



Studying the effect of financial reporting in the performance of Hormozgan Regional Water Joint Stock Company (HRWJSC)

Jahangir Zamani

Department of Accounting , Electronic Branch, Islamic Azad University, Tehran, Iran

Dr. Hamidreza Shammakhi

Member of Accounting Department, Islamic Azad University, Islamshahr Branch, Tehran, Iran

Dr. Zohreh Hajiha

Member of Accounting Department, Islamic Azad University, East Tehran Branch, Tehran, Iran

Abstract: All businesses, whether governmental or non-governmental, need to have useful, comprehensive, timely, and reliable information. In state-owned companies, due to legal requirements and respecting predetermined conditions of budget goals, the big challenge is choosing the appropriate method for the preparation of reports. One of the most important information available is financial information prepared by the company's financial reporting, which shows the exact financial status, company ability to pay obligations and receive demands, and planning to achieve the future objectives.

In HRWJSC, traditional method of financial reporting is used to provide information. By providing a new method for financial reporting, this study has tried to obtain its defined goals, which are the effects of implementing this suitable method on corporate performance, as a powerful lever in the hands of macro and middle management, its effects on managers' decision-making, work-service quality, accurate and timely response of macro management of the water sector of the province to relevant and stakeholder communities, and ultimately identifying the exact production costs. Hypotheses defined in this study are based on its purposes, which is to study the effect of the financial reporting on the performance of HRWJSC and leading to better responsiveness of management.

Population of the study includes HRWJSC, managers, deputies, and experts of the mentioned company, and informants of company, in connection with the research subject, are used as its sample. Study method is descriptive of survey type, and library and field methods are used to collect data, which means that one part of the required data is collected from documents available in the company and the rest is collected through questionnaires distributed and collected. Classifying and summarizing research information are done using SPSS statistical software, tested through one-sample statistical t-test, and its hypotheses have been confirmed with respect to the results obtained from statistical tests and the practical method used.

Keywords: financial reporting, the effectiveness of financial reporting, the relationship between financial reporting and performance

Introduction:

Today, due to the increasing complexities of the environment, the existence of many variables affecting the decision-making process of managers, especially in the government due to the growing demand to provide services with higher quality, and pressure for accountability and transparency in the performance of executive managers in accountability towards shareholders and investors, the need for a codified financial system is strongly felt. Managers have always been looking for ways to provide more expressive, clearer and more understandable reports for all classes of users, and among them, financial reporting as a very efficient financial instrument is used in future decision-making and planning.

The final product of financial accounting is providing financial information to various users, both internal users and users outside the enterprise, in form of accounting reports. Those of accounting reports prepared and presented with the aim of meeting the information needs of users outside of the entity are in the scope of financial reporting.

Financial statements form the main part of the financial reporting process. At present, a complete set of financial statements includes a balance sheet, income statement, comprehensive income statement, cash flow statement (which is hereinafter referred to as financial statements) and explanatory notes. Other components of financial reporting are issues such as managers' reports on the activities of business units and analytical reports, which along with independent audit report (and according to the report of the legal inspector) and the financial statements form a unit called annual financial report. Other financial reports prepared as cases and with specific objectives include financial reports, prepared to receive financial facilities from banks; feasibility report of the Board, to increase capital in joint stock companies; and tax returns.

Financial reporting reflects the entity's accountability for its resources and thus a basis for assessing stewardship duty of management, and making economic decisions. Financial statements, as the main part of the financial reporting process, help different users in evaluating the financial status, financial performance, and financial flexibility of an entity that is "reporting unit." "Reporting unit" refers to an individual entity or a group of entities that is the issue of a set of specific financial statements prepared and presented as required by law, contract, or customary and in order to satisfy the information needs of users.

The objective of financial statements is to provide summarized and classified information about the financial status, financial performance, and financial flexibility, useful in making economic decisions, for a wide range of users of financial statements of an entity.

In addition, financial statements reflect the result of stewardship duty of managers or their accountability towards the resources at their disposal. Users of financial statements often want to evaluate stewardship or accountability of management to make economic decisions. The mentioned economic decisions, for examples, include issues such as selling or maintaining the investment in the entity and re-election or replacement of managers (Annex accounting standards).

In addition to the above mentioned, this study is looking at the relationship between financial reporting and its effect on the performance of HRWJSC.

The goal of for-profit institutions and companies is to gain profit or increase it to acquire and increase wealth for the owners or shareholders. Since then, due to the extension and specialization of jobs in new economic market and increase of economic competitors of these activities, management has separated from ownership and owners try to hire experienced and professional managers for remaining in the market and for the continuity of their activities. This increased the importance of financial reporting and attention of the owners towards it.

Managers present their performance to the owners through financial reporting, on the one other hand, decision makers try to decide and formulate short-term and long-term goals of the company with the direct help of financial reporting. On the other hand, based on these reports, managers try to implement their decisions and develop their performance at present and in the future.

This study intends to evaluate the effect of financial reporting on the performance of HRWJSC, as a company that is established not only to earn profit but with the aim of offering public services, and suggest a model for optimal reporting in regional water companies of Iran. In the present study, by investigating this issue, it is tried to disseminate awareness and assist in using and providing an optimal model of financial reporting for executives and governmental managers to achieve the determined goals and study its positive or negative effects on the performance of the company.

This study is carried out in HRWJSC because the improvement in this company's performance leads to improvement in quality, health, and volume of the produced water. This issue would have broad impacts on the community level, health, environment, economy, and flourishing of agriculture and would create jobs on the one hand, and consequently would lead to reduced unemployment, increased GDP and reduced crime in the province. With all the explanations above, the challenges faced could be described as follows:

- Unavailability of IT infrastructure
- Lack of sufficient liquidity to operate and provide infrastructure
- Traditional management resistance to change
- Lack of access to needed information.
- Sabotage and lack of compliance by employees

On the other hand, providing an optimal financial reporting leads to better decision making of managers in order to achieve the determined objectives and creating a clearer view of the horizon of the company. On the other hand, this reporting leads to better and more accurate reporting of profits and losses, and identifies the strengths and weaknesses of the performance of the company as a profit unit.

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The aim of this study is to evaluate the effectiveness of the financial reporting on corporate performance according to available resources and studying the effect of financial reporting on the speed of carrying out tasks and the quality of performance in the Regional Water Company. It also leads to identify the successes, and to see whether the company has met the consumers' needs.

Measuring makes the company more aware of the services and products needed by consumers- measurement in order to confirm what they know and to understand what they are unaware. This would lead to the identification of points where there are bottleneck problems, unimportant issues, and so on, as well as points where improvement is essential. This also leads to making final decision based on reality, and not imagination, feelings, opinions, or sudden understandings, and showing what actually happens by improving plans.

Research hypotheses

- Favorable financial reporting system leads to improvement in the company's performance.
- Favorable financial reporting has a direct impact on applying water related policies.
- Financial reporting leads to promotion and improvement in service delivery.

Research domain

Research domain is considered in three dimensions:

Subject domain: the effect of financial reporting on the performance, in accordance with the company's core activities

Time domain: this is from fiscal year 2010 to 2014.

Location domain: HRWJSC

Research method

The research method of the current study is descriptive-survey.

Data collection

In this study, library method is used and to collect and complete the required data and statistical analysis, books, journals, websites and documents along with the financial statements of HRWJSC for 2010 to 2014 have been used. Moreover, field study through a questionnaire was used to collect information.

Research Methodology

Today, one of the key topics in the research and effort to achieve creativity and theorizing is methodology in the realm of fundamental scientific research is of great importance. Research methodology, which selects the proper method of each study based on research topics and its design, is of the most important parts of the research process. Attention to the topic and its importance have a long history and the difference between sciences based on their methods has more or less been taken into account.

In the humanities and social sciences, which face a complex and multidimensional subject called man, the results have less absoluteness and generalizability compared to natural sciences. Therefore, research in this kind of sciences needs various methods. Inattention to these methods, especially the new kinds, is considered a serious obstacle to the development of such knowledge. The purpose of selecting research method is researchers' determining what research methods to choose to help him answer research questions more accurately, easier and faster (Howzeh Site, 2003, p. 4).

In this section, population, sample, hypotheses, research methods, data collection, and function of test statistic are discussed in order to be able to analyze the collected data and achieve the results.

Study population

The study population consists of managers, deputies, and experts of HRWJSC and Water Affairs based in other cities of Hormozgan, which are affiliated with the mentioned company.

Sample

In sampling from HRWJSC, managers, experts, and informant observers have been selected as sample.

Research method

Research method is descriptive of survey type.

Data collection method

For data collection, library and field methods are used. This means that for one part of the required data, documents in Hormozgan Regional Water Company are used, and some other is collected through distributing questionnaires among managers, deputies and experts of Hormozgan Regional Water Company.

Testing the reliability of the questionnaire

To measure the reliability of the questionnaire, Cronbach's alpha is used, which is equal 0.865. Alpha calculated shows that the reliability of the questionnaire is desirable.

$$\alpha = \frac{k\bar{C}}{\bar{V} + (k-1)\bar{C}} \quad \text{و} \quad \alpha = \frac{k}{k-1} \left(1 - \frac{\sum_{i=1}^k S_i^p}{\sigma^p} \right)$$

Testing the validity of the questionnaire

To assess the validity of the questionnaire, various informed professors and experts' ideas have been used and after applying their intended changes, the final questionnaire was confirmed.

Statistical test method for data analysis

To test the hypotheses, one sample T-test is used, and to test the reliability, Cronbach's alpha is used.

The period of the study

Given the access to actual data from 2010 to 2014, this study has examined the financial reporting for the above fiscal years.

Performance measurement method

Performance measurement is a concept that all organizations need in order to know the extent of their success, and a performance measurement system (PMS) is a system consisting of a set of criteria used to quantify the efficiency and effectiveness of activities. The criteria used to quantify the efficiency and effectiveness of the activities are the same indices or measures of the properties of an interactive system among its components, thus, they are mere for designing and certainly performance (Tenjen, 2004); collecting a set of indices will not to creation of a effective system.

PMS as a system consists of elements that interact with each other.

Performance Dimensions: This part shows the main and important dimensions of a performance measurement system. In fact, what should be measured becomes clear in this part. To highlight the main aspects of performance, one needs to seek a performance measurement framework, which will specifically be examined in later sections.

Performance measurement indicators: as referred to, indicators are criteria used to quantify the efficiency and effectiveness. These indicators are used based on organization performance dimensions and performance measurement frameworks.

System structure: performance-measurement system structure, in fact, shows the scope of this system: how PMS is employed at the levels of units, plans, individuals and ultimately the whole organization, and how performance indicators are connected to each other.

Performance measurement process: In what period is the information for performance measurement indicators collected? How are the results of PMS connected to other systems in the organization? How are the time and method of reporting? These are among the items that must be specified in this field.

Approaches to performance measurement

In this type of evaluations, there is no system and the assessment of organizations is focused only on financial approaches, such as the value added of the shareholders or more financial gain in short term.

Performance measurement frameworks:

Each of these frameworks suggests a specific layout that performance measurements of the organization have to be structured according to it. In some of these models, some processes have been seen in order to explain the quality of designing indices and establishing performance measurement system. Some criteria have been stated that should be considered in such systems. Other frameworks clearly emphasize that each organization must have a unique system of performance measurement and specifically 2004 pertains their building to specific areas, in which designing measures must be done (Tengen- the balanced scorecard can be cited in this context).

Self-assessment frameworks

Any organization, regardless of activity type, size, structure and or amount of success in providing its corporate objectives, requires a model upon which, it can measure its success rate in achieving its business

goals and strategies. In the past years, great efforts have been made to find a standard or a framework using which the organizations can perform self-assessment.

For many organizations, the ability to judge the progress, due to a set of criteria, is acceptable, valuable, and informative. According to Oakland (2001: 32), in other words, self-assessment gap analysis of the elite model of the organizations is a systematic and comprehensive review in relation to activities and their results. Elite models allow the organizations to identify strengths and areas in need of improvement accurately, and plan corrective actions needed and put the organization on track to obtain strategic objectives and excellence.¹

Results and discussion

Research is a dynamic process to solve problems and obtaining solutions. Man has long been looking to understand the phenomena and from that time, discussions around methodology were placed in his mind. Base of any research is "method of recognizing or method." Research problem causes questions in the researcher's mind and leads to offering hypothesis. To answer the research questions and to make conclusions on hypotheses, data collected about the study are the inputs and the basis for research and finally, according to data collected, the researcher must approve or reject the hypotheses and answer the research questions. However, as is clear and specified, data are raw and unreliable information. In order to become usable data, they should be analyzed so that by converting into information, one can start to decide. In general, analysis is done to modify and summarize data as clear, legible, reasonable, flexible, and interpretable information, so that the relationship existing in research problems can be discovered, evaluated, and tested. Therefore, in this chapter, data collection, their analysis, and using raw data for research hypotheses will be discussed. Moreover, the definition and elaboration of fundamental concepts such as population, data collection, and testing the hypotheses are presented and the basic concepts for this study are investigated. In the table below, the summary of the sample can be seen. It should be noted that, the following is the list of general questions.

Gender:	man <input type="radio"/>	woman <input type="radio"/>		
Level of education:	Diploma <input type="radio"/>	Associate degree <input type="radio"/>	BA/BS <input type="radio"/>	MS/MS and higher <input type="radio"/>
Field of Study:			
Age:	less than 30 <input type="radio"/>	30 to 40 <input type="radio"/>	40 to 50 <input type="radio"/>	50 to 60 <input type="radio"/>
work experience:	less than 5 <input type="radio"/>	5 to 10 <input type="radio"/>	10 to 20 <input type="radio"/>	20 years and more <input type="radio"/>
Organizational position:	CEO <input type="radio"/>	assistant <input type="radio"/>	manager <input type="radio"/>	Affairs Manager <input type="radio"/>
	boss <input type="radio"/>	supervisor <input type="radio"/>	Supervisor hand <input type="radio"/>	
Are you familiar with financial reporting?			yes <input type="radio"/>	no <input type="radio"/>
Can financial reporting have an effect on performance?			yes <input type="radio"/>	no <input type="radio"/>
Have you taken part in financial reporting courses in the education center?			yes <input type="radio"/>	no <input type="radio"/>

Summary of sample features

Sample	General question 1	General question 2	General question 3	General question 4	General question 5	General question 6	General question 7	General question 8	General question 9
1	Man	MA/MS and higher	Business	40-50	More than 20	Supervisor	Yes	Yes	Yes

¹ Measurement and management of organization Performance (from idea to execution) DR. Haider Amirian, Engineer Meisam Ghaffari, Alireza Sheikh

2	Man	BA/BS	Industries	40-50	10-20	Assistant	Yes	Yes	No
3	Man	MA/MS and higher	Geology	50-60	More than 20	Boss	Yes	Yes	No
4	Man	BA/BS	Geology	40-50	10-20	Boss	Yes	Yes	No
5	Man	BA/BS	Accountancy	30-40	5-10	Supervisor	Yes	Yes	Yes
6	Man	BA/BS	Accountancy	Less than 30	5-10	Supervisor	Yes	Yes	Yes
7	Man	BA/BS	Accountancy	30-40	5-10	Supervisor	Yes	Yes	Yes
8	Man	BA/BS	Accountancy	40-50	10-20	Supervisor	Yes	Yes	Yes
9	Woman	BA/BS	Business Management	30-40	More than 20	Supervisor	Yes	Yes	Yes
10	Woman	BA/BS	Accountancy	30-40	5-10	Supervisor	Yes	Yes	No
11	Man	BA/BS	Accountancy	Less than 30	Less than 5	Supervisor	Yes	Yes	Yes
12	Woman	BA/BS	Accountancy	30-40	10-20	Supervisor	Yes	Yes	Yes
13	Woman	BA/BS	Accountancy	40-50	More than 20	Manager	Yes	Yes	Yes
14	Woman	BA/BS	Accountancy	40-50	10-20	Supervisor	Yes	Yes	No
15	Woman	BA/BS	Accountancy	30-40	10-20	Supervisor	Yes	Yes	No
16	Woman	BA/BS	Accountancy	Less than 30	5-10	Supervisor	Yes	Yes	Yes
17	Woman	BA/BS	Accountancy	40-50	10-20	Boss	Yes	Yes	Yes
18	Man	BA/BS	Accountancy	Less than 30	5-10	Supervisor	Yes	Yes	No
19	Man	BA/BS	Accountancy	40-50	More than 20	Supervisor	Yes	Yes	Yes
20	Man	BA/BS	Accountancy	30-40	5-10	Supervisor	Yes	Yes	Yes
21	Man	MA/MS and higher	Accountancy	Less than 30	Less than 5	Supervisor	Yes	Yes	Yes

22	Woman	Associate degree	Accountancy	30-40	10-20	Supervisor or hand	No	Yes	No
23	Man	BA/BS	Accountancy	30-40	10-20	Supervisor	Yes	Yes	Yes
24	Woman	BA/BS	Accountancy	40-50	10-20	Supervisor	Yes	Yes	No
25	Woman	BA/BS	Business Management	50-60	More than 20	Manager	Yes	Yes	No
26	Woman	BA/BS	Accountancy	30-40	10-20	Supervisor or hand	Yes	Yes	Yes
27	Woman	BA/BS	Accountancy	30-40	5-10	Supervisor	Yes	Yes	Yes
28	Man	BA/BS	Accountancy	40-50	More than 20	Assistant	Yes	Yes	Yes
29	Man	MA/MS and higher	Public management	40-50	More than 20	Manager	Yes	Yes	Yes
30	Man	MA/MS and higher	Executive management	40-50	More than 20	Assistant	Yes	Yes	Yes
جمع	30	30	30	30	30	30	30	30	30

Testing the hypotheses

The first hypothesis: favorable financial reporting system improves the company's performance.

The second hypothesis: favorable financial reporting system has a direct impact on water related policies.

The third hypothesis: financial reporting improves service delivery.

Based on T test, results based on a questionnaire are derived for approval or rejection of the proposed hypotheses using SPSS statistical software (Table appended to research). After entering the data in SPSS and getting its output via the aforementioned statistical method, a value called significance level (SIG) or P-value can be seen. With the knowledge that the above-mentioned test is a nonparametric test and based on the data that are combined qualitatively, and comparison between two groups of informants and does operationally with the group of respondents, the results obtained have no significant difference.

The results of the analysis carried out can be seen in the following table. It should be noted that this table is designed based on 15 questions and the questions are as follows:

In your opinion ...

1. Does financial reporting show an appropriate trend of the company's performance?
2. Does financial reporting improve the performance of middle and macro managers?
3. Does financial reporting bring about improvement in the company's performance?
4. How much can an appropriate reporting affect the process of making a profit?
5. To what extent can financial reporting affect the performance of the company?
6. To what extent can the level of management awareness of financial reporting affect the decision-making?
7. Does improvement in financial reporting bring about improvement in employees' performance?
8. Can company's performance have an impact on financial reporting?
9. Does classification of the financial information bring about slow and decreased performance of management?
10. Could external users of financial reporting affect the performance?
11. Does financial reporting affect increase of water production?
12. Could financial reporting affect staff satisfaction?
13. To what extent is financial reporting effective in reducing costs?

14. Is modifying the company's financial reporting effective on the current process of the company?
 15. To what extent is financial reporting effective in the company's macro decision-making?

Results

Results of analysis												
Row	Questions	score										Mean
		Very low		Low		Average		High		Very high		
		Freq uency	Perce nt	Freq uency	Perce nt	Freq uency	Perce nt	Freq uency	Perce nt	Freq uency	Perce nt	
1	4.10	4.10	4.10	4.10	4.10	4.10	4.10	4.10	4.10	4.10	4.10	4.10
2	3.86	3.86	3.86	3.86	3.86	3.86	3.86	3.86	3.86	3.86	3.86	3.86
3	3.96	3.96	3.96	3.96	3.96	3.96	3.96	3.96	3.96	3.96	3.96	3.96
4	4.13	4.13	4.13	4.13	4.13	4.13	4.13	4.13	4.13	4.13	4.13	4.13
5	4.10	4.10	4.10	4.10	4.10	4.10	4.10	4.10	4.10	4.10	4.10	4.10
6	4.36	4.36	4.36	4.36	4.36	4.36	4.36	4.36	4.36	4.36	4.36	4.36
7	3.30	3.30	3.30	3.30	3.30	3.30	3.30	3.30	3.30	3.30	3.30	3.30
8	3.76	3.76	3.76	3.76	3.76	3.76	3.76	3.76	3.76	3.76	3.76	3.76
9	2.56	2.56	2.56	2.56	2.56	2.56	2.56	2.56	2.56	2.56	2.56	2.56
10	3.43	3.43	3.43	3.43	3.43	3.43	3.43	3.43	3.43	3.43	3.43	3.43
11	2.93	2.93	2.93	2.93	2.93	2.93	2.93	2.93	2.93	2.93	2.93	2.93
12	3.40	3.40	3.40	3.40	3.40	3.40	3.40	3.40	3.40	3.40	3.40	3.40
13	4.03	4.03	4.03	4.03	4.03	4.03	4.03	4.03	4.03	4.03	4.03	4.03
14	3.90	3.90	3.90	3.90	3.90	3.90	3.90	3.90	3.90	3.90	3.90	3.90
15	4.26	4.26	4.26	4.26	4.26	4.26	4.26	4.26	4.26	4.26	4.26	4.26

		6		6				6		6	
Total mean											3.74

Practices existing in the company's in financial reporting

According to the needs of users, stakeholders, those interested, institutions and supervising organizations supervising corporate performance and public or private institutions that use public funds of any kind, and given the differences of the required information of each of them the quality of financial reporting of each user group is different.

HRWJSC, which is considered as state-owned companies, is no exception to this, and given its relationship with each of the existing users, the reporting of this company can be divided according to the following:

- Monthly reports: these include financial reports required at the meetings of the Board of Directors, senior management, and middle management, most of these reports are provided continuously.
- Quarterly report: these reports are prepared each three months to be presented to the Finance and Tax Affairs (Deputy of VAT).
- Mid-term financial statements: this report is prepared after the first six months of the year to be presented to Iran Water Resources Management.
- Financial Statements (annual): These financial statements are prepared at the end of each fiscal year and in the first months of the next financial year to be presented to the General Assembly of Shareholders, the Audit Office, and Finance and Tax Affairs.

Financial statements that are the most important and richest ones in terms of content among financial reporting in HRWJSC, prepared in accordance with the classification provided by the parent company of Iran Water Resources Management, this classification is as Forms (1-4 to 3-4).

In addition to the primary statements (balance sheet, cash flow statement and income statement), financial statements include explanatory notes that are an integral part of financial statements and explain each of the components and the figures indicated in the financial statements and explain them in an understandable way.

Naturally, financial reporting system and specifically the financial statements (balance sheet, income statement and cash flow statement and accompanying notes), currently prepared by governmental bodies, cannot meet all financial information needs of accounting bodies. Currently, macro management set needs high bargaining and political power to attract funds, a part of which depends on having accurate comprehensive and timely financial information. If there is a comprehensive financial reporting in a body of a system, the costs of production facilities are clearly and explicitly determined. Moreover, the specific cost reduction points are identified and eliminating these unnecessary costs decreases the cost of production and consequently increases profits or reduces losses causing improvement in performance of the system. Through performance measurement leverage, the management of production units can achieve the freedom to distribute funds budget among production units of each center. The establishment of a proper method of financial reporting and its becoming operationalized in the unit can lead to change in budgeting culture, understanding the void costs and non-value-added production and this leads the management of the unit to gain the ability to control and direct the surplus resources in line with the goals of efficiency, quality of human resources and improvement in the performance. Moreover, the implementation of activity-based costing system requires a powerful and fast system of financial reporting is to provide the required information.

Conclusion and Recommendations

According to T test results, based on the proposed questionnaire, which were derived for approval or rejection of the proposed hypotheses and reported using SPSS statistical software, with the knowledge that the above-mentioned test is a nonparametric test based on qualitative combined data, and the comparison between the two groups of informants and suppliers of financial information in an operating way, the results of the comparison between two groups lack significant differences, so the study assumptions of H0 hypotheses curve are accepted. It should be noted that, before polls, empirically and operationally, and based on real data and in algebraic terms, the results obtained proved the usefulness of optimum use of reports in financial reporting.

The results of the first hypothesis

According to assessments and taking into account the answers provided by the population and the sample size, the first research hypothesis as "Favorable financial reporting system improves the company's performance" is accepted.

The results of the second hypothesis

About the second hypothesis as "Favorable financial reporting has a direct impact on applying water related policies" the results confirm the effect of favorable financial reporting impact on water related policies and the population believes that favorability of financial reporting can affect water related policies.

The results of the third hypothesis

In the third hypothesis as "Financial reporting leads to promotion and improvement in service delivery" this study has sought the effects of financial reporting in improving the delivery of services. Although there is no deny of the effect of financial operations in improving the performance of the company, financial reporting indirectly, through decisions made on the basis of reports provided to management and decision-makers can have an effect on providing better services .

Suggestions based on the results

According to the results of research derived from testing new methods of financial reporting through computer software as well as the results of the responses to the questionnaire distributed among experts and technical people, this possibility is created for the management in the form of proposals that some changes should be made in reporting and storage as default in the document developing sector and accounting. Moreover, management makes possible better assessment and proper planning to define new goals for the company's products and create appropriate market to offer them in cooperation and consultation with the body of experts.

Creating reports in financial reporting system to identify and remove the additional costs void and without production-service value-added, and satisfaction of employees and clients give the management the possibility to increase working efficiency by directing surplus resources towards other sectors, particularly education and labor productivity.

Documented and substantiated information related to the implementation of changes in financial reporting gives the macro management of the company the possibility to provide better information to righteous (regulators) and beneficiary (Ministry of Energy and Water Resources Management) organizations as well as companies subsidiary to the Ministry of Energy especially ABFA and ABFAR of the province to attract credit and collect their debts to cover their production costs.

Transparency of information within the manufacturing sector due to creating production-based reporting of cost of products provides better grounds for accountability to the management, so management should form working groups in an attempt to use new methods, and by obtaining expert opinions and explain them and reflecting them in the field of staff try to establish more efficient methods of financial reporting in the company.

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