunisia had a new accounting system in 1997, breaking with the French model and aligning with the Anglo-American model, it remained strongly influenced by the Euro-continental socio-economic framework. in other words, on the one hand, accounting practices remain attached to the tax rules, despite the fact that accounting has been empowered by the enactment of the accounting law on companies, and the financing of companies still remains attached to bank loans (especially national banks such as BNA, STB, BH). On the other hand, it is unlikely, even if the current trend of the Tunisian state aims to give greater priority to local and foreign investors especially, that the financing method of Tunisian firms will be similar to that of Anglo-American firms as long as the shareholding culture is not widespread in the public and share ownership remains family-based in most companies in today's market. In this context, the socio-economic context of the Tunisia's case makes it perfectly legitimate and well-argued to study the earnings management in a context of in debtedness, especially since the leaders have an interest in benefiting from the continuity of the support. Credit institutions, to avoid increasing the cost of capital, they would be encouraged to manage profits upward (Mark Myring, 2006). In this regard, an abundant literature has developed to explain the motivations and incentives for managing the result (Patricia M. Dechow, Amy P. Sweeney, Richard G. Sloan, 1995). A large number of testable hypotheses have been developed by researchers based on contractual theories (Watts and Zimmerman, 1983), The validation of this approach is based on the assumption that it is possible to measure the earnings management. Compared to the existing literature on this subject (Xiaoan Cheng, 2012), we present in a first time the three models constructed on three discretionary accruals to measure «earning management". In a second time we adopt the approach of specific discretionary accruals by testing the empirical

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validity of three specific discretionary adjustment measurement models (applied to receivables, inventories and amortization and impairment provisions Assets) applied to a sample of Tunisian companies listed on the Tunis Stock Exchange over the period 1998-2014. Then we used the residuals of these three estimates as explanatory variables of the earnings management and check them.

II. Informative Content of Discretionary Accruals: Empirical Validation on A Sample of Tunisian Companies

Accruals-based models are today the most adopted methodology for measuring results management. The purpose of this section is to detect the practices of earnings management by using a modelization based on the specific accruals, making it possible to measure the discretionary component specific to each of the accounting variables constituting the accruals. Our results confirm that, in the Tunisian context, the change in inventory and receivables play a major role, along with depreciation and impairment provisions for assets, in the earnings management process. The predominant weight of the change in customer receivables and inventories is mainly due to the variability of working capital requirements.

Our study will focus on a sample of 19 companies listed on the Tunis Stock Exchange (BVMT) and over a period of sixteen years (1999-2014). The selection of our sample was made on the basis of two criterias:

- A listing period of at least 17 years over the period 1998-2014 on the Tunis Stock Exchange;
- A set of financial information such as income statements and balance sheet are available in the database that has been collected.

To conduct our empirical study, we adopted the approach based on specific discretionary accruals to assess the earning management in the selected sample. Indeed, based on Jones' models and especially the generalized modified Jones model, regression derived models have been proposed to calculate the specific discretionary adjustments of the accounting variables as being the residual resulting from the estimation of each component of the specific accruals.

In this case, the discretion of the leader varies according to whether he or she is interested in any of the components of the accruals. From this perspective, we constructed three regression models to estimate:

- *First Model*

This model expresses the change in the receivables according to the change in turnoverfor the same period.

$$\Delta Cr_{it} = \lambda_1 + \lambda_2 \Delta CA_{it} + \varepsilon_{1it} \quad (1)$$

With:

ΔCr_{it} = The variation of the customer item of the company i to the period t;

ΔCA_{it} = The change in turnover of company i at period t;

ε_{it} = The residual that corresponds to the discretionary accruals for the client item.

- *Second Model*

This model expresses the change in inventories according to the turnover of the same period.

$$\Delta ST_{it} = \alpha_1 + \alpha_2 \Delta CA_{it} + \varepsilon_{2it} \quad (2)$$

With:

ΔST_{it} =The change in the company's inventories item i to period t;

ε_{it} =The residual corresponding to the discretionary accruals relating to the inventory item.

- *Third Model*

This model expresses the change in depreciation and impairment provisions for assets based on the value of fixed assets and sales for the same period.

$$\Delta D^{\circ} APDA_{it} = \delta_1 + \delta_2 IMMO_{it} + \delta_3 CA_{it} + \varepsilon_{3it} \quad (3)$$

With:

$\Delta D^{\circ} APDA_{it}$=The change in amortization and provisions for depreciation of the assets of company i at period t;

$IMMO_{it}$ =The value of the total capital assets of enterprise i at period t;

ε_{it} =The residual corresponding to the discretionary adjustments relating to the item depreciation allowances and provisions for depreciation of the assets of company i at period t.

The estimation of these three models allows us to reconstruct Total Discretionary Accruals (DTA) by summing the three types of specific discretionary Accruals as follows:

$$ACD_{it} = \sum_{j=1}^{j=3} \varepsilon_{j,it} \quad (4)$$

This approach allowed us to identify the specific discretionary accruals relating to customer accounts, inventory, amortization and asset write-down provisions, respectively, as a significant source of managerial discretionary adjustments to manage net income (especially to cash and cash equivalents rise). Another objective has been achieved thanks to this approach, namely that of distinguishing the companies in the sample that manage the result from the abnormal increase of those that have discretionarily manipulated the result downwards, which will constitute a procedure prior to the constitution of a sample of audit firms with respect to the financial default criteria. All the more we have managed to note the extent of the discretionary manipulations in terms of observations (without taking into account the identity of the company) and also in terms of the identification of the manipulative firm of the discretionary accounting variables.

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a) *Estimation of the model of specific accruals: Customer receivables*

$$\Delta Cr_{it} = \lambda_1 + \lambda_2 \Delta CA_{it} + \varepsilon_{1it} \quad (5)$$

This model expresses the change in the receivables according to the change in turnover for the same period. The regression results of the model are formulated in Table 1.

i. *Interpretation of the Significance of the Model (1)*

The significance of the model (1) is analyzed in relation to the significance of the coefficients of the regression and by the Fisher statistic expressed as a function of the coefficient of determination R^2. At the level of the estimation of the coefficients, one notes that it is very significant with the risk of 1% and consequently the exogenous variable conveys well the explanations on the endogenous variable and the constant is significant with the risk of 10%.

ii. *Variance analysis table: statistical inference1- Overall significance test of the model (1)*

To answer this question, we extend the study of the variance decomposition by integrating the dl2 (degree of freedom) in the analysis table of the variance. Indeed, the coefficient of determination R^2 is not a good indicator of the regression's significance since it has the disadvantage of getting close to the unit in whenever the number of exogenous increases, it indicates also the proportion of variance of the endogenous $y = \Delta Cr_{it}$ explained by the model.

We have:

$$SCT = \sum_{i=1}^{n}(y_{it} - \bar{y})^2 \; ; \; SCE = \sum_{i=1}^{n}(\hat{y}_{it} - \bar{y})^2 \quad et \quad SCR = \sum_{i=1}^{n}(y_{it} - \hat{y}_{it})^2 \quad (6)$$

It is easy to demonstrate that:

$$SCT = SCE + SCR \quad (7)$$

And,

$$R^2 = {}^{SCE}/_{SCT} = 1 - {}^{SCR}/_{SCT} \quad (8)$$

The ordinary least squares principle is to have $SCR = 0$, for a perfect model.

For other models (other than perfect) what is a meaningful model?

Or from what value of the SCR can we say that the regression is bad?

In the econometric literature (Applied regression analysis - 2nd edition Yadolah Dodge, Valentin Rousson - Dunod edition) it is a question of comparing the value of the SCR with a reference value to answer the previous question. Indeed, the decomposition of the variance (equation 2-27) is extended to the notion of mean squares as shown in the following table 2:

The coefficient of determination indicated, as previously reported, the proportion of variance of the endogen ΔCr_{it} explained by the model. However, he does not answer the question: is the regression globally significant or not? Or does the exogenous one ΔCA_{it} (variation of the turnover between t and t-1) lead significantly to the information on the variation of the receivables ΔCr_{it}? Representative of a real linear relation in the population studied. In the econometric literature (Francophone), the fact of considering the significance of a linear model studied, through the coefficient of determination R^2 is only one point of view. Indeed, we find another point of view (Anglo-Saxon) more reticent vis-à-vis the first since this indicator is not a parameter of the population estimated on the sample3. The null hypothesis relating to the test of global significance of the model would therefore be:

H0: Absence of linear connection between the endogenous and the exogenous.

To test this global significance of the model (1), we use the F-statistic, which is a statistic to test theequality of two variances and is defined as follows:

$$F - statistic = \frac{CME}{CMR} \; ?$$

Where we define the mean square CM, as being the sum of squared deviations related to its degree of freedom,

$$F - statistic = {}^{\frac{SCE}{1}}\Big/_{\frac{SCR}{n-2}} = \frac{SCE}{SCR}(n-2)$$

Here n = 304 the number of observations

The interpretation of this statistic would indicate whether the explained variance is significantly higher than the residual variance. According to Bourbonnais, the model is significant when the explained variance is significantly greater than the residual variance. In Table 2, the calculation of this statistic is explained and its value (12.15267) is obtained using the Excel spreadsheet which is almost the value (12.13761) provided by the results of the EViews regression (table 1). We express this statistic according to the coefficient of determination we obtain:

$$F - statistic = {}^{SCE}/_{SCR}$$

and

$$R^2 = {}^{SCE}/_{SCT} \quad et \; R^2 = 1 - \frac{SCR}{SCT}$$

1 In statistical inference, it is desired to estimate population parameters using observed sample data.

2 The most accessible definition is to understand them as the number of terms involved in the sums (the number of observations)minus the number of parameters estimated in that sum.(df).

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From where, we can write:

$$F - statistic = \frac{R^2}{(1-R^2)}(n-2) = \frac{\frac{R^2}{1}}{\frac{(1-R^2)}{n-2}}$$

$SCE = R^2$ is distributed according to a law $\chi^2(n-2)$ $at\ (n-2)$ to a degree of freedom.

And $F - statistics \equiv \frac{\frac{\chi^2(1)}{1}}{\frac{\chi^2(n-2)}{n-2}} \equiv \mathcal{F}(1, n-2)$

F is distributed (under the hypothesis H0) according to a Fisher law at (1, n-2) degree of freedom.

The critical region of the Fisher test, corresponding to the rejection of H0, at the risk of α is defined for the abnormally high values of F, in other words.

$F > F_{1-\alpha}(1, n-2)$ The decision is made on the basis of the p-value = α' and is provided directly by the econometrics software.

For our model (1) Excel obtained almost the same results for this Fisher test.

Indeed, the table 2 gives the results obtained under Excel, for the Fisher statistic,

we obtain: F = 12.15267;les ddl=(2,302); $F_{0.95}(0.5, 2, 302)$ = 3,87233 ;

And $p - value = \alpha' = 0.0005628 < 5\%$.

Then,

$F = 12.15267 > F_{0.95}(0.5, 1, 302)$ =3,87233.

The conclusion is that the model (1) is globally significant at the risk of 5%. All the more, these results are provided almost identically by the table 1 generated by EViews software.

iii. *Test of significance of the model regression parameters (1)*

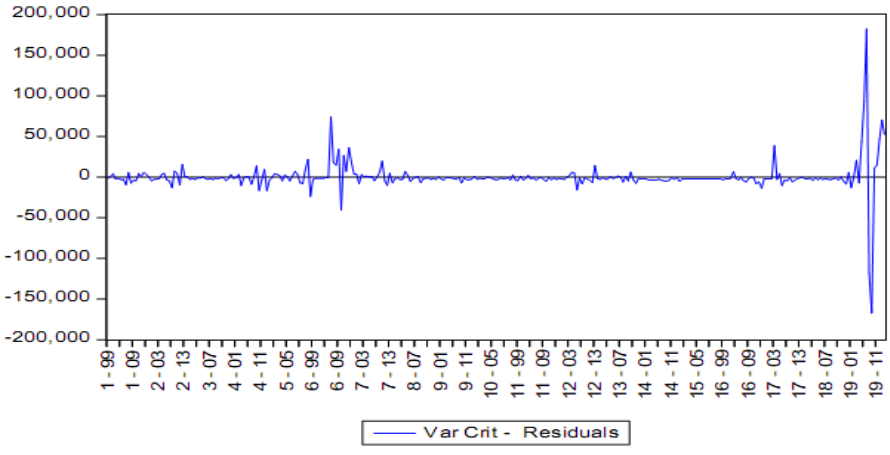
The tests relating to the individual significance of the estimated parameters of the regression are verified.

iv. *Residue Interpretation of the Estimation Model (1)*

The residual of the estimation corresponds to the discretionary manipulations relating to the accounting variable of the Receivables. It seems to be of a rather important scale (the R^2 is relatively weak 3.9%). Therefore, we consider, based on the results of the estimation of the model of specific accruals (1), that the earnings management through the turnover is normal up to 3.9% considering the turnover as the only explanatory variable needed. However, the existence of other discretionary accruals, whether they are normal or abnormal, suggests that an explanation of outcome management can be provided by the study of other specific accruals.

Tests enabled us to verify the distribution of the residue according to the standard normal distribution (graph. 1). Therefore, the studied sample induces well the properties of the population studied in terms of mean and variance, $\varepsilon_i \equiv N(0, \delta_\varepsilon^2)$

To better understand the role of discretionary accruals managed through turnover in order to modify the receivables that themselves affect the published net result, we have made a classification of companies (through observations) according to the direction of variation of average residues observed at each company. The results of this approach have been summarized in Table 3.



Graph 1. Residual of the model estimation (1) $\Delta Cr_{it} = \lambda_1 + \lambda_2 \Delta CA_{it} + \varepsilon_{1it}$

3 D. Garson, Multiple Regression, http://faculty.chass.ncsu.edu/garson/PA765/regress.htm#significance _ "...The F test is used to test the significance of R, which is the same as testing the significance of R2, which is the same as testing the significance of the regression model as a whole... ; ouencore D. Mc Lane, Hyper Stat Online Contents, http://davidmlane.com/hyperstat/B142546.html _ ...The following formula (le test F) is used to test whether an R2 calculated in a sample is significantly different from zero...

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This classification (Table 6) shows that of the 304 observations in the sample, there are 144 (47.37%) relative observations, in terms of average, having negative residues and 160 (52.63%) other observations, have positive residues (total observations 304 and overall average of residues being zero: 4.75E-17). In other words, the 160 observations are related to discretionary turnover manipulations towards the rise of this one, this is corroborated by the work of Peasnell, PF Pope and S. Young, (2000) who consider the manipulation of turnover (by increasing it) in exchange for an increase in receivables constitutes a form of specific earnings management. The model (1) for measuring discretionary management at the level of specific accruals receivables is significant.

b) Estimation of the model of specific accruals: Stocks

The model to estimate is as follows:

$$\Delta ST_{it} = \alpha_1 + \alpha_2 \Delta CA_{it} + \varepsilon_{2it} \quad (2)$$

With,

ΔST_{it} = The change in the company's inventories item i to period t;

ε_{it} = The residual corresponding to the discretionary adjustments relating to the inventory item.

This model expresses the change in inventories according to the turnover of the same period. The table 4 displays the results of the simple linear regression of the model (2), which show that the exogenous variable ΔCA_{it} is positively correlated to the endogenous ΔST_{it} $\Delta ST \quad \alpha = 0.051633)$ with p-value =0%, in other words, the regression coefficient for this variable is very significant. The constant is also positively correlated to the endogenous variable and is significant with the risk of 0.35% (p-value of Student = 0.0035).

i. *Interpretation of the Significance of the Model (2)*

The interpretation of the significance of the model will be treated in the same way as with the model (1), in other words we will use the Fisher statistic expressed as a function of the coefficient of determination R^2. Indeed, the analysis table of variance integrating the average squares as seen previously, allows us to better appreciate the significance of the model by comparing the value of the SCE sum with that of SCR standardized respectively by their respective degrees of freedom. Table (2- 12) summarizes the results of this analysis:

$$\text{F-statistic} = \frac{R^2}{(1-R^2)}(n-2) = \frac{\frac{R^2}{1}}{\frac{(1-R^2)}{n-2}} = 147.0997$$

The same result is obtained, ie the null hypothesis is rejected and therefore.

The model (2) is globally significant at the risk of 5%: the explained variance is clearly greater than the residual one.

ii. *Residue Interpretation of the Estimation Model (2)*

The residual of the estimation corresponds to the discretionary manipulation of the accounting variable "Stock", it seems to be of a rather important significance too. Like the variable "Accounts receivable", inventories have been subject to a very large discretionary manipulation (since the coefficient of determination R2 = 32.75% is relatively low). However, we must consider that in this model as in the previous one, the endogenous is explained by a single explanatory variable, which despite its significance, remains insufficient to convey all the information on the variability of the endogenous.

The specification of the residual's variation makes it possible to identify the discretionary manipulations that tend to increase the accounting variable "Stock" of those that tend to minimize it. Indeed, in a context of financial difficulty, managers tend to manage their results upward.

The results of the residue quality tests (graph 2-3 and table 2-13) illustrate the normality of this residue.

The classification of enterprises according to the sign of discretionary accruals is given in Table (2-14),which shows that out of the 304 observations collected, 166 (or 55%) are relative to means of discretionary accruals of positive sign, in other words, discretionary manipulations tend to increase the value of inventories upwards, against 138 (or 45%) other observations relating to means of discretionary accruals of negative sign. These findings align perfectly with the postulates of the positive theory of accounting (Watts and Zimmerman, 1986, 1990). Indeed, in this logic, the leaders of financially failing companies instrumentalised the accounting in an objective of concealment (fraud) of these difficulties. As a result we will consider that the model (2) for measuring discretionary management at the level of the specific accruals "Stocks" is also significant, like the previous model of specific accruals (1).

To conclude this empirical study on the specific accruals, we start a third and fourth regressions, those of the model (3) relating to the specific accruals "Depreciation and provisions for depreciation of assets" whose their significant results and regression coefficients are provided by the table 9, and the model (4) relating to the relationship between published net income and discretionary accruals formulated by model estimation residuals (2- 22), (2) and (3). Our last regression is of the equation (4):

$$RN_{it} = \gamma_0 + \gamma_1 \Delta St_{it} + \gamma_2 \Delta Cr_{it} + \gamma_3 \Delta D°APDA_{it} + \sum_{j=1}^{3} \varepsilon_{it\,j} + \theta_{it} \quad (4)$$

c) Estimation of the Model of Specific Accruals: Depreciation Allowances and Provisions for Impairment of Assets

The model to estimate:

$$\Delta D° APDA_{it} = \delta_1 + \delta_2 IMMO_{it} + \delta_3 CA_{it} + \varepsilon_{3it} \quad (3)$$

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$\Delta D°APDA_{it}$ = Amortization and depreciation allowance for the company's assets i at period t.
$IMMO_{it}$ = The change in turnover of the company i to period t.
ΔCA_{it} = The change in turnover of the company i to period t.
ε_{it} = The residuals of the estimate corresponding to the discretionary adjustments relating to depreciation and impairment provisions of the company's assets i at period t.

This model expresses the change in depreciation and provisions (endogenous) based on both fixed assets and sales (exogenous) for the period.

i. *The Model Estimation Results (3)*

The results of the estimation model (3) are formulated in Table 9, where we find that the exogenous variable *IMMOit* is very significant with a t-Student = 6.602014 (p-value = 0.000). However, the constant and the other exogenous (Δ*CAit*) are not significant. There is also a weak explanatory power of the model (3), which is due to the existence of other explanatory exogenous ones not included in the model. However, the model remains globally significant because of the F-statistic (21.79471) which means that the explained variance is significantly higher than the residual variance.

Indeed Fisher's statistic is equal to:

$$F = \frac{R/p}{(1-R^2)/(n-p-1)} = 21.79477174$$

ii. *Residue Interpretation of the Estimation Model (3)*

At the level of the residual's estimation, which corresponds to the discretionary part of the accounting manipulations of the variable, we proceed as with other models of specific accruals (2-22 and 2-23), in other words we analyze its impact through the sign. The classification of observations by firm and following the sign of the mean of the residual terms is given in Table 5. These results reveal that 172 observations (57%) relate to discretionary positive sign adjustments versus 132 (43%) negative sign observations. In other words, the negative discretionary manipulations contribute to the decrease of the accounting variable and consequently to the abnormal increase of the net 11 results, unlike the other positive discretionary manipulations which contribute to the increase of the amortizations and the provisions for depreciation of the assets and consequently the downward management of the net results displayed.

In summary, these three empirical studies conducted through specific accruals, have highlighted the individual importance of each of the three specific accruals (Cr_{it}; St_{it}; $D°APDA_{it}$) on the earnings management which allowed us to appreciate the discretionary manipulations specific to the accounting headings subject to the adjustments of specific discretionary accruals (Table 5). Indeed,we formulate the synthesis of the magnitude of specific accruals in the following table 6:

The table 6 highlights the managers' choice focused on the "sales" specific accruals as the preferred target of discretionary adjustments to manage the accounting result towards the abnormal increase with an observation rate (estimated residual) reaching 55%, then the second target that relating to the item "trade receivables" with a rate of observation of residues (positive discretionary accruals) of 53% and finally the item "depreciation and provisions for depreciation of assets" with a rate of 43%. It seems that companies in financial difficulty (positive discretionary accruals) use these three accounting headings to conduct their policy of handling the accounting result in order to hide their financial failure.

iii. *Model Estimation of Specific Accruals (4)*

Finally, to estimate the relationship between the formulation of the net result and the residual that explains one of the three linear regressions realized (1), (2) and (3), we built the model (4):

$$RN_{it} = \gamma_0 + \gamma_1 \Delta St_{it} + \gamma_2 \Delta Cr_{it} + \gamma_3 \Delta D°APDA_{it} + \sum_{j=1}^{3} \varepsilon_{it\,j} + \theta_{it} \quad (4)$$

This last regression of the equation (4) lets us testing whether the specific discretionary accruals $\varepsilon_{it\,j}$ conveyed information about the published net result? (the endogenous variable to explain RN_{it})

with,

RN_{it} = the net result of company i at year t;
ΔSt_{it} = the change in inventories from company i to year t ;
ΔCr_{it} = the change in the receivables from company i to year t ;
$\Delta D°APDA_{it}$ = the change in amortization and provisions for depreciation of assets of enterprise i to year t;
$\varepsilon_{it\,j}$[4] = the residue of the model estimate of specific accruals (1), (2) and (3) ;
θ_{it} = the residue of the estimate of equation (4).

Before beginning the regression of equation (4), we carried out a correlation test between these explanatory variables and the endogenous variable whose results are given by the table 7.

- The accounting variable "customer receivable" is perfectly correlated with "turnover" (pvalue = 0.0006), therefore, it is maintained in the model (4) ;
- The accounting variable "stock" is positively correlated with "net profit" (p-value = 0.000) and also correlates to "turnover" (p-value = 0.000) and "trade receivables" (p-value = 0.090)
- The accounting variable "amortization and provisions for depreciation of assets" is highly negatively correlated (p-value = 0.050) to "net

4 Specific discretionary accruals ($\varepsilon_{it\,j}$) conveyed information on the published net result (the endogenous variable to be explained RN_{it}).

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income" and "trade receivables" (p-value =0.092) and is highly correlated positively with "Stocks" (p-value = 0.000);

- The variable "Tangible fixed assets", its correlation with the variable "net result" is not significant. On the other hand, it is perfectly correlated with "depreciation and provisions";
- The discretionary accruals ($\varepsilon_{it\ j=1}$) of the "accounts receivable" item, their correlation with the "net result", are low, but perfectly correlated with the "receivables", "depreciation and provisions" items with respectively (p -value = 0.000 and p-value = 0.087);
- The discretionary accruals ($\varepsilon_{it\ j=2}$) of the "inventories" item are perfectly correlated with the "net result", (p-value = 0.029), and also with the items "inventories" and "depreciation and provisions", (p-value = 0.000 and p-value = 0.0001);
- Finally, the discretionary accruals ($\varepsilon_{it\ j=3}$) of the "amortization and provisions" item are correlated with the "net result" (p-value = 0.025), as well as with the "inventories" items, (p - value = 0.0001), "amortization and provisions", (p-value = 0.000).

The regression results of the model (4) showed important significance for each of the explanatory variables of the model as well as an overall significance through the Fisher statistic as shown in the following table 8:

The low explanatory power of the model (R^2 = 15.23%) is explained by the fact that there are other explanatory variables not incorporated in the model in question, since the objective of this chapter is devoted to the study of the informative content of discretionary accruals in the formation of the net result as well as their identification in the headings most suspected of being handled discreetly, namely those of the current assets (receivables, inventories, provisions for depreciation of the assets) and calculated expenses (the allocations depreciation of property, plant and equipment).

