

**Financial Accounting Information and Corporate Decision Making
In Construction Firms in South-West Nigeria**

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CERTIFICATION

This is to certify that Thesis was carried out by Olalere Sunday DOSUMU, with Matriculation Number **LCU/ PG/002121**, in the Department of Management and Accounting under my through supervision in the Faculty of Management and Social Sciences, Lead City University, Ibadan.

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Dedication

I dedicate this project to Almighty God

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Acknowledgement

My universal gratitude goes to the management and staff of lead city university, for providing such a pleasant platform for learning during the course of this Ph.D degree programme. The unrelenting effort of the vice chancellor of the university, Prof. K. A Adeyemo, cannot be qualified but well appreciated, I say a big thank you to professor Afolakemi Oredein, the provost, college of postgraduates studies and other members of staff of the college of postgraduate studies Lead City University for providing a conducive learning environment.

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Abstract

This Thesis was directed towards Financial Accounting Information preparation and decision in construction firms in south west Nigeria. Since there is reliance on Financial Accounting Information when making decision, therefore financial scandals, fraud and manipulation of accounting figures influenced by poor working condition, lack of incentives to workers need to be address to make Financial Accounting Information reliable. Financial accounting information also provides a tool for financial department to enhance organizational effectiveness especially in the area of decision making. The study examined the relationship that exist between financial accounting information and decision making and also help to examine how the financial accounting information can satisfy the needs of the users. Specifically the study also help to examine how the financial accounting information and decision making can help to control irregularities and manipulation of the accounting figures in financial statement. This Study will be of great significance to the investors/shareholder, stakeholders such as students Researchers Scholars, Financial Institutions, federal government of Nigeria and other publics. Financial accounting is a critical component of the operation of any business including construction firm in south west Nigeria where the construction firm plays a key role in economic development, understanding the financial aspects of these firms is also essential for effective decision making. Financial accounting provides meaningful information to investor and also an essential framework for assessing financial performance Financial Accounting Information is necessary to understand the financial position of the firms and also useful as a guide in decision making. Financial Accounting Information also provides an essential framework for assessing financial performance and making informed decision. Accurate financial accounting information or record help the construction firms to manage costs track profitability and also secure financing for project. The construction firm being a project driven business requires a robust financial accounting practice to manage cash flow handle large capital, expenditure and to mitigate risks related to project delays. The purpose of this research was to study the effect of financial accounting information in decision making in construction firms in southwest, Nigeria. The researcher used survey research design to study Financial Accounting Information with the decision making in construction firm in southwest, Nigeria. For the purpose of this study the estimated population is 9500 being registered construction firms in six states in southwest, Nigeria while Slovin's Formular was adopted to determine the sample size with the total sample size of 384 respondents. Also data for the study was collected through questionnaire. The study reveals that there is a positive impact on Financial Accounting Information in decision making in construction firms. The study concluded that Financial Accounting Information is a basis and guide when making decision and it could be used to control irregularities and mismanagement in construction firms. The study therefore recommends that modern equipment, professionals and conducive working environment should be in place to facilitate timely and accurate Financial Accounting Information for users. Also recommendation was made to construction firms to use financial

and project accounting package software. This should be provided enhance better performance in financial department

Keywords: Financial Accounting Information, Decision Making, Construction Firms.

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Chapter One

Introduction

1.1 Background to the Study

Decision making is a primary function of a good leader, option could be made out of many alternatives and that Team to be involved should have brain and mental capability and integrity to make the decisions effective. It is observed that many construction firms do not consider financial accounting information important and failure not to make use of Financial Accounting Information always lead to business failure and inability of the organization to achieve its goals and objectives. The ultimate outcome of decision making is to provide a way forward for the construction firