EFFECT OF ACCOUNTING INFORMATION ON MANAGEMENT DECISIONS

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CERTIFICATION

This is to certify that this project work was carried out by **Ojo, Olufunke Esther** with matric number **15020101011** in partial fulfilment of the requirements for the award of Bachelor of Science (B.sc.) degree to the Department of Accounting and Finance, College of Humanities, Management and Social Sciences, Mountain Top University, Ogun State, Nigeria under my supervision.

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DEDICATION

This project is dedicated to God Almighty and to my lovely family.

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The success of this work will not be complete without mentioning those who helped me greatly. I want to thank everyone who participated directly or indirectly in the completion of this work. I specifically want to thank:

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ABSTRACT

Accounting information is very important as it helps comprehend the financial situation of the firm. It is also used as the basis of decision making. The aim of this research was to study the effect of accounting information on management decisions. Accounting information is essential in decision making but problem lies in the validity and sufficiency of the information. The researcher used survey research design to the relationship between accounting information and management decisions. For the purpose of the study, the population consisted of twenty-one (21) companies in the consumer goods sector. The sample size of the study was the management stratum of four consumer goods companies which constituted 10% of the population. Primary data were collected from respondents using self-administered questionnaires. Descriptive statistics (mean and standard deviation) and inferential (multiple regression analysis) were used to analyze the data. The descriptive statistics provides a summary statistics of variables. Consequently, results of the regression analysis revealed that the three variables have positive relationship with accounting information; effective accounting information to financing decisions (p-value=0.000), accounting information to investment decisions (p-value=0.000) and financial accounting information to dividend decisions (p-value=0.000). Correlation results indicated that the association between all the predictor variables; accounting information and the various management decisions were strong and positive and was statistically significant. Regression results also show that there is a positive relationship between all the predictor variables; accounting information and the various management decisions. It can be concluded that accounting information is a key determinant of decision making in most consumer goods companies. From the study findings, the researcher recommends that there should be a clear methodology designed on how decisions should be undertaken in an attempt to address any concern in the organization. Another study can also be done in other to assess if there will be similar or conflicting findings with explanations for the same being investigated.

KEYWORDS: Accounting information, Financial information, Management, Management Decisions and Consumer goods.

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LIST OF ABBREVATIONS

(AI) Accounting Information

(MD) Management Decisions

(FD) Financing Decisions

(ID) Investment Decisions

(MIS) Management Information System

(FA) Financial Accounting

(MA) Management Accounting

(GAAS) Generally Accepted Auditing

(DD) Dividend Decisions

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Accounting is concerned basically with “accountability”. The fundamental objective of accounting is to provide financial information about an entity. It is profoundly a process of measurement and communication to report on the activities of profit and not-profit making organizations. Therefore, it is referred to as the process of recording, classifying, summarizing and analyzing the financial transactions of a business. Furthermore, accounting is a process, the product of which is the provision of financial information that is of great importance to a wide range of users. This process is executed by accountants who provide management with the important information needed for effective and efficient decision making. The oxford dictionary defines information as the act of imparting knowledge. Information is key and important, it must be adequately provided before decisions that involves the allocation of scarce resources can be made. Accounting information is very important as it helps to forecast the financial consequences of each alternative course of action. For an organization to function or make decisions, quantitative and qualitative accounting information must be provided. The management of an organization makes use of the best available accounting information system to provide management information which are used principally to achieve three extensive objectives:

i. To provide external users with financial statement to their interest.

ii. To make a plan of the organization’s activities and operations in both short and long run.

iii. To control the result of its operations.

The American Accounting Association (1966) also referred to accounting as "the process of identifying, measuring and communicating economic information to allow users to make informed judgments and decisions about the information". Another widely accepted definition is that given by the American Institute of Certified Public Accountants (1970), which defined accounting as "the art of recording, classifying and summarizing an event that is at least partly financial in character and interpreting its outcome."

The above stated definitions emphasizes the important of the use of accounting information for assessing the outcome of the activities of the past and present and forecasting and making decisions regarding future actions. The information is mainly financial information and it is usually stated in monetary terms. It is the process through which an organization measure its solvency and profitability and provides the periodic information needed as a basis for making business decisions and adequate control that will aid the management to guide the organization on a profitable and solvent course.

An organization's accounting data is prepared and submitted in the form of financial statements in accordance with the accounting standard set by the Nigerian Accounting Standard Board Act as cited in Madawaki (2012) which are methods to convey to management and interested external customers a succinct portrayal of the business ' profitability and economic situation. The accounting information is prepared and presented in form of financial statements which includes the following; the statement of comprehensive income, statement of financial position, statement of changes in equity and statement of cash flow.

Therefore, accounting is principally divided into three (3), namely:

i. Financial accounting
ii. Cost accounting
iii. Management accounting

According to Basic Accounting processes and systems ATS study pack (2009), Financial accounting is defined as "the accounting process that starts with bookkeeping and ends with the preparation and interpretation of financial statements". It is majorly concerned with accounting information to both internal and external users.

On the other hand, cost accounting is defined as the process of classifying, recording and appropriately allocating expenditure to determine the cost of products or services and to present adequately arranged information for control and management guidance purposes.

Management is the art of working especially through individuals in order to attain an organization's wide objectives (Ejiofor 1987), in attempting to accomplish these objectives the manager has to map policies to discover the company-friendly accounting information.

Management accounting uses both financial and non-financial information, and is intended to benefit internal users who use the information to make decisions that help achieve the organization's goals and goals. Financial information used by management accountants include sale growth, profits, return on capital employed and market shares, non-financial information include customer satisfaction level, production quality, performance of competing products and customer loyalty. According to Melissa Bushman (2007) Management Accountants use financial and non-financial information to aid business decision-making processes.

The Financial Accounting Standards Board (1978) indicated that accounting information played a role as a "management decision-making instrument" because it functions as a "historical record of contractual commitments between strangers with the end product in the form of financial statements to report an organization's financial status at a time period".

According to Clinton, Matuszewski & Tidrick (2011) Management Decision is one of the most significant facets that pervade all organizations and represent their progress and/or failure in achieving predetermined goals and goals. Green Wood and Hinings (2012) took the view that proof exists to show the impact of accounting information in decision-making. Decision making process can only be efficient in an organization if adequate accounting data is supplied. Nevertheless, the importance of accounting information for efficient management decision-making in many organizations is not yet appreciated, but with this research, the degree of accounting is to be understood as a "instrument for management decision-making."

1.2 Statement of the Problem

Decisions are crucial for the survival and growth of any organization as they are prior to any action Socea (2012). In any company organisation, information is vital for making choices. However, the problem lies in the quality and validity of the information, that is, if is timely, sufficient and clear Srivastava & Lognathan (2016). The primary aim of using accounting information is to decrease danger, failure and uncertainty as well as to be one step ahead of competitors Nnenna (2012). Apart from the tremendous advantage of using accounting information, it is usually recognized that most qualified accountants produce erroneous information, resulting in organizations failure to attain the required objective.

1.3 Objective of the Study

The general objective of this study seeks to evaluate the role of accounting information in decision making. But specifically, the objectives are:

- To ascertain the significant relationship between effective accounting information and financing decisions.
- To investigate the relationship between accounting information and investment decisions.
- To examine the association between financial accounting information on dividend decisions.

1.4 Research Questions

- Is there any significant relationship between effective accounting information and financing decisions?
- Is there any relationship between accounting information and investment decisions?
- Is there any association between financial accounting information and dividend decisions?

1.5 Statement of Hypotheses

- H_1: There is no significant relationship between effective accounting information and financing decisions.
- H_2: There is no relationship between accounting information and investment decisions.
- H_3: There is no association between financial accounting information and dividend decisions.

1.6 Significance of Study

This study "Effect of accounting Information on management decisions" is meant to examine the importance of accounting information to management decisions and how its helps the management to achieve their set objectives. This study is significant to the point when the result would help to widen the scope of accounting as a discipline and also serve as a source information for further researches.

1.7 Scope of Study

The study mainly centers on the accounting information system the realization of efficiency and effectiveness in and organization. The study's scope is broaden to cover operational, investing and financing decisions generated by accounting information.