III. Conclusion

In this article, we have tried to expose a different method of measurement of the earning management based on specifics discretionary accruals. The first research that looked at earnings management tried to explain the impact of choosing a particular accounting method, or even an entire accounting policy, on the published result. This approach, of course, does not reflect all of the accounting decisions made by managers. Indeed, Healy (1985) proposed the notion of accruals as a more comprehensive variable serving as a basis for the evaluation of earnings management. Also called Adjustment of Total Regularization Accounting Variables: AVCRT, accruals are defined as the difference between accrual accounting and cash accounting. The accounting adjustments consist mainly of the income and expenses taken into account in the determination of the result and which did not give rise to any cash flow during the year.These are calculated expenses and income (such as amortization and provisions and reversals of provisions for depreciation of assets, or charges) and offsetting charges and income (such as the components of the change in need for funds). To account for these elements, the managers have certain latitude because of the flexibility of their registration. Several studies (DeAngelo 1994, J. Jones 1991, Dichev and Skinner 2001, Beneish et al., 2002, Andreas and Neophitos 2003) have shown that predictions show that executives make accounting choices to improve the reported outcome. Either to maintain their position, to avoid the controls of capital providers, regulatory bodies or guardianship. As they can also increase the result to avoid breaching contractual clauses related to indebtedness. However, displaying net counter-performance (explained by the existence and persistence of negative accruals) can help leaders to convince partners of the need to renegotiate contracts. The importance of the measurement of the earnings management lies, for the most part, in the suspicion of undervaluation of debts and losses. This suspicion is so persistent that this risk of undervaluation must be taken into account in the valuation of any business. Nevertheless, we have tried through this article to test the approach of the models of specific accruals in order to identify them and to measure their impacts on the modification of the published result. Indeed, three models were tested, that is, that of receivables, inventories and amortization and provisions, which allowed us to validate the hypothesis according to which the managers of financially failing companies tend to exploit the Discretionary Accounting headings in an upward management goal to circumvent the costs of financial distress and change the perception of risk by its partners, especially donors. Thanks to this approach of the specific accruals, we have developed the model (4) which incorporates the specific discretionary accruals as explanatory variables of the formation of the published net result. Indeed, the purpose of this article is devoted to the study of the informative content of the discretionary accruals in the formation of the net result as well as their identification in the headings most suspected of being handled discreetly namely those of the current assets (receivables, inventories, provisions for depreciation of assets) and calculated expenses (amortization of property, plant and equipment). Hence the research perspective is to explain the existence and measurement of discretionary accruals in a context of financial difficulty and leave the question of the relationship between earning management through discretionary accruals and the beginning of Fraud that for a future research in the framework of Fraud investigation in published financial statements in the case of Tunisia.

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Table 1: Model and coefficient significance tests - equation (1)

Variable /	Coefficient	Std. Error	t-Statistic	Prob.
$\Delta CA_{it} / \lambda_2$	0.050167	0.014400	3.483907	0.0006
C / λ_1	2151.691	1139.342	1.888538	0.0599
	Effects Specification			
			S.D.	Rho
Cross-section random			0.000000	0.0000
Period random			555.2315	0.0008
Idiosyncratic random			19679.20	0.9992
	Weighted Statistics			
R-squared	0.038638	Mean dependent var		2597.040
Adjusted R-squared	0.035455	S.D. dependent var		19937.48
S.E. of regression	19580.85	Sum squared resid		1.16E+11
F-statistic	12.13761	Durbin-Watson stat		1.635335
Prob(F-statistic)	0.000567			
	Unweighted Statistics			
R-squared	0.038684	Mean dependent var		2616.606
Sum squared resid	1.16E+11	Durbin-Watson stat		1.635261

Table 2: Analysis of Variance and Overal Significance Test for Model Regression (1)

Average of the observations of the variable *endogenous* y_i	**Average of the observations of the variable *endogenous* $\hat{y}i$**	$\boldsymbol{SCT} = \Sigma(yi - \bar{y})^2$	$\boldsymbol{SCR} = \hat{\varepsilon}_i^2 = \Sigma(yi - \hat{y}i)^2$	$\boldsymbol{SCE} = \Sigma(\hat{y}i - \bar{y})^2$	$\boldsymbol{R^2} = SCE/SCT$	
2 616,606	2 616,606	1,20536E+11	1,15874E+11	4662825407	0,038683964	
Source of variation	**R^2**	**Sum of squares**	**dF**	**Middle squares**	**Values**	**Statistics F / p-value**
n = 304 et p = 2						$F = \frac{CME}{CMR} = \frac{SCE/p}{SCR/n-p-1}$
Explained	$\frac{SCE}{SCT} = 1 - \frac{SCR}{SCT}$ 0,038683964	$SCE = \Sigma(\hat{y}i - \bar{y})^2$	(n-1)-(n-2)=1	$CME = SCE / p$	4662825407	12,15267075 $LOI.F(0,05; 2; 302)$
residual		SCR = $\Sigma(yi - \hat{y}i)^2$	n-2 = 302	$CMR = SCR / (n - p - 1)$	383687298,3	3,872331426 $Loi.F(12,1526; 2; 302)$
total		SCT = $\Sigma(yi - \bar{y})^2$	n-1 = 303	$CMT = SCT / (n - 1)$	397809866,3	0,000562885

the null hypothesis is rejected

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Table 3: Descriptive Statistics for RESID - Categorized by values of RESID $\hat{\varepsilon}_{3it}$ and Firm Ei - Sample: 1999 2014 - Included observations: 304 - model (3)

		Firm Ei										
		E1	E10	E12	E13	E14	E15	E16	E17	E18	E2	E20
Mean	[-40000, -20000)	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Std. Dev.		NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Obs.		0	0	0	0	0	0	0	0	0	0	0
	[-20000, 0)	-795.5694	-458.4749	-1001.986	-3447.675	-555.7624	-1178.486	-107.5209	-2029.013	-687.1659	-1996.525	-178.8747
		706.2862	518.2617	602.4165	2256.333	365.8127	1542.104	76.47686	3158.682	506.5501	3958.511	91.14907
		7	8	4	9	10	4	5	4	9	9	6
RESID	[0, 20000)	816.4079	1088.935	661.0786	2940.311	717.7467	476.6858	142.1608	1351.934	814.4274	2427.568	218.5030
		929.2523	1125.044	687.8307	3360.404	542.0661	668.4831	80.49171	2175.335	648.2781	2701.614	179.8872
		9	8	12	7	6	12	11	12	7	7	10
	[20000, 40000)	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
		NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
		0	0	0	0	0	0	0	0	0	0	0
	All	111.1678	315.2303	245.3125	-652.9314	-78.19647	62.89291	64.13530	506.6970	-30.21882	-60.98404	69.48633
		1158.522	1163.849	986.2484	4236.014	763.9979	1162.429	142.0049	2784.207	947.0142	4051.484	248.3189
		16	16	16	16	16	16	16	16	16	16	16
.		E21	E3	E4	E5	E6	E7	E8	E9	All		
	[-40000, -20000)	-26441.05	NA	NA	NA	NA	NA	NA	NA	-26441.05		
		3193.501	NA	NA	NA	NA	NA	NA	NA	3193.501		
		4	0	0	0	0	0	0	0	4		
	[-20000, 0)	-12362.52	-409.1217	-605.2635	-755.0942	-4129.520	-1644.819	-139.0901	-445.5380	-1505.263		
		6446.945	309.5502	702.9382	822.3769	3895.279	1153.254	126.6930	367.3906	2874.408		
		4	6	8	5	5	12	8	5	128		
RESID	[0, 20000)	11644.55	608.5911	507.3818	491.8308	2746.896	1227.294	321.2861	295.6256	1307.039		
		3752.054	354.9137	390.6918	652.3841	3336.818	397.5475	173.5385	264.0100	2609.982		
		6	10	8	11	10	4	8	11	169		
	[20000, 40000)	27654.71	NA	NA	NA	22238.83	NA	NA	NA	25849.42		
		8931.852	NA	NA	NA	NA	NA	NA	NA	7047.428		
		2	0	0	0	1	0	0	0	3		
	All	-1877.348	226.9488	-48.94086	102.1668	1816.262	-926.7903	91.09801	64.01195	-5.61E-14		
		20000.08	605.3540	794.9529	905.7581	7133.983	1629.952	279.3984	456.4512	5042.224		
		16	16	16	16	16	16	16	16	304		

Table 4: Significance tests of the model and the coefficients equation (2)

Variable / Coefficient	Coefficient	Std. Error	t-Statistic	Prob.
$\Delta CA_{it} / \alpha_2$	0.051633	0.009288	5.558891	0.0000
C / α_1	1982.709	672.7223	2.947291	0.0035
	Effects Specification			
R-squared	0.327544	Mean dependent var		2461.212
Adjusted R-squared	0.242549	S.D. dependent var		13366.28
S.E. of regression	11632.90	Akaike info criterion		21.66901
Sum squared resid	3.64E+10	Schwarz criterion		22.09696
Log likelihood	-3258.689	Hannan-Quinn criter.		21.84020
F-statistic	3.853703	Durbin-Watson stat		2.625300
Prob(F-statistic)	0.000000			

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Table 5: Model Significance Tests (4) and Regression Coefficients

$$RN_{it} = \gamma_0 + \gamma_1 \Delta St_{it} + \gamma_2 \Delta Cr_{it} + \gamma_3 \Delta D^{\circ} APDA_{it} + \sum_{j=1}^{3} \varepsilon_{it\ j} + \theta_{it}$$

N = 304

Variable		Coefficient	Std. Error		t-Statistic	Prob.
-1.028852	0.269235		-3.821391	0.0002		
VST_{it}		1.609605	0.259101		6.212271	0.0000
ε_{it} $j=1$		1.649126	0.500628		3.294116	0.0011
ε_{it} $j=2$		-1.200647	0.284649		-4.217999	0.0000
VCR_{it}		-1.700822	0.499477		-3.405209	0.0008
C		6049.328	1697.991		3.562638	0.0004
R-squared		0.152337	Mean dependent var		4842.737	
Adjusted R-squared		0.138115	S.D. dependent var		25863.00	
S.E. of regression		24010.63	Akaike info criterion		23.02992	
Sum squared resid		1.72E+11	Schwarz criterion		23.10328	
Log likelihood		-3494.548	Hannan-Quinn criter.		23.05927	
F-statistic		10.71099	Durbin-Watson stat		0.993234	
Prob(F-statistic)		0.000000				

Table 6: Model and coefficient significance tests - equation (3)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
IMMO_IT	0.008570	0.001298	6.602014	0.0000
_CA_IT	0.000948	0.003720	0.254822	0.7990
C	-165.3899	319.9869	-0.516865	0.6056
R-squared	0.126497	Mean dependent var	697.6603	
Adjusted R-squared	0.120693	S.D. dependent var	5394.980	
S.E. of regression	5058.948	Akaike info criterion	19.90552	
Sum squared resid	7.70E+09	Schwarz criterion	19.94221	
Log likelihood	-3022.640	Hannan-Quinn criter.	19.92020	
F-statistic	21.79471	Durbin-Watson stat	1.769239	
Prob (F-statistic)	0.000000			

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Table 7: Classification of the enterprises in the sample according to the direction of variation of the residue $\hat{\varepsilon}_{3it}$ equation (3)

Firm Ei	Number of observations of specific discretionary Accruals $\hat{\varepsilon}_{1it} = \Delta[Cr_{it}$		Number of observations of specific discretionary Accruals $\hat{\varepsilon}_{1it} = \Delta Cr_{it}$		Number of observations of Specific discretionary accruals $\hat{\varepsilon}$3it= ΔD°APDA it	
	Impact (-) on the result	Impact (+) on the result	Impact (-) on the result	Impact (+) on the result	Impact (+) on the result	Impact (-) on the result
E1	8	8	5	11	7	9
E10	7	9	7	9	8	8
E12	7	9	6	10	4	12
E13	6	10	6	10	9	7
E14	6	10	8	8	10	6
E15	7	9	9	7	4	12
E16	8	8	5	11	5	11
E17	6	10	9	7	4	12
E18	10	6	7	9	9	7
E2	8	8	8	8	9	7
E20	9	7	6	10	6	10
E21	7	9	8	8	8	8
E3	7	9	7	9	6	10
E4	7	9	8	8	8	8
E5	7	9	7	9	5	11
E6	10	6	11	5	5	11
E7	9	7	8	8	12	4
E8	7	9	6	10	8	8
E9	8	8	7	9	5	11
Total Observations by type of Accruals	144	160	138	166	132	172
Total Observations	304		304		304	
% by type of Accruals	47%	53%	45%	55%	43%	57%
Total %	100%		100%		100%	

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Table 8: Spearman Correlation Test

Covariance Analysis: Spearman rank-order — Sample: 1999 2014
Included observations: 304

Corrélation	RN_{it}	VCA_i	VCR_{it}	VST_{it}	$VD°APL$	$IMMO_i$	$\varepsilon_{it\ j}$	$\varepsilon_{it\ j=2}$	$\varepsilon_{it\ j=3}$
RN_{it}	1.000000								
VCA_{it}	0.075623	1.00000(							
VCR_{it}	-0.016219	0.196682	1.000000						
VST_{it}	0.252547	0.401599	0.097334	1.000000					
$VD°APDA_{it}$	-0.112268	0.002866	0.096738	0.269183	1.000000				
$IMMO_{it}$	0.018114	-0.030543	0.204736	0.172803	0.355399	1.000000			
$\varepsilon_{it\ j=1}$	-0.031704	0.000113	0.980490	0.018757	0.098091	0.214938	1.000000		
$\varepsilon_{it\ j=2}$	0.124957	3.23E-16	-0.024785	0.820034	0.229936	0.076335	-0.025279	1.000000	
$\varepsilon_{it\ j=3}$	0.128129	5.11E-16	0.022671	0.216326	0.934614	-5.15E-16	0.023122	0.216961	1.000000

t-Statistic	RN_{it}	VCA_i	VC	VS	$VD°A$	IM_i	ε	$\varepsilon_{it\ j=2}$	$\varepsilon_{it\ j=3}$
RN_{it}	-----								
VCA_{it}	1.31795	-----							
VCR_{it}	-0.2818(	3.486069	-----						
VST^{it}	4.53583	7.620579	1.699550	-----					
$VD°APDA_i$	-1.9634(	0.049805	1.689057	4.857182	-----				
$IMMO_{it}$	0.31483	-0.531029	3.634935	3.048857	6.607546	-----			
$\varepsilon_{it\ j=1}$	-0.551228	0.001971	86.68152	0.326025	1.712902	3.824623	-----		
$\varepsilon_{it\ j=2}$	2.188682	5.62E-15	-0.430856	24.90010	4.105880	1.330443	-0.439444	-----	
$\varepsilon_{it\ j=3}$	-2.245152	8.88E-15	0.394077	3.850515	45.66634	-8.95E-15	0.401932	3.862383	-----

Probability	RN_{it}	VCA_{it}	VCR_{it}	VST_{it}	$VD°APDA_{it}$	$IMMO_{it}$	$\varepsilon_{it\ j=1}$	$\varepsilon_{it\ j=2}$	$\varepsilon_{it\ j=3}$
RN_{it}	-----								
VCA_{it}	0.1885	-----							
VCR_{it}	0.7782	0.0006 ***	-----						
VST_{it}	0.0000 ***	0.0000 ***	0.0902 *	-----					
$VD°APDA_{it}$	0.0505 **	0.9603	0.0922 *	0.0000 ***	-----				
$IMMO_{it}$	0.7531	0.5958	0.0003 ***	0.0025 ***	0.0000 ***	-----			
$\varepsilon_{it\ j=1}$	0.5819	0.9984	0.0000 ***	0.7446	0.0878 *	0.0002 ***	-----		
$\varepsilon_{it\ j=2}$	0.0294 **	1.0000	0.6669	0.0000 ***	0.0001 ***	0.1844	0.6607	-----	
$\varepsilon_{it\ j=3}$	0.0255 **	1.0000	0.6938	0.0001 ***	0.0000 ***	1.0000	0.6880	0.0001 ***	-----

***: significant at 1% - **: significant at 5% - *: significant at 10%

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5. Authors should submit paper in a ZIP archive if any supplementary files are required along with the paper.
6. Proper permissions must be acquired for the use of any copyrighted material.
7. Manuscript submitted *must not have been submitted or published elsewhere* and all authors must be aware of the submission.

Declaration of Conflicts of Interest

It is required for authors to declare all financial, institutional, and personal relationships with other individuals and organizations that could influence (bias) their research.

Policy on Plagiarism

Plagiarism is not acceptable in Global Journals submissions at all.

Plagiarized content will not be considered for publication. We reserve the right to inform authors' institutions about plagiarism detected either before or after publication. If plagiarism is identified, we will follow COPE guidelines:

Authors are solely responsible for all the plagiarism that is found. The author must not fabricate, falsify or plagiarize existing research data. The following, if copied, will be considered plagiarism:

- Words (language)
- Ideas
- Findings
- Writings
- Diagrams
- Graphs
- Illustrations
- Lectures

- Printed material
- Graphic representations
- Computer programs
- Electronic material
- Any other original work

Authorship Policies

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1. Substantial contributions to the conception and acquisition of data, analysis, and interpretation of findings.
2. Drafting the paper and revising it critically regarding important academic content.
3. Final approval of the version of the paper to be published.

Changes in Authorship

The corresponding author should mention the name and complete details of all co-authors during submission and in manuscript. We support addition, rearrangement, manipulation, and deletions in authors list till the early view publication of the journal. We expect that corresponding author will notify all co-authors of submission. We follow COPE guidelines for changes in authorship.

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Appealing Decisions

Unless specified in the notification, the Editorial Board's decision on publication of the paper is final and cannot be appealed before making the major change in the manuscript.

Acknowledgments

Contributors to the research other than authors credited should be mentioned in Acknowledgments. The source of funding for the research can be included. Suppliers of resources may be mentioned along with their addresses.