1.8 Operational Definition of Terms

Accounting

Accounting can be defined as the systematic and comprehensive recording of financial transactions pertaining to a business

Information

This can be referred to as a set of processed data that has a meaning.

Accounting information

This is referred to as a set of processed data of an organization's transactions.

Financial Accounting

Financial accounting is the process of collecting, classifying, analysing, recording, summarizing and reporting the myriad of transactions resulting from business operations over a period of time.

Management Accounting

Management accounting is the process of analysing business costs and operations to prepare internal financial reports, records and account to aid management's decision making process in achieving business goals.

Management

Management can be defined as the administration of an organization, whether it's a profit-making organization, a not-for-profit organization or a government body.

Accountant

An accountant is a professional who performs accounting functions such as audits or financial statement analysis.

Assets

Assets can be referred to as resources with economic value that an individual, corporation or country owns or controls with the expectation that it will provide a future benefit.

Liabilities

Liabilities are defined as a company's legal financial debts or obligations that arises during the course of business operations.

Balance Sheet

A balance sheet is a financial statement that reports a company's assets, liabilities and shareholder's equity at a specific point in time, and provides a basis for computing rates of return and evaluating its capital structure.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter serves as the foundation on which the study is built as it observed past studies essential to draw objective conclusions of the study. It explains succinctly the conceptual review, theoretical review and empirical review of the study.

2.1 Conceptual Review

Accounting information is the most significant part of an organization's leadership choices. A lot of company choices are produced annually worth a lot of cash, but the question is, are the accounting information used to make those choices valid and accurate?

2.1.1 What Is Accounting?

According to the American Institute of Certified Public Accountants (1970), which described accounting as “the art of recording, classifying and summarizing in a meaningful way and in terms of cash, activities and events that are at least partly monetary in nature and interpreting the outcome.

Accounting is the method of defining, evaluating and communicating financial information to allow consumers to make informed judgments and choices Niswonger, Fess & McKinsey (1973). The aim is to help people that make use of this information to make more informed decisions.

2.1.2 Accounting Information

Accounting information is referred to as the information that arises from business transactions. It is the data of an organization's transactions. Transactions are then categorized, recorded and analyzed in various reports. Accounting information can be classified into two, namely:

i. Quantitative accounting information
ii. Qualitative accounting information

2.1.2.1 Quantitative accounting information

Quantitative accounting information refers to the information that can be measured, this includes revenue, expenses, profit margin and taxes. These numbers can be broken down to further quantify areas of your financial performance. For instance, expenses can be further divided into production and overhead costs in order to know the cost of producing a particular product and running a company. Knowing the profit margins would help the managers of a company to predict what the gross profits will be if there is a rise or fall in prices and increase or decrease in sales volumes. Quantitative information include Statement of comprehensive income, statement of financial position, statement of cash flow, etc.

Statement of comprehensive income

Statement of comprehensive income is a financial report that details the profit and losses, the changes in net assets due to transfer of equity holdings, change of ownership, or other factors. It explains in details the change in a company's net assets during a specific period of time.

Statement of financial position

Another name for the statement of financial position is known as balance sheet. The statement of financial position reports an entity's assets, liabilities, and the difference in their totals as at the end of the accounting. The structure of the statement of financial position is similar to the basic accounting equation. For profit organizations, the format will be written as: *Assets = Liabilities + Stockholder's Equity* while for a non- organization, the format will be: *Assets = Liabilities + Net Assets.* The statement of financial position must reflect the basic accounting principles such as the cost, matching, full disclosure principle, etc. It is more meaningful when it prepared using the accrual method.

Statement of cash flows

It is also known as cash flow statement. It is a financial statement that shows changes in balance sheet accounts and income affect cash and cash equivalents, breaks the analysis down to operating, investing and financing. In essence, the cash flow statement is concerned with flow of cash in and out of the business. As an analytical tool, the statement of cash flows is useful in determining the short-term viability of a company. International Accounting Standard 7 (IAS 7) is the International Accounting Standard that deals with cash flow statements.

2.1.2.2 Qualitative accounting information

Qualitative accounting information can be referred to the accounting information that helps to determine the intangible impact of various business transactions on your business. For instance, a company might spend a lot of money on a particular business activity that does not increase sales but it keeps the customers happy enough that you don't lose sales, thereby, increasing your goodwill and strengthening the balance sheet of the company. Qualitative information include Directors report, Auditor's report, etc.

Directors' report

A director report is a statement by a company's directors in its annual accounts giving the director's opinion of the state of the company, and how much should be paid to people owning shares in the company.

Auditor's report

An auditor's report is a written opinion of an auditor regarding an entity's financial statements. The report is prepared in a standard format according to the Generally Accepted Auditing Principles (GAAS). GAAS requires certain variations in the report depending on the circumstances of the audit work in which the auditor engages.

2.1.3 Characteristics of Accounting Information

For the accounting information to be useful to the managers, it must have the following characteristics:

Understandability: Understandability is the extent to which an individual understand an information. Therefore, this denotes the expression, with clarity of accounting information in a way that it is understandable to users i.e. those are said to have a sound knowledge of both economic and business activities.

Relevance: Relevance is degree to which an information is helpful in financial decision making process. This implies that for accounting information to be useful, it must be able to help a user form, confirm and maybe review a view when it comes to decision making. Also, when applying this concept of relevance, it is very essential to note that some accounting information have may have a high level of relevance to a user and may be of little or no relevance to another user.

Consistency: Consistency refers to the ability to maintain the same method of the preparation of the accounting information and financial statements. This means that there has to be a consistent way of treating similar items and application of accounting policies.

Comparability: Comparability is referred to as the extent to which accounting standards and policies are constantly applied from one accounting period to another. This therefore refers to the ability of the users of accounting information to be able to relate or compare similar companies in the same industry and to make the comparisons of their performances over time. The need for comparability causes much work and efforts to be put into setting accounting standards.

Reliability: Reliability refers to ability for the accounting information to be verifiable, factual and neutral. Accounting information must be presented in such a way it is accurate, truthful, complete and can be verified.

Objectivity: Objectivity holds that accounting information should be prepared in such a way that it is not biased i.e. it must be neutral towards all groups of accounting information users.

2.1.4 The Computer as an Accounting Tool

A computer is an electronic device that can solve different problems, process data, store and retrieve data and performs calculations faster and efficiently than humans. Accountants have been among the first set of people to be users of the computer. The computer is now used in all areas of human activities today. Financial transactions of an organization today are wholly recorded in computerized accounting with an entry largely made once transactions are finished. Johnson (1999) stated that “Computers are tools with which to calculate, measure, assess, store, retrieve, regulate and monitor information. Before computer came into existence, both large scale and small organizations transactions had to be recorded by hand i.e. manually. Most times, it would take months to produce financial reports but now it is done within the space of days with the computer. Though, it may seem as if it has been instructed to carry out the routine of bookkeeping operations, it is still very essential that the users of accounting information and the accountant understand the processes underlying accounting.

2.1.5 Reliability of Accounting Information

For an accounting information to be considered useful, it must be reliable. There is basic a little distinction between the recording and the reporting of accounting data. The recording process involves measuring business transactions. The recording process according to Stamford (2006) “may take form of hand written records produced mechanically or on cards or magnetic tape in a computerized system”.

The reporting process is said to be made broader according to Stamford (2006) because it consists of “classifying and summarizing accounting data into financial statements, as well as preparing any other interpretive disclosures necessary to make the data understandable”. This process is extremely technical and requires an accountant with experience, one with extensive training and professional judgment. In addition to record and processes, accounting information according to Chris (1990) also include “ the designing of account systems, the audit of financial statements, cost of studies and the preparation of tax returns”.

2.1.6 The Users of Accounting Information

Accounting information is now used more than before. The accounting information is used by various parties. It is used by different parties for various purposes depending on their needs. Hence, the accounting information system of a company must be designed in a way that it produces reports to satisfy the needs of any user interested in the accounting information.

The users of accounting information can be generally divided into two groups which are:

i. Internal users
ii. External users

Internal users

Internal users make use of both financial and management accounting information. They use the financial information to know the profitability and the financial position of the company, they use management accounting information for decision making. Some of the internal users of accounting information and their needs are discussed briefly below:

Management

The management of an organization use accounting information in the analysis and evaluation of the organization’s financial position and performance, and also in making important decisions and appropriate actions to improve the business performance in terms of profitability, financial position and cash flows. One of the key roles of the management is to set rules and measures to achieve organizational goals. As a result, management uses information generated by the financial as well as managerial accounting system of the organization.

Owners

The owners are referred to as the titleholders of an organization. A typical example of owners include the sole traders in sole proprietorship, partners in partnerships and shareholders in companies and other forms of corporate bodies -Florin-Constantin (2012). They invest capital to commence and run the business with the main objective to maximize profit. They require accurate and complete financial and management information in order to know what they have gained or lost over a particular period of time. It is with this information that they decide their future course of actions like expansion of the business. In small scale business like sole proprietorship, the owners perform the function of the management themselves.

Employees

Employees who function in the finance department usually make use of accounting as a part of their job description. This includes preparation and review of the various financial reports such as financial statements. They are also interested in knowing how well the company has performed as it could have effects on their job security and remunerations.

Also, many employees review accounting information in the annual reports so as to have a better understanding of the company's business activities. They are also interested in accounting information in order to the financial health of the company they wish to join in the future.

External users

Parties outside the organization also make use of accounting information. Some of the external users and their needs are discussed below:

Investors

Investors are the users of accounting information who provides the capital while the management runs the business. Both actual and potential investors make use of accounting information. The actual investors make use of the accounting information to know how their funds are been utilized by the management and to identify the expected performance of the business in future with respect to profitability and growth. With this information, they would be able to decide on whether to increase or decrease their investments in the business in future. However, potential investors use accounting information to decide whether a particular organization is worth investing in.

Lenders

Lenders are individuals or financial institutions that are into the business of lending money to businesses and earning interest income on it. They need accounting information to assess the financial position and performance and gain the assurance that the business they are about to lend money would be able to pay back the principal with the interest.

Suppliers

Suppliers are individuals or organizations that usually sell raw materials and other merchandise to other businesses on credit. The use accounting information to know the creditworthiness of the business in the future and also to decide whether or not to continue providing goods to the business on credit.

Government agencies

Government agencies also make use of accounting information for purpose of imposing taxes and regulations.

Customers

Accounting information provides the customers with important information about the current position of the business. Customers can be divided into three categories which are; manufacturers or producers at the stage of production, wholesalers and retailers and end users or final consumers. Manufacturers need the information for assurance on whether or not to continue raw materials. The wholesalers need to be assured that there would be consistent supply of products. The end users or final consumers are interested in continuous availability of the products. Therefore, accounting information is useful to the three types of customers.

General public

Accounting information serves as a source of education to accounting and finance students. It is a source of valuable data for those researching on individuals and economy as a whole. It provides information needed by job seekers. Therefore, accounting information is useful to the general public.

2.1.7 Financial Accounting Information and Tools

The aim of financial accounting is to measure economic units and to prepare periodically the various reports from the records of the organization. These reports can be used for both general and specific purposes, they provide useful information for mangers, owners, government, general public, etc. It is very important that the financial accountants understand the principles of accounting terms and principles which are the generally accepted accounting principles (GAAPs). These principles were established as a result of the demand by outsiders such as lenders, investors, etc. for accurate financial statements which have been prepared in a true and fair manner for the purpose of assessing the performance of the business and the management of the business

Therefore for the purpose of this study, the Return on Assets (ROA) which is a relationship between the Net Profit After Tax divided by the Total Assets. The ROA is the most important financial information universally accepted to measure the performance of a company. Assets' acquisition is an investment decision while other income from other sources from the profit and loss and comprehensive income is also an investment decision.

2.1.8 What Is Decision?

A decision can be defined as an action to be selected according to some pre-specified rule or strategy, out of several available alternatives, to facilitate a future course of action.

2.1.8.1 Decision Making

According to Gupta (2004), decision-making is a method of choosing from a set of alternative courses of action that are believed more satisfactorily than others to meet the goals of the decision problem. It's a mixture of thought, choice, and action.

2.1.9 Short Term Decisions and Long Term Decisions

Horngren, Bhimani, Datar, Foster & Horngren (2002) said decisions could be divided into decisions in the short and long term. From both views, decisions need to be considered. The short-term is generally described as one year or even less, according to Langley, Mintzberg, Pitcher, Posada & Saint-Macary (1995). The significance of money's time value is small in short-term decisions. These decisions are based mainly on current or recent information. In contrast to long-term decisions, short-term decisions can be readily altered. Long-term decisions affect longer time periods. Such decisions therefore require the resources of a firm for a longer period of time. Such choices can have an effect on future decisions and on long-term potential. Examples could be investment in capital, such as purchase of new equipment.

2.1.10 The Decision Making Process

Decision-making is studying the identification and selection of options based on the decision-maker's values and preferences. Making a choice means that there are options to consider, and in such a situation we not only want to define as many of these options as possible, but also to choose the one that best suits our goals, goals, values, and so on (2008). A general decision making process can be divided into the following steps:

Step 1: Identify the problem

The first step in the process is to recognize that there is a decision to be made. Decisions are not made arbitrarily, they result from an attempt to address a specific problem, need or opportunity. This first step is very important.

Step 2: Gather relevant information

Relevant information must be collected before making decisions. What information is needed, the best sources of information, and how to get it. This step involves both internal and external “work.” Some information are internal, and they can be gotten from the process of self-assessment. Other information are external, they are found online, in books, from other people, and from other sources.

Step 3: Identify the alternatives

As information are collected, identify several possible paths of action, or alternatives. Additional information can be used to construct new alternatives. In this step, possible and desirable alternatives are listed.

Step 4: Weigh the evidence

Evaluate whether the need identified in Step 1 would be met or resolved through the use of each alternative. In the course of this difficult internal process, some alternatives would to have a higher potential for reaching the goal. Finally, the alternatives are to be placed in a priority order, based upon the value system.

Step 5: Choose among alternatives/ Make a decision

Explore the preferred alternative for future possible adverse consequences; determine the problems the preferred alternative cause and the risk of making this decision this is the stage where the hard work is. Once you have weighed all the evidence, you are ready to select the alternative that seems to be best one for you. You may even choose a combination of alternatives.

Step 6: Take action/Implementation

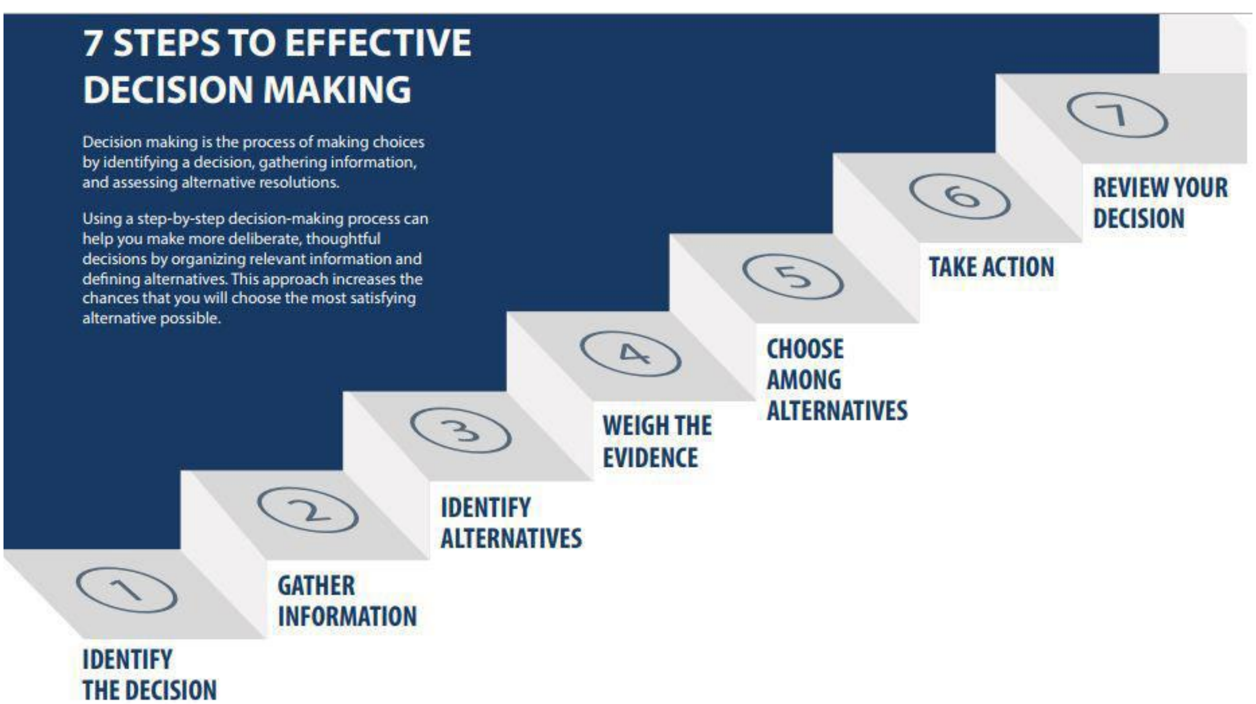
Make a plan to implement the decision and allocate resources needed to implement the decision.

This is because the next step after an alternative would be to implement the solution i.e. the decision.

Step 7: Review your decision & its consequences

In this final step, consider the results of your decision and evaluate whether or not it has resolved the need you identified in Step 1. If the decision has not met the identified need, you may want to repeat certain steps of the process to make a new decision.

Figure 2.1 The Decision Making Process



Source: Research survey 2019

2.1.11 Management Decisions

2.1.11.1 Investment decisions

These are also known as Capital Budgeting Decisions. They are decisions made by the investors or the top level management with respect to the amount of funds to be deployed in the investment opportunities. They are also concerned with the question whether adding to capital assets today will increase the revenue of tomorrow to cover costs. Hence, investment decisions are commitment of money resources at different time in expectation of economic returns in future dates.

2.1.11.2 Financing decisions

The financing decision is another vital decision made by the financial relating manager relating to the financing-mix of an organization. It is concerned with the borrowing and allocation of funds required for the investment decisions. The financing decision involves two sources from where the funds can be raised. It can be done either by using the company's own money such as share capital, retained earnings or by borrowing funds from the outside in form of debenture, loan, bond, etc. the objective of financial decision is to maintain an optimum capital structure, i.e. a proper mix of debt and equity to ensure the trade-off between the risk and return to the shareholders.

2.1.11.3 Dividend decisions

Dividend decisions relate to the distribution of profits earned by the organization. The major alternatives are whether to retain the earnings or to distribute the profit to the shareholders as dividends.

2.1.12 Accounting and Management Information System (MIS)

Majority of business organizations make use of numerous non-financial information. These non-financial information are used in various departments of an organization like the marketing department for instance, are concerned in the method or style of packaging of the competitor products. The personnel department also keep health and employment records of employees. As computer and computer application continue to spread widely, many of the information needs have be categorized into what is known as Management Information System (MIS). According to Esiefa (2005) he stated that "the management information systems consist of interconnected subsystems that provide the information needed to run a business". The accounting information system is known the most essential subsystem as it is said to play the key role of controlling the flow of economic data to the various departments of the business and also to the interested parties outside the business organization. Accounting is the financial root of the management information system as it provides the management and outsiders with a complete view of the business organization.

Many business organizations have various operational activities which they are involved in, but expression of the accomplishment of the operations requires qualification of the operational activities and accounting services as a tool for quantifying management activities and the result therefore is the accounting information. Therefore, accounting information is used to reflect the operational achievement. Graham (1990) stated that “an investor has to take decision based on accounting information; management has to take operational and other decisions according to according to accounting information, banks have to take decisions on loans based on accounting information”. This is because the society and economy today deal with accounting information a lot. This is reason for the need of accuracy and reliability of accounting information.

2.2 Theoretical Review

2.2.1 Agency Theory

Agency theory is a principle that is used to explain or resolve issues in the relationship between business principals and their agents. Mostly, the relationship is the one between shareholders as principals, and the management of a company as agents. It also explains how best to organize relationships in which the principal determines the work and in which the agent performs or makes decisions on behalf of the principal. Principals delegate the decision making authority to the agents. This is because many decisions that affect the principal financially are made by the agent.

2.2.2 Stakeholders Theory

The stakeholder theory is a theory of organizational management and business ethics that addresses morals and values in managing an organization such as those related to corporate social responsibility, market economy and social contract theory. One of the values produced by stakeholder theory includes greater productivity across the organization. If employees, who are considered stakeholders, feel as if they are being valued, then they are going to work harder and be more productive. This also means that companies will have greater retention of their employees and also customers. If the productivity is up, then the product or service delivered to customer is improved. With that improvement comes more customer loyalty, especially as they are one of the many stakeholders the company is considering when making decisions. In the process of making decisions, the managers considers how the decisions may affect the stakeholders of the organization.

2.2.3 Dividend Irrelevance Theory

Miller and Modigliani argued that firm's dividend policy has no effect on its value of assets. Thus, dividend policy of a firm is irrelevant as it does not affect the wealth of the shareholder. They argued that the value of the firm depends on the firm's earning which results from its investment policy. For example, if the rate of dividend declared by a company is less, its retained earnings will increase and so also the net worth and vice versa.

2.3 Empirical Review

The American Institute of Certified Public Accountants (1970) indicated that the role of accounting "is to provide quantitative, mainly financial information on economic entities required to make economic decisions" (an economic entity is a division such as an autonomous company).

Mayr, Lengauer & Parasote (2006) reviewed Wexiödisk's impact of accounting information on the decision-making process of management. He said the significance of financial information obtained through management accounting instruments led to management decisions being evaluated.

Stamford (2006) also indicated that "an information system that measures, procedures and communicates financial information enables consumers to make sensible choices in the behaviour of business and economic operations as an alternative to scarce resources."

Amedu (2012) in her study entitled “The Contribution of Financial Statement Investment Decision making, a case study in Nigeria”. She came up with the following results. Financial statements are helpful in forecasting the efficiency of the company. They supplied numerous company facts such as precise accounts of their revenue and expenditures as well as their assets and liabilities that they depended on in making investment decisions.

Nnenna (2012) aimed to study the effectiveness and efficiency of an organization's decision-making tool for excellent accounting information. She disclosed from her results that the use of accounting information improves / enhances organizational decision-making.

Conventionally, a distinction is created between accounting information supplied to those in the company that is made accessible to those outside the company (inner and external users). James (1979) indicated that "management accounting concerns accounting information primarily used by those within the organization (inner or managerial). This tends to give answers to the following questions:

i. How income is being generated?
ii. What resources are available in the firm?
iii. How much does company owe to the outside?

James (1979) also indicated that "the organization's outsiders (internal or shareholders) use the financial accounting information report."

Nevertheless, Robert (1979) said "whether it's management or financial accounting information, both are very important to leadership when it comes to making decisions about achieving company objectives." He also indicated that "the accounting system generates information by recording occurrences as they happen and summarizing the data in accounting reports intended to satisfy decision-makers ' information requirements."

Therefore, the key justification for accounting data is its usefulness for certain objectives. Robert (1979) stated these objectives and specified as follows:

i. Report of financial information to proprietors, and other interested parties; such reports may include the preparation of annual reports and statements of source and application of funds.

ii. Provision of information for planning and decision making in management, through analysis of data about past transactions and events and projection of future economic events.

iii. Measurement of financial data by means of proper recording, analysing and interpreting in accordance with Generally Accepted Accounting Principles (GAAP).

iv. Internal control, including the safe guarding of organization's money and other properties, the regular collection and payment of money owing to and by it, the prevention and detection of errors and frauds by employees of the organization.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Research Design

The study used survey research design relying on information from the primary data obtained through well-developed questionnaires distributed among the management stratum of companies under consumer goods sector. The choice of design was considered appropriate because the variables of the study were observed at one point in time. The study also used descriptive statistics to describe the performance of the variables using mean, variance, standard deviation, etc.

3.1 Population of Study

The population of this study consists of 21 consumer goods companies listed on the Nigerian Stock Exchange from which the sample is taken from. The listed companies are Cadbury Nig. Plc., Champions Brew. Plc., Dangote Flour Mills Plc., Dangote Sugar Refinery Plc., DN Tyre & Rubber Plc., Flour Mills Nig. Plc., Golden Guinea Brew. Plc., Guinness Nig. Plc., Honeywell Flour Mill Plc., International Breweries Plc., Mcnichols Plc., Multi-trex Integrated Foods Plc., N Nig. Flour Mills Plc., Nascon Allied Industries Plc., Nestle Nig. Plc., Nigerian

Brew. Plc. Nigerian Enamelware Plc., PZ Cussons Nig. Plc., Unilever Nig. Plc., Union Dicon Salt Plc. and Vitafoam Nig. Plc.

3.2 Sampling and Sampling Technique

The study selected four (4) of the twenty-one (21) companies in the sector. The sampling technique used in the course of this study is the random sampling technique. This is because this method of probability sampling gives each individual equal chances of being selected.

3.3 Sample Size Determination

According to Ezejuele & Ogwo (1990), a minimum of the population is considered appropriate for sampling, for this study 10% out of the consumer goods companies have been purposively selected based in the criteria of those with complete information, considering the accuracy, reliability and validity of the data source this research is targeted at specific population of top managers, accountants, finance directors and senior staff. The questionnaires were distributed to the following consumer goods companies: Nigerian Brew. Plc., Flour Mills Nig. Plc., Dangote Sugar Refinery Plc. and Honeywell Flour Mill Plc.

3.4 Method of Data Collection

The method of data collection used for this study is primary data. This is categorized into three to address the objectives of the study. The study used questionnaires which comprises of 18 questions to address the problems relating to management decisions. During the distribution of the questionnaires, the respondents were encouraged to complete and return the questionnaires as soon as possible to enhance response rate. Furthermore, follow-up was done by use of phone calls and research assistance.

3.5 Research Instrument

The instrument used to collect the primary data of this study was questionnaires which is a modified Likert-type scale. Each variable of the questionnaire were assessed with the 6-point Likert scale of 1 as Strongly Disagree, 2 as Disagree, 3 as Fairly Disagree, 4 as Fairly Agree, 5 as Agree and 6 as Strongly Agree. The questionnaire comprises of two sections which are Section A and Section B. Section A is based on the socio-demographic data of the respondents such as age, sex, etc. while the Section B strictly based on the research questions of this study.

3.6 Pilot Study

A pilot study is a tiny research project, according to Zikmund (2010), which gathers information from participants comparable to those used in the complete study. The test carried out in the research is validity, reliability (inner consistency testing), exploratory and confirmatory factor testing. The pilot study was seen as essential so that one can have a foresight of the reaction of respondents when used in environment.

3.6.1 Validity and Reliability of Research Instrument

According to Mugenda and Mugenda (2003), validity is the meaning and precision of inferences usually based on study outcomes. Validity serves as a tool to ensure that proper and right questions are asked. There was an assessment of the questionnaire to ensure that it was understood by the respondents. It was assessed by the researcher's supervisor and other lecturers in the Accounting and Finance Department in Mountain Top University.

Reliability is the uniformity of one's measurement. The reliability test was carried out after its validity using internal consistency reliability estimation. The measure of internal consistency with the use of Cronbach alpha coefficient confirms the reliability of the instrument. The minimum value for Cronbach coefficients below which the instrument is adjudged unreliable was set at 0.7. The overall Cronbach's alpha for reliability scale was 0.78 which is above the 0.7 level set by Nunnally (1978) as the minimum standard.

3.7 Method of Data Analysis

Multiple regression was used to analyse the primary data in order to ascertain the effect of accounting information on management decisions. Also, descriptive statistical tools such as frequency distribution tables and percentages were used to represent the demographic responses which were extracted from the questionnaires. This study implements quite a number of statistical techniques and procedures that helps to examine research hypothesis, these techniques includes reliability and validity test, frequency analysis, independent sample test statistics, etc. All the statistical procedures were estimated using the statistical package for social sciences (SPSS) version 22.

3.8 Model Specification

AI = f (MD)

MD = f (FD, ID, DPD)

AI = $\alpha_1 + \lambda_1 FD + \beta_1 ID + \delta_1 DPD + \varepsilon_t$

Where;

MD = Management decisions

AI = Accounting Information measured by Return on Assets (ROA)

FD = Financing decisions

ID = Investment decisions

DPD = Dividend decisions

ε_{t} = Error term

α_1 = Constant

λ_1 = Parameter on Financing decisions

β_1 = Coefficient on Investment decisions

δ_1 = Coefficient on Dividend decisions

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND DISCUSSION

The purpose of this chapter is to present and analyse the results of the available data collected on the effect of accounting information on management decisions. It represents the primary data collected through the instrument of self-administered questionnaires. The data was sorted out accordingly, summarized, analysed and interpreted before the conclusion was drawn on the study. The chapter is presented in the following order:

a. Demographic characteristics and Descriptive Analysis

b. Test of Hypotheses

c. Discussion of findings

4.1 Demographic Characteristics

A response rate of 89% was obtained. This rate refers to 89% of the total respondents. According to Babbie (2004) response rates of 50% are acceptable, 60% is good and above

70% is very good analyse and publish. The study response rate was very good according to Babbie (2004) standards which implies that this study achieved a good response rate.

Table 4.1 Response rate

	Response	**Percentage**
Questionnaires returned	89	89%
Questionnaires not returned	11	11%
Total	100	100%

Source: Researcher's field survey, 2019

4.1.1 Analysis of Respondents Profile

Table 4.1.1

	Frequency	**Percentage (%)**
Gender		
Female	40	44.9
Male	49	55.1
Total	**89**	**100.0**
Age		
18-30 years	18	20.2
31-40 years	37	41.6
41-50 years	30	33.7
51-60 years	4	4.5
Total	**89**	**100.0**
Marital status		
Single	28	31.5
Married	61	68.5
Total	**89**	**100.0**
Educational Qualification		
Graduate	11	12.4
Postgraduate	78	87.6

Total	**89**	**100.0**
Working Experience		
1-5 years	29	32.6
6-10 years	24	27.0
11-15 years	1	1.1
16-20 years	15	16.9
above 20 years	20	22.4
Total	**89**	**100.0**

Source: Researcher's Field Survey, 2019

Interpretation

Table 4.2 shows the male respondents are 49 which represents 55.1% of the total respondents while the female respondents are 40 which represents 44.9% of the total respondents. This means that the respondents are more of the males than the females. The table also shows that majority of the respondents are between the age bracket of 31-40 years, which are 31 and this represents 41.6% of the total respondents. The respondents between the age bracket of 18-30 years are 18 which represents 20.2% the total respondents, while, the respondents between the age bracket of 41-50 years are 30 which represents 33.7% of the total respondents. Also, the respondents between the age bracket of 51-60 years are 4 which represents 4.5%. This implies that the designated respondents fell among the working class age bracket. Hence, it can be said that informed respondents filled the questionnaire, thus, their opinion are reliable. Table 4.2 also shows that majority of the respondents are post graduates which are 78 which represents 87.6% of the total respondents while the respondents that are graduates are 11 which represents 12.4% of the total respondents. This implied that educated and well informed respondent filled the questionnaire thus their opinion can be trusted. Also table 4.2 shows that 60.7% of the respondents have experience ranging from 1-15 years, while 16.9% of the respondents have experience ranging from 16-20 years and 22.4% of the respondents have experience of above 20 years.

Furthermore, table 4.2 shows that 61 respondents representing 68.5% of the total respondents are married, and 28 respondents representing 31.5% of the total respondents are single while none of the respondents were separated, no respondents is a widow or divorcee.

4.1.2 Descriptive Analysis

Table 4.1.2 The Effect of Accounting Information on Financing Decisions

S/NO	STATEMENTS	SD 1	D 2	FD 3	FA 4	A 5	SA 6	Mean
1.	Accounting information is considered for financing decisions.	1 (1.1%)	0	0	12 (13.5%)	33 (37.1%)	43 (48.3%)	5.30
2.	Accounting information is reliable, hence it is important for financing decisions.	1 (1.1%)	3 (3.4%)	0	10 (11.2%)	30 (33.7%)	45 (50.6%)	5.25
3.	The probity of the Accounting information is doubtful to be relied on.	5 (5.6%)	7 (7.9%)	6 (6.7%)	11 (12.4%)	30 (33.7%)	30 (33.7%)	4.62
4.	Accounting information complies with Accounting standards and hence should be	1 (1.1%)	0	0	12 (13.5%)	41 (46.1%)	35 (39.3%)	5.21

	completely useful for financing decisions.							
5.	The Net profit margin is weak to attract more finance.	3 (3.4%)	3 (3.4%)	9 (10.1%)	14 (15.7%)	34 (38.2%)	26 (29.2%)	4.70

Source: Researcher's Field Survey, 2019

Interpretation

From the table 4.1.2, 1 respondent representing 1.1% of the total respondents strongly disagreed that accounting information is considered for financing decisions. Another 12 respondents representing 13.5% fairly agreed with this notion. But 33 respondents representing 37.1% of the total respondents agreed that accounting information is considered for financing decision. And 43 respondents representing 48.3% of the total population strongly agree to this notion while none of the respondents disagreed with the notion. Also none of the respondents fairly disagreed with this notion.

Also from this table we can see that 1 respondents representing 1.1% of the total population strongly disagreed that accounting information is reliable, hence it is important for financing decisions. Another 3 respondents representing 3.4% disagreed with this notion and none of respondents fairly disagreed to the notion. 30 respondents representing 33.7% of the total respondents agreed that accounting information is reliable, hence it is important for financing decision while 10 respondents representing 11.12% fairly agreed and 45 respondents 50.6% strongly agreed to the notion.

From the table above we can deduce that 5 respondents representing 5.6% of the total population strongly disagreed that the probity of the accounting information is doubtful to be relied on, and 7 respondents representing 7.9% of the total respondents disagreed with this notion and 6 respondents which is 6.7% fairly disagreed to the notion, they were not fully disagreeing, 11 respondents representing 12.4% of the total population fairly agreed to this and 30 respondents that is 33.7% agreed that the probity of the Accounting information is doubtful to be relied on, also 30 respondents which is 33.7% strongly agreed to this notion.

Also to the statement that Accounting information complies with Accounting standards and hence should be completely useful for financing decisions 1 respondents representing 1.1% of the total population strongly disagreed, none of the respondents disagreed and none of the respondents fairly disagreed, 12 respondents with 13.5% fairly agreed with 41 respondents representing 46.1% agreed to it and 35 respondents strongly agree which is 39.3% of the total population.

Then, to the notion that says The Net profit margin is weak to attract more finance 3 respondents which is 3.4% strongly disagreed, 3 respondents representing 3.4% disagreed, 9 respondents representing 10.1% fairly disagreed, 14 respondents representing 15.7% fairly agreed, 34 respondents representing 38.2% agreed and 26 respondents representing 29.2% of the total population strongly disagree.

Table 4.1.3 The Effect of Accounting Information on Investment Decisions

S/NO	STATEMENT	SD 1	D 2	FD 3	FA 4	A 5	SA 6	Mean

6.	Accounting information influence decisions in purchase of non-current assets.	0	4 (4.5%)	0	12 (13.5%)	44 (49.4%)	29 (32.6%)	5.06
7.	Accounting information is reliable for investment decisions.	0	1 (1.1%)	0	5 (5.6%)	38 (42.7%)	45 (50.6%)	5.42
8.	Accounting information is reliable for the Net Book Value of the assets.	0	1 (1.1%)	1 (1.1%)	7 (7.9%)	45 (50.6%)	35 (39.3%)	5.26
9.	Accounting information is relevant in making investment decisions.	0	1 (1.1%)	0	6 (6.7%)	52 (58.4%)	30 (33.7%)	5.24
10.	Accounting information makes it easier for the management to know what to invest in.	0	1 (1.1%)	0	5 (5.6%)	49 (55.1%)	34 (38.2%)	5.29

Source: Researcher's Field Survey, 2019.

Interpretation

From the table 4.1.3, the respondents strongly agreed that accounting information is positively and significantly correlated with investment decision in purchase of non-current assets. Another 4 respondents representing 4.5% disagreed with this notion while none of the respondents fairly disagreed with this notion. 12 respondents representing 13.5% fairly agreed while 44 respondents representing 49.4% of the total respondents agree that accounting information influence decisions in purchase of non-current assets. 29 respondents representing 32.6% of the total population strongly agreed to this notion.

Also from this table we can see that none of the respondents strongly disagreed that accounting information is reliable for investment decisions. Another 1 respondents representing 1.1% disagreed with this notion and none of the respondents representing fairly disagreed to the notion. 5 respondents representing 5.6% fairly agreed while 38 respondents representing 42.7% of the total respondents agreed that accounting information is reliable for investment decisions and 45 respondents 50.6% strongly agree to the notion.

From the table above we can deduce that none of the respondents strongly disagreed that the accounting information is reliable for the Net Book Value of the assets, and 1 respondent representing 1.1% of the total respondents disagreed with this notion and 1 respondents which is 1.1% fairly disagreed to the notion, they were not fully disagreeing, 7 respondents representing 7.9% of the total respondents fairly agreed to this and 45 respondents that is 50.6% agreed that Accounting information is reliable for the Net Book Value of the assets, also 35 respondents which is 39.3% strongly agree to this notion.

Also to the question that asks if accounting information is relevant in making investment decisions, none of the respondents strongly disagreed, 1 respondent which is 1.1% of the total population disagree and none of the respondents fairly disagreed, 6 respondents with 6.7% fairly agreed with the notion 52 respondents representing 58.4% agreed to it and 30 respondents strongly agreed which is 33.7% of the total population.

And to the notion that says accounting information makes it easier for the management to know what to invest in, none of the respondents disagreed, 1 respondent representing 1.1% disagreed, none of the respondents fairly disagreed, 5 representing 5.6% fairly agreed, 49 respondents representing 55.1% agreed and 34 respondents representing 38.2% of the total population strongly disagreed.

S/NO	STATEMENTS	SD 1	D 2	FD 3	FA 4	A 5	SA 6	Mean

Table 4.1.4 The Effect of Accounting Information on Dividend Decisions

11.	Accounting information is reliable for the management to take dividend decisions.	0	0	0	5 (5.6%)	58 (65.2)	26 (29.2%)	5.24
12.	Accounting information used by the management in making investing decisions are verifiable.	0	3 (3.4%)	0	6 (6.7%)	43 (48.3%)	37 (41.6)	5.25
13.	Accounting information influences the decision of the management in the payment of dividends.	0	0	0	7 (7.9%)	52 (58.4%)	30 (33.7%)	5.26
14.	When the management are making decisions on the payment of dividends, accounting information is germane.	0	0	0	12 (13.5%)	47 (52.8%)	30 (33.7%)	5.20
15.	Dividend decisions are made by the management based on the accounting information.	0	0	0	11 (12.4%)	40 (44.9%)	38 (42.7%)	5.30

Source: Researcher's Field Survey, 2019

Interpretation

From the table 4.1.4, none of the respondents strongly disagreed that the accounting information is reliable for the management to take dividend decisions. Also, none of the respondents disagreed with this notion and none of the respondents fairly disagreed with this notion. But 58 respondents representing 65.2% of the total respondents agree that accounting information is reliable for the management to take dividend decisions and 26 respondents representing 29.2% of the total population strongly agreed to this notion and 5 respondents which is 5.6% fairly agreed to it.

Also from this table we can see that none of the respondents strongly disagreed that accounting information used by the management in making investing decisions are verifiable. Another 3 respondents representing 3.4% disagreed with this notion and none of the respondents fairly disagreed to the notion. 43 respondents representing 48.3% of the total respondents agreed that accounting information used by the management in making investing decisions are verifiable, while 6 respondents representing 6.7% fairly agreed and 37 respondents 31.6% strongly agreed to the notion.

From the table above we can deduce that none of the respondents strongly disagreed that Accounting information influences the decision of the management in the payment of dividends, none of the respondents disagreed with this notion and none of the respondents fairly disagree to the notion, 7 respondents representing 7.9% of the total respondents fairly agreed to this and 52 respondents that is 58.4% agreed that Accounting information influences the decision of the management in the payment of dividends, also 30 respondents which is 33.7% strongly agreed to this notion.

Also to the statement that says when the management are making decisions on the payment of dividends, accounting information is germane, none of the respondents strongly disagreed, none of the respondents disagreed and none of the respondents fairly disagreed, 12 respondents representing 13.5% of the total respondents fairly agreed with 47 respondent representing 52.8% agreed to it and 30 respondents strongly agreed which is 33.7% of the total respondents.

And to the notion that says Dividend decisions are made by the management based on the accounting information, none of the respondents strongly disagreed, none of the respondents disagreed, none of the respondents fairly disagreed, 11 respondents representing 12.4% fairly agreed, 40 respondents representing 44.9% agreed and 38 respondents representing 42.7% of the total population strongly agreed.

Table 4.1.5 The Effect of Accounting Information on Management Decisions

S/NO	STATEMENTS	SD 1	D 2	FD 3	FA 4	A 5	SA 6	Mean
16.	Does the company have efficient assets that can be utilized to maintain the 30% level of market share?	0	0	0	0	49 (55.1%)	40 (44.9%)	5.45
17.	Can the plant and machinery of the company generate/ produce enough products that can be sold to sustain it maintaining 30% market share?	0	0	0	0	50 (56.2%)	39 (43.8%)	5.44
18.	Can the company generate profit to maintain 30% market share?	0	0	0	0	43 (48.3%)	46 (51.7%)	5.52

Source: Researcher's Field Survey, 2019

Interpretation

From the table 4.1.5, none of the respondents strongly disagreed to the question that says does the company have efficient assets that can be utilized to maintain the 30% level of market share? Also, none of the respondents disagreed with this notion and none of the respondents fairly disagreed with this notion. But 49 respondents representing 51.5% of the total respondents agreed that the company has efficient assets that can be utilized to maintain the 30% level of market share and 40 respondents representing 44.9% of the total population strongly agreed to this notion and none of the respondents fairly agreed to it.

From the table above we can deduce that none of the respondents strongly disagreed that the plant and machinery of the company generate/ produce enough products that can be sold to sustain it maintaining 30% market share, none of the respondents disagreed with this notion and none of the respondents fairly disagree to the notion. None of the respondents fairly agreed to this and 50 respondents that is 56.2% agreed that the plant and machinery of the company generate/ produce enough products that can be sold to sustain it maintaining 30% market share, also 39 respondents which is 43.8% strongly agreed to this notion.

Also to the question that asks can the company generate profit to maintain 30% market share? None of the respondents strongly disagreed, none of the respondents disagreed and none of the respondents fairly disagreed, none of the respondents fairly agreed with 43 respondent representing 48.3% agreed to it and 46 respondents strongly agreed which is 51.7% of the total respondents.

4.2 Test of Hypotheses

4.2.1 Test of Hypothesis One

Research hypothesis 1: There is no significant relationship between effective accounting information and financing decisions.

Research objective 1: To ascertain the significant relationship between effective accounting information and financing decisions.

Research question 1: Is there any significant relationship between effective accounting information and financing decisions?

Table 4.2.1 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.519[a]	.269	.261	.882

a. Predictors: (Constant), Accounting information complies with Accounting standards and hence should be completely useful for financing decisions

In Table above, R value is 0.519. This means that the positive correlation between accounting information and investment decisions is 52%%. The R square value is 0.269 (26.9%) meaning that investment decisions can only explained 26.9% variation of accounting information while holding other independent variables constant.

Table 4.2.2 ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	24.891	1	24.891	32.000	.000[b]
	Residual	67.671	87	.778		
	Total	92.562	88			

a. Dependent Variable: Accounting information is reliable, hence it is important for financing decisions.

b. Predictors: (Constant), Accounting information complies with Accounting standards and hence should be completely useful for financing decisions

Source: Researcher's Field Survey, 2019

Interpretation:

The ANOVA table tells us the overall significance of the model. The F-statistics is the Regression Mean Square (RMS) divided by the Residual Mean Square. F-Statistics determine whether the model is a good fit for the data based on its significance level. A significant value of F-statistics shows that the model is better at predicting the outcome value of the dependent variable than its average. If the significance value of the F-statistics is smaller than 0.05 then the independent variable(s) is significant to explaining the variation in the dependent variable and the null hypothesis is accepted. Table 4.2.2 show a value of 0.000 which is smaller than 0.05. It suggests that there is significant relationship between the return on asset and total debts to total assets. $H0_1$ is therefore rejected and H_1 accepted.

Table 4.2.3 Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.859	.606		3.067	.003
	Accounting information complies with Accounting standards and hence should be completely useful for financing decisions	.650	.115	.519	5.657	.000

a. Dependent Variable: Accounting information is reliable, hence it is important for financing decisions.

Accounting information and financing decisions are positively and significantly correlated. The standardized coefficients or beta is an attempt to make the regression coefficient more comparable. It provides a useful way of seeing what impact of changing the explanatory variable by one standard deviation it will have on the dependent variable. It is usually equal to the correlation coefficient between the variables.

4.2.2 Test of Hypothesis Two

Research hypothesis 2: There is no relationship between accounting information and investment decisions.

Research objective 2: To investigate the relationship between accounting information and investment decisions.

Research question 2: Is there any relationship between accounting information and investment decisions?

Table 4.2.4 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.744[a]	.554	.549	.473

a. Predictors: (Constant), Accounting information is reliable for the Net Book Value of the assets.

In Table above, R value is 0.744. This means that the positive correlation between accounting information and investment decisions is 74%. The R square value is 0.554 (55.4%) meaning that investment decisions can only explained 55.4% variation of accounting information while holding other independent variables constant

Table 4.2.5 ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	24.176	1	24.176	108.186	.000[b]
	Residual	19.442	87	.223		
	Total	43.618	88			

a. Dependent Variable: Accounting information is reliable for investment decisions.

b. Predictors: (Constant), Accounting information is reliable for the Net Book Value of the assets.

Table 4.3.2 show an F-statistics value of 108.186 with a p-value of 0.000. This is less than 0.05 (5%) the critical value. This suggests the adoption of H_1 of significant relationship and the rejection of H_0 of no significant relationship between accounting information and investment decisions.

Table 4.2.6 Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.724	.358		4.811	.000
	Accounting information is reliable for the Net Book Value of the assets.	.702	.067	.744	10.401	.000

a. Dependent Variable: Accounting information is reliable for investment decisions.

Source: Researcher's Field Survey, 2019

4.2.3 Test of Hypothesis Three

Research hypothesis 3: There is no association between financial accounting information and dividend decisions.

Research objective 3: To examine the association between financial accounting information on dividend decisions.

Research question 3: Is there any association between financial accounting information and dividend decisions?

Table 4.2.7 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.373[a]	.139	.129	.799

a. Predictors: (Constant), When the management are making decisions on the payment of dividends, accounting information is germane

In Table 4.4.1, R = 0.373. This means there is a positive relationship between accounting information and dividend decisions. The positive relationship is weak (27.3%). The R square result show a value of 0.139. This mean the long term debt to total assets can only explain the variation to the return on asset by 13%.

Table 4.2.8 ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	8.971	1	8.971	14.040	.000[b]
	Residual	55.591	87	.639		
	Total	64.562	88			

a. Dependent Variable: Accounting information used by the management in making investing decisions are verifiable.

b. Predictors: (Constant), When the management are making decisions on the payment of dividends, accounting information is germane

Table 4.4.2 showed an F-Statistics value of 14.040 with a p-value of 0.000. This is less than the 0.05 or 5%. This suggest the adoption of H_1 of significant relationship and the rejection of H_0.

Table 4.2.9 Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.731	.677		4.036	.000
	When the management are making decisions on the payment of dividends, accounting information is germane	.484	.129	.373	3.747	.000

a. Dependent Variable: Accounting information used by the management in making investing decisions are verifiable.

Source: Researcher's Field Survey, 2019

4.3 Discussion of Findings

This chapter is divided into three sections: demographics, data analysis and hypothesis testing and summary. Descriptive analysis and regression analysis was used to analysis the data. Three hypotheses, research questions was analysed and discussed. Comparing the result of the study with the prior expectations before the study, we can conclude that the expectations were true. Prior to the study the researcher expected that effective accounting information to have a significant relationship with financing decisions. The researcher expected accounting information have a significant relationship with investment decisions. The researcher expected financial accounting information to have a significant relationship with dividend decisions.

The study was revalued through the use of questionnaires with questions constructed towards the assessment of the effect of accounting information on management decisions. Hypothesis one reveals that accounting information has a significant relationship with financing decisions. This in line with the findings of Mayr, Lengauer & Parasote (2006) which indicated that the effect of financial accounting information on dividend decisions.

Hypothesis Two reveals that accounting information has a significant relationship with investment decisions which is in line with the findings of Amedu (2012) which indicates that if they provide various facts of a business such as accurate records of its income and expenses as well as its assets and liabilities, they can be relied upon in investment decision making.

Hypothesis Three shows that financial accounting has no significant relationship with dividend decisions as opposed to the findings of other renowned authors.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Introduction

The chapter gives a summary of key findings in line with the objectives. It summarizes the work, draw conclusions and make recommendations on the findings.

5.2 Summary

Chapter one recognizes the concepts and problems that arises from accounting information in an organization. The chapter gave a general background to the study as it relates to accounting information.

The chapter also stated the problems, scope, significance and objective of the study. The chapter also stated the research questions and also formulated the hypotheses of the study which was tested in chapter four.

Chapter two discussed the concepts of accounting, accounting information, users of accounting information. A section in the chapter also gave a techniques used for decision making process and selecting the approximate decision under the conceptual review. Also, various theories were discussed as it relates to the topic under the theoretical review. Thereafter, works of renowned authors in the field of accounting to create an empirical review for the study

In chapter three, the various procedures employed to obtain both the primary and secondary data were outlined. These include the design of the research work, the population of the study, sampling method used in gathering data and the tool used to test the classified data.

The classification, presentation, evaluation and analysis of data was done in chapter four. The chapter also analysed the data obtained through the questionnaire and was tested on the hypotheses. The test tool was applied on the key questions.

Generally, it was concluded that in all aspect of an organization, accounting information contributes significantly to achieving set goals of both internal and external users of financial advisory services.

5.2.1 Summary of Findings

From the study findings, the study examined the effect of accounting information on management decisions through an extremely detailed evaluation in the study, the study indicated that according to the researcher's result in hypothesis one that financing decisions has a positive relationship effective accounting information, effective accounting information does significantly affect financing decisions as one of the management decisions in companies listed in the consumer goods sector in Nigeria. Therefore, the alternate hypothesis was accepted.

Also, the study revealed that according to the researcher's result in hypothesis two that though investment decisions has a positive relationship with accounting information, accounting information does significantly affect investment decisions as one of the management decisions in companies listed in the consumer goods sector in Nigeria. So therefore, the alternate hypothesis was accepted.

The study also indicated that according to the researcher’s result in hypothesis three that even if dividend decisions has a positive relationship with financial accounting, financial accounting does significantly affect dividend decisions as one of the management decisions in companies listed in the consumer goods sector in Nigeria. Therefore, the alternate hypothesis was accepted.

5.3 Conclusion

The findings revealed that management decisions as informed and influenced by accounting information is strongly positively and significantly correlated. not significantly influenced by factors as related to investment, financing and dividend payment but of systematic factors such as political, economic, social, legal and environmental factors.

5.4 Recommendations

Through this study, the researcher recommended the following measures as a way of ensuring that accounting information is important in management to make decisions:

1. The researcher recommends that the management of these put measures in place to improve both quantitative and qualitative characteristics of financial statements so that they are can be relied upon.

2. Some of the decisions that the management of these companies make should be based on the accounting information provided.

3. It was recommended that there should be a clear methodology designed on how decisions should be undertaken in an attempt to address any problem in the organization.

4. Qualified personnel should be recruited for the preparation and presentation of accounting information.

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APPENDIX

Appendix I: Questionnaire

This questionnaire is meant to collect data regarding the research topic "Effect of Accounting Information on Management Decisions".

CONSENT: Kindly [√] tick the appropriate box to signify your consent to be part of this study

Yes ☐ No ☐

Section A: Bio-Data

Instruction: Tick [√] the appropriate **box** as relating to your personality.

1. Branch: ___________________________________
2. Gender: A. Female ☐ B. Male ☐
3. Age group: A. 18 to 30 ☐ B. 31 to 40 ☐ C. 41 to 50 ☐ D.51 to 60 ☐

4. E. Above 60 ☐

5. Marital Status: A. Single ☐ B. Married ☐ C. Widow/Widower ☐ D. Separated ☐ E. Divorced ☐

6. Educational Qualifications: A. School Certificate ☐ B. Graduate ☐ C. Post Graduate ☐

7. Years of experience: A. 1 to 5 years ☐ B. 6 to 10 years ☐ C. 11 to 15 years ☐ D. 16 to 20 years ☐ E. Above 20 years ☐

Section B

i. The Effect of Accounting Information on Financing Decisions

Rate your response on a scale of 1 to 6;

(**1** = Strongly Disagree; **2** = Disagree; **3** = Fairly Disagree; **4** = Fairly Agree; **5** = Agree; **6** = Strongly Agree)

S/NO	STATEMENTS	SD 1	D 2	FD 3	FA 4	A 5	SA 6
1.	Accounting information is considered for financing decisions.						
2.	Accounting information is reliable, hence it is						

	important for financing decisions.						
3.	The probity of the Accounting information in is doubtful to be relied on.						
4.	Accounting information complies with Accounting standards and hence should be completely useful for financing decisions.						
5.	The Net profit margin is weak to attract more finance.						

ii. The Effect of Accounting Information on Investment Decisions

Rate your response on a scale of 1 to 6;

(**1** = Strongly Disagree; **2** = Disagree; **3** = Fairly Disagree; **4** = Fairly Agree; **5** = Agree; **6** = Strongly Agree)

S/NO	**STATEMENT**	**SD** **1**	**D** **2**	**FD** **3**	**FA** **4**	**A** **5**	**SA** **6**
6.	Accounting information influence decisions in purchase of non-current assets.						
7.	Accounting information is reliable for investment decisions.						
8.	Accounting information is reliable for the Net Book Value of the assets.						
9.	Accounting information is relevant in making investment decisions.						
10.	Accounting information makes it easier for the management to know what to invest in.						

iii. The Effect of Accounting Information on Dividend Decisions

Rate your response on a scale of 1 to 6;

(**1** = Strongly Disagree; **2** = Disagree; **3** = Fairly Disagree; **4** = Fairly Agree; **5** = Agree; **6** = Strongly Agree)

S/NO	**STATEMENTS**	**SD** **1**	**D** **2**	**FD** **3**	**FA** **4**	**A** **5**	**SA** **6**
11.	Accounting information is reliable for the management to take dividend decisions.						
12.	Accounting information used by the management in making investing decisions are verifiable.						
13.	Accounting information influences the decision of the management in the payment of dividends.						
14.	When the management are making decisions on the payment of dividends, accounting information is germane.						
15.	Dividend decisions are made by the management based on the accounting information.						

iv. The Effect of Accounting Information on Management Decisions

To achieve a market share of 30% minimum every year.

Rate your response on a scale of 1 to 6;

(**1** = Strongly Disagree; **2** = Disagree; **3** = Fairly Disagree; **4** = Fairly Agree; **5** = Agree; **6** = Strongly Agree)

S/NO	**STATEMENTS**	**SD** **1**	**D** **2**	**FD** **3**	**FA** **4**	**A** **5**	**SA** **6**
16.	Does the company have efficient assets that can be utilized to maintain the 30% level of market share?						
17.	Can the plant and machinery of the company generate/ produce enough products that can be sold to sustain it maintaining 30% market share?						
18.	Can the company generate project to maintain 30% market share?						