Declaration of funding sources

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Preparing your Manuscript

Authors can submit papers and articles in an acceptable file format: MS Word (doc, docx), LaTeX (.tex, .zip or .rar including all of your files), Adobe PDF (.pdf), rich text format (.rtf), simple text document (.txt), Open Document Text (.odt), and Apple Pages (.pages). Our professional layout editors will format the entire paper according to our official guidelines. This is one of the highlights of publishing with Global Journals—authors should not be concerned about the formatting of their paper. Global Journals accepts articles and manuscripts in every major language, be it Spanish, Chinese, Japanese, Portuguese, Russian, French, German, Dutch, Italian, Greek, or any other national language, but the title, subtitle, and abstract should be in English. This will facilitate indexing and the pre-peer review process.

The following is the official style and template developed for publication of a research paper. Authors are not required to follow this style during the submission of the paper. It is just for reference purposes.

Manuscript Style Instruction (Optional)

- Microsoft Word Document Setting Instructions.
- Font type of all text should be Swis721 Lt BT.
- Page size: 8.27" x 11'", left margin: 0.65, right margin: 0.65, bottom margin: 0.75.
- Paper title should be in one column of font size 24.
- Author name in font size of 11 in one column.
- Abstract: font size 9 with the word "Abstract" in bold italics.
- Main text: font size 10 with two justified columns.
- Two columns with equal column width of 3.38 and spacing of 0.2.
- First character must be three lines drop-capped.
- The paragraph before spacing of 1 pt and after of 0 pt.
- Line spacing of 1 pt.
- Large images must be in one column.
- The names of first main headings (Heading 1) must be in Roman font, capital letters, and font size of 10.
- The names of second main headings (Heading 2) must not include numbers and must be in italics with a font size of 10.

Structure and Format of Manuscript

The recommended size of an original research paper is under 15,000 words and review papers under 7,000 words. Research articles should be less than 10,000 words. Research papers are usually longer than review papers. Review papers are reports of significant research (typically less than 7,000 words, including tables, figures, and references)

A research paper must include:

a) A title which should be relevant to the theme of the paper.
b) A summary, known as an abstract (less than 150 words), containing the major results and conclusions.
c) Up to 10 keywords that precisely identify the paper's subject, purpose, and focus.
d) An introduction, giving fundamental background objectives.
e) Resources and techniques with sufficient complete experimental details (wherever possible by reference) to permit repetition, sources of information must be given, and numerical methods must be specified by reference.
f) Results which should be presented concisely by well-designed tables and figures.
g) Suitable statistical data should also be given.
h) All data must have been gathered with attention to numerical detail in the planning stage.

Design has been recognized to be essential to experiments for a considerable time, and the editor has decided that any paper that appears not to have adequate numerical treatments of the data will be returned unrefereed.

i) Discussion should cover implications and consequences and not just recapitulate the results; conclusions should also be summarized.
j) There should be brief acknowledgments.
k) There ought to be references in the conventional format. Global Journals recommends APA format.

Authors should carefully consider the preparation of papers to ensure that they communicate effectively. Papers are much more likely to be accepted if they are carefully designed and laid out, contain few or no errors, are summarizing, and follow instructions. They will also be published with much fewer delays than those that require much technical and editorial correction.

The Editorial Board reserves the right to make literary corrections and suggestions to improve brevity.



Format Structure

It is necessary that authors take care in submitting a manuscript that is written in simple language and adheres to published guidelines.

All manuscripts submitted to Global Journals should include:

Title

The title page must carry an informative title that reflects the content, a running title (less than 45 characters together with spaces), names of the authors and co-authors, and the place(s) where the work was carried out.

Author details

The full postal address of any related author(s) must be specified.

Abstract

The abstract is the foundation of the research paper. It should be clear and concise and must contain the objective of the paper and inferences drawn. It is advised to not include big mathematical equations or complicated jargon.

Many researchers searching for information online will use search engines such as Google, Yahoo or others. By optimizing your paper for search engines, you will amplify the chance of someone finding it. In turn, this will make it more likely to be viewed and cited in further works. Global Journals has compiled these guidelines to facilitate you to maximize the web-friendliness of the most public part of your paper.

Keywords

A major lynchpin of research work for the writing of research papers is the keyword search, which one will employ to find both library and internet resources. Up to eleven keywords or very brief phrases have to be given to help data retrieval, mining, and indexing.

One must be persistent and creative in using keywords. An effective keyword search requires a strategy: planning of a list of possible keywords and phrases to try.

Choice of the main keywords is the first tool of writing a research paper. Research paper writing is an art. Keyword search should be as strategic as possible.

One should start brainstorming lists of potential keywords before even beginning searching. Think about the most important concepts related to research work. Ask, “What words would a source have to include to be truly valuable in a research paper?” Then consider synonyms for the important words.

It may take the discovery of only one important paper to steer in the right keyword direction because, in most databases, the keywords under which a research paper is abstracted are listed with the paper.

Numerical Methods

Numerical methods used should be transparent and, where appropriate, supported by references.

Abbreviations

Authors must list all the abbreviations used in the paper at the end of the paper or in a separate table before using them.

Formulas and equations

Authors are advised to submit any mathematical equation using either MathJax, KaTeX, or LaTeX, or in a very high-quality image.

Tables, Figures, and Figure Legends

Tables: Tables should be cautiously designed, uncrowned, and include only essential data. Each must have an Arabic number, e.g., Table 4, a self-explanatory caption, and be on a separate sheet. Authors must submit tables in an editable format and not as images. References to these tables (if any) must be mentioned accurately.

Figures

Figures are supposed to be submitted as separate files. Always include a citation in the text for each figure using Arabic numbers, e.g., Fig. 4. Artwork must be submitted online in vector electronic form or by emailing it.

Preparation of Eletronic Figures for Publication

Although low-quality images are sufficient for review purposes, print publication requires high-quality images to prevent the final product being blurred or fuzzy. Submit (possibly by e-mail) EPS (line art) or TIFF (halftone/ photographs) files only. MS PowerPoint and Word Graphics are unsuitable for printed pictures. Avoid using pixel-oriented software. Scans (TIFF only) should have a resolution of at least 350 dpi (halftone) or 700 to 1100 dpi (line drawings). Please give the data for figures in black and white or submit a Color Work Agreement form. EPS files must be saved with fonts embedded (and with a TIFF preview, if possible).

For scanned images, the scanning resolution at final image size ought to be as follows to ensure good reproduction: line art: >650 dpi; halftones (including gel photographs): >350 dpi; figures containing both halftone and line images: >650 dpi.

Color charges: Authors are advised to pay the full cost for the reproduction of their color artwork. Hence, please note that if there is color artwork in your manuscript when it is accepted for publication, we would require you to complete and return a Color Work Agreement form before your paper can be published. Also, you can email your editor to remove the color fee after acceptance of the paper.

Tips for writing a good quality Management Research Paper

Techniques for writing a good quality management and business research paper:

1. Choosing the topic: In most cases, the topic is selected by the interests of the author, but it can also be suggested by the guides. You can have several topics, and then judge which you are most comfortable with. This may be done by asking several questions of yourself, like "Will I be able to carry out a search in this area? Will I find all necessary resources to accomplish the search? Will I be able to find all information in this field area?" If the answer to this type of question is "yes," then you ought to choose that topic. In most cases, you may have to conduct surveys and visit several places. Also, you might have to do a lot of work to find all the rises and falls of the various data on that subject. Sometimes, detailed information plays a vital role, instead of short information. Evaluators are human: The first thing to remember is that evaluators are also human beings. They are not only meant for rejecting a paper. They are here to evaluate your paper. So present your best aspect.

2. Think like evaluators: If you are in confusion or getting demotivated because your paper may not be accepted by the evaluators, then think, and try to evaluate your paper like an evaluator. Try to understand what an evaluator wants in your research paper, and you will automatically have your answer. Make blueprints of paper: The outline is the plan or framework that will help you to arrange your thoughts. It will make your paper logical. But remember that all points of your outline must be related to the topic you have chosen.

3. Ask your guides: If you are having any difficulty with your research, then do not hesitate to share your difficulty with your guide (if you have one). They will surely help you out and resolve your doubts. If you can't clarify what exactly you require for your work, then ask your supervisor to help you with an alternative. He or she might also provide you with a list of essential readings.

4. Use of computer is recommended: As you are doing research in the field of management and business then this point is quite obvious. Use right software: Always use good quality software packages. If you are not capable of judging good software, then you can lose the quality of your paper unknowingly. There are various programs available to help you which you can get through the internet.

5. Use the internet for help: An excellent start for your paper is using Google. It is a wondrous search engine, where you can have your doubts resolved. You may also read some answers for the frequent question of how to write your research paper or find a model research paper. You can download books from the internet. If you have all the required books, place importance on reading, selecting, and analyzing the specified information. Then sketch out your research paper. Use big pictures: You may use encyclopedias like Wikipedia to get pictures with the best resolution. At Global Journals, you should strictly follow here.



6. Bookmarks are useful: When you read any book or magazine, you generally use bookmarks, right? It is a good habit which helps to not lose your continuity. You should always use bookmarks while searching on the internet also, which will make your search easier.

7. Revise what you wrote: When you write anything, always read it, summarize it, and then finalize it.

8. Make every effort: Make every effort to mention what you are going to write in your paper. That means always have a good start. Try to mention everything in the introduction—what is the need for a particular research paper. Polish your work with good writing skills and always give an evaluator what he wants. Make backups: When you are going to do any important thing like making a research paper, you should always have backup copies of it either on your computer or on paper. This protects you from losing any portion of your important data.

9. Produce good diagrams of your own: Always try to include good charts or diagrams in your paper to improve quality. Using several unnecessary diagrams will degrade the quality of your paper by creating a hodgepodge. So always try to include diagrams which were made by you to improve the readability of your paper. Use of direct quotes: When you do research relevant to literature, history, or current affairs, then use of quotes becomes essential, but if the study is relevant to science, use of quotes is not preferable.

10. Use proper verb tense: Use proper verb tenses in your paper. Use past tense to present those events that have happened. Use present tense to indicate events that are going on. Use future tense to indicate events that will happen in the future. Use of wrong tenses will confuse the evaluator. Avoid sentences that are incomplete.

11. Pick a good study spot: Always try to pick a spot for your research which is quiet. Not every spot is good for studying.

12. Know what you know: Always try to know what you know by making objectives, otherwise you will be confused and unable to achieve your target.

13. Use good grammar: Always use good grammar and words that will have a positive impact on the evaluator; use of good vocabulary does not mean using tough words which the evaluator has to find in a dictionary. Do not fragment sentences. Eliminate one-word sentences. Do not ever use a big word when a smaller one would suffice.
Verbs have to be in agreement with their subjects. In a research paper, do not start sentences with conjunctions or finish them with prepositions. When writing formally, it is advisable to never split an infinitive because someone will (wrongly) complain. Avoid clichés like a disease. Always shun irritating alliteration. Use language which is simple and straightforward. Put together a neat summary.

14. Arrangement of information: Each section of the main body should start with an opening sentence, and there should be a changeover at the end of the section. Give only valid and powerful arguments for your topic. You may also maintain your arguments with records.

15. Never start at the last minute: Always allow enough time for research work. Leaving everything to the last minute will degrade your paper and spoil your work.

16. Multitasking in research is not good: Doing several things at the same time is a bad habit in the case of research activity. Research is an area where everything has a particular time slot. Divide your research work into parts, and do a particular part in a particular time slot.

17. Never copy others' work: Never copy others' work and give it your name because if the evaluator has seen it anywhere, you will be in trouble. Take proper rest and food: No matter how many hours you spend on your research activity, if you are not taking care of your health, then all your efforts will have been in vain. For quality research, take proper rest and food.

18. Go to seminars: Attend seminars if the topic is relevant to your research area. Utilize all your resources.

19. Refresh your mind after intervals: Try to give your mind a rest by listening to soft music or sleeping in intervals. This will also improve your memory. Acquire colleagues: Always try to acquire colleagues. No matter how sharp you are, if you acquire colleagues, they can give you ideas which will be helpful to your research.

20. Think technically: Always think technically. If anything happens, search for its reasons, benefits, and demerits. Think and then print: When you go to print your paper, check that tables are not split, headings are not detached from their descriptions, and page sequence is maintained.

Adding unnecessary information: Do not add unnecessary information like "I have used MS Excel to draw graphs." Irrelevant and inappropriate material is superfluous. Foreign terminology and phrases are not apropos. One should never take a broad view. Analogy is like feathers on a snake. Use words properly, regardless of how others use them. Remove quotations. Puns are for kids, not grunt readers. Never oversimplify: When adding material to your research paper, never go for oversimplification; this will definitely irritate the evaluator. Be specific. Never use rhythmic redundancies. Contractions shouldn't be used in a research paper. Comparisons are as terrible as clichés. Give up ampersands, abbreviations, and so on. Remove commas that are not necessary. Parenthetical words should be between brackets or commas. Understatement is always the best way to put forward earth-shaking thoughts. Give a detailed literary review.

21. Report concluded results: Use concluded results. From raw data, filter the results, and then conclude your studies based on measurements and observations taken. An appropriate number of decimal places should be used. Parenthetical remarks are prohibited here. Proofread carefully at the final stage. At the end, give an outline to your arguments. Spot perspectives of further study of the subject. Justify your conclusion at the bottom sufficiently, which will probably include examples.

22. Upon conclusion: Once you have concluded your research, the next most important step is to present your findings. Presentation is extremely important as it is the definite medium though which your research is going to be in print for the rest of the crowd. Care should be taken to categorize your thoughts well and present them in a logical and neat manner. A good quality research paper format is essential because it serves to highlight your research paper and bring to light all necessary aspects of your research.

Informal Guidelines of Research Paper Writing

Key points to remember:

- Submit all work in its final form.
- Write your paper in the form which is presented in the guidelines using the template.
- Please note the criteria peer reviewers will use for grading the final paper.

Final points:

One purpose of organizing a research paper is to let people interpret your efforts selectively. The journal requires the following sections, submitted in the order listed, with each section starting on a new page:

The introduction: This will be compiled from reference matter and reflect the design processes or outline of basis that directed you to make a study. As you carry out the process of study, the method and process section will be constructed like that. The results segment will show related statistics in nearly sequential order and direct reviewers to similar intellectual paths throughout the data that you gathered to carry out your study.

The discussion section:

This will provide understanding of the data and projections as to the implications of the results. The use of good quality references throughout the paper will give the effort trustworthiness by representing an alertness to prior workings.

Writing a research paper is not an easy job, no matter how trouble-free the actual research or concept. Practice, excellent preparation, and controlled record-keeping are the only means to make straightforward progression.

General style:

Specific editorial column necessities for compliance of a manuscript will always take over from directions in these general guidelines.

To make a paper clear: Adhere to recommended page limits.

Mistakes to avoid:

- Insertion of a title at the foot of a page with subsequent text on the next page.
- Separating a table, chart, or figure—confine each to a single page.
- Submitting a manuscript with pages out of sequence.
- In every section of your document, use standard writing style, including articles ("a" and "the").
- Keep paying attention to the topic of the paper.



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- Use paragraphs to split each significant point (excluding the abstract).
- Align the primary line of each section.
- Present your points in sound order.
- Use present tense to report well-accepted matters.
- Use past tense to describe specific results.
- Do not use familiar wording; don't address the reviewer directly. Don't use slang or superlatives.
- Avoid use of extra pictures—include only those figures essential to presenting results.

Title page:

Choose a revealing title. It should be short and include the name(s) and address(es) of all authors. It should not have acronyms or abbreviations or exceed two printed lines.

Abstract: This summary should be two hundred words or less. It should clearly and briefly explain the key findings reported in the manuscript and must have precise statistics. It should not have acronyms or abbreviations. It should be logical in itself. Do not cite references at this point.

An abstract is a brief, distinct paragraph summary of finished work or work in development. In a minute or less, a reviewer can be taught the foundation behind the study, common approaches to the problem, relevant results, and significant conclusions or new questions.

Write your summary when your paper is completed because how can you write the summary of anything which is not yet written? Wealth of terminology is very essential in abstract. Use comprehensive sentences, and do not sacrifice readability for brevity; you can maintain it succinctly by phrasing sentences so that they provide more than a lone rationale. The author can at this moment go straight to shortening the outcome. Sum up the study with the subsequent elements in any summary. Try to limit the initial two items to no more than one line each.

Reason for writing the article—theory, overall issue, purpose.

- Fundamental goal.
- To-the-point depiction of the research.
- Consequences, including definite statistics—if the consequences are quantitative in nature, account for this; results of any numerical analysis should be reported. Significant conclusions or questions that emerge from the research.

Approach:

- Single section and succinct.
- An outline of the job done is always written in past tense.
- Concentrate on shortening results—limit background information to a verdict or two.
- Exact spelling, clarity of sentences and phrases, and appropriate reporting of quantities (proper units, important statistics) are just as significant in an abstract as they are anywhere else.

Introduction:

The introduction should "introduce" the manuscript. The reviewer should be presented with sufficient background information to be capable of comprehending and calculating the purpose of your study without having to refer to other works. The basis for the study should be offered. Give the most important references, but avoid making a comprehensive appraisal of the topic. Describe the problem visibly. If the problem is not acknowledged in a logical, reasonable way, the reviewer will give no attention to your results. Speak in common terms about techniques used to explain the problem, if needed, but do not present any particulars about the protocols here.

The following approach can create a valuable beginning:

- Explain the value (significance) of the study.
- Defend the model—why did you employ this particular system or method? What is its compensation? Remark upon its appropriateness from an abstract point of view as well as pointing out sensible reasons for using it.
- Present a justification. State your particular theory(-ies) or aim(s), and describe the logic that led you to choose them.
- Briefly explain the study's tentative purpose and how it meets the declared objectives.

Approach:

Use past tense except for when referring to recognized facts. After all, the manuscript will be submitted after the entire job is done. Sort out your thoughts; manufacture one key point for every section. If you make the four points listed above, you will need at least four paragraphs. Present surrounding information only when it is necessary to support a situation. The reviewer does not desire to read everything you know about a topic. Shape the theory specifically—do not take a broad view.

As always, give awareness to spelling, simplicity, and correctness of sentences and phrases.

Procedures (methods and materials):

This part is supposed to be the easiest to carve if you have good skills. A soundly written procedures segment allows a capable scientist to replicate your results. Present precise information about your supplies. The suppliers and clarity of reagents can be helpful bits of information. Present methods in sequential order, but linked methodologies can be grouped as a segment. Be concise when relating the protocols. Attempt to give the least amount of information that would permit another capable scientist to replicate your outcome, but be cautious that vital information is integrated. The use of subheadings is suggested and ought to be synchronized with the results section.

When a technique is used that has been well-described in another section, mention the specific item describing the way, but draw the basic principle while stating the situation. The purpose is to show all particular resources and broad procedures so that another person may use some or all of the methods in one more study or referee the scientific value of your work. It is not to be a step-by-step report of the whole thing you did, nor is a methods section a set of orders.

Materials:

Materials may be reported in part of a section or else they may be recognized along with your measures.

Methods:

- Report the method and not the particulars of each process that engaged the same methodology.
- Describe the method entirely.
- To be succinct, present methods under headings dedicated to specific dealings or groups of measures.
- Simplify—detail how procedures were completed, not how they were performed on a particular day.
- If well-known procedures were used, account for the procedure by name, possibly with a reference, and that's all.

Approach:

It is embarrassing to use vigorous voice when documenting methods without using first person, which would focus the reviewer's interest on the researcher rather than the job. As a result, when writing up the methods, most authors use third person passive voice.

Use standard style in this and every other part of the paper—avoid familiar lists, and use full sentences.

What to keep away from:

- Resources and methods are not a set of information.
- Skip all descriptive information and surroundings—save it for the argument.
- Leave out information that is immaterial to a third party.

Results:

The principle of a results segment is to present and demonstrate your conclusion. Create this part as entirely objective details of the outcome, and save all understanding for the discussion.

The page length of this segment is set by the sum and types of data to be reported. Use statistics and tables, if suitable, to present consequences most efficiently.

You must clearly differentiate material which would usually be incorporated in a study editorial from any unprocessed data or additional appendix matter that would not be available. In fact, such matters should not be submitted at all except if requested by the instructor.



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Content:

- Sum up your conclusions in text and demonstrate them, if suitable, with figures and tables.
- In the manuscript, explain each of your consequences, and point the reader to remarks that are most appropriate.
- Present a background, such as by describing the question that was addressed by creation of an exacting study.
- Explain results of control experiments and give remarks that are not accessible in a prescribed figure or table, if appropriate.
- Examine your data, then prepare the analyzed (transformed) data in the form of a figure (graph), table, or manuscript.

What to stay away from:

- Do not discuss or infer your outcome, report surrounding information, or try to explain anything.
- Do not include raw data or intermediate calculations in a research manuscript.
- Do not present similar data more than once.
- A manuscript should complement any figures or tables, not duplicate information.
- Never confuse figures with tables—there is a difference.

Approach:

As always, use past tense when you submit your results, and put the whole thing in a reasonable order.

Put figures and tables, appropriately numbered, in order at the end of the report.

If you desire, you may place your figures and tables properly within the text of your results section.

Figures and tables:

If you put figures and tables at the end of some details, make certain that they are visibly distinguished from any attached appendix materials, such as raw facts. Whatever the position, each table must be titled, numbered one after the other, and include a heading. All figures and tables must be divided from the text.

Discussion:

The discussion is expected to be the trickiest segment to write. A lot of papers submitted to the journal are discarded based on problems with the discussion. There is no rule for how long an argument should be.

Position your understanding of the outcome visibly to lead the reviewer through your conclusions, and then finish the paper with a summing up of the implications of the study. The purpose here is to offer an understanding of your results and support all of your conclusions, using facts from your research and generally accepted information, if suitable. The implication of results should be fully described.

Infer your data in the conversation in suitable depth. This means that when you clarify an observable fact, you must explain mechanisms that may account for the observation. If your results vary from your prospect, make clear why that may have happened. If your results agree, then explain the theory that the proof supported. It is never suitable to just state that the data approved the prospect, and let it drop at that. Make a decision as to whether each premise is supported or discarded or if you cannot make a conclusion with assurance. Do not just dismiss a study or part of a study as "uncertain."

Research papers are not acknowledged if the work is imperfect. Draw what conclusions you can based upon the results that you have, and take care of the study as a finished work.

- You may propose future guidelines, such as how an experiment might be personalized to accomplish a new idea.
- Give details of all of your remarks as much as possible, focusing on mechanisms.
- Make a decision as to whether the tentative design sufficiently addressed the theory and whether or not it was correctly restricted. Try to present substitute explanations if they are sensible alternatives.
- One piece of research will not counter an overall question, so maintain the large picture in mind. Where do you go next? The best studies unlock new avenues of study. What questions remain?
- Recommendations for detailed papers will offer supplementary suggestions.

Approach:

When you refer to information, differentiate data generated by your own studies from other available information. Present work done by specific persons (including you) in past tense.

Describe generally acknowledged facts and main beliefs in present tense.

The Administration Rules

Administration Rules to Be Strictly Followed before Submitting Your Research Paper to Global Journals Inc.

Please read the following rules and regulations carefully before submitting your research paper to Global Journals Inc. to avoid rejection.

Segment draft and final research paper: You have to strictly follow the template of a research paper, failing which your paper may get rejected. You are expected to write each part of the paper wholly on your own. The peer reviewers need to identify your own perspective of the concepts in your own terms. Please do not extract straight from any other source, and do not rephrase someone else's analysis. Do not allow anyone else to proofread your manuscript.

Written material: You may discuss this with your guides and key sources. Do not copy anyone else's paper, even if this is only imitation, otherwise it will be rejected on the grounds of plagiarism, which is illegal. Various methods to avoid plagiarism are strictly applied by us to every paper, and, if found guilty, you may be blacklisted, which could affect your career adversely. To guard yourself and others from possible illegal use, please do not permit anyone to use or even read your paper and file.

Criterion for Grading a Research Paper (Compilation) by Global Journals

Please note that following table is only a Grading of "Paper Compilation" and not on "Performed/Stated Research" whose grading solely depends on Individual Assigned Peer Reviewer and Editorial Board Member. These can be available only on request and after decision of Paper. This report will be the property of Global Journals.

Topics	Grades		
	A-B	**C-D**	**E-F**
Abstract	Clear and concise with appropriate content, Correct format. 200 words or below	Unclear summary and no specific data, Incorrect form Above 200 words	No specific data with ambiguous information Above 250 words
Introduction	Containing all background details with clear goal and appropriate details, flow specification, no grammar and spelling mistake, well organized sentence and paragraph, reference cited	Unclear and confusing data, appropriate format, grammar and spelling errors with unorganized matter	Out of place depth and content, hazy format
Methods and Procedures	Clear and to the point with well arranged paragraph, precision and accuracy of facts and figures, well organized subheads	Difficult to comprehend with embarrassed text, too much explanation but completed	Incorrect and unorganized structure with hazy meaning
Result	Well organized, Clear and specific, Correct units with precision, correct data, well structuring of paragraph, no grammar and spelling mistake	Complete and embarrassed text, difficult to comprehend	Irregular format with wrong facts and figures
Discussion	Well organized, meaningful specification, sound conclusion, logical and concise explanation, highly structured paragraph reference cited	Wordy, unclear conclusion, spurious	Conclusion is not cited, unorganized, difficult to comprehend
References	Complete and correct format, well organized	Beside the point, Incomplete	Wrong format and structuring

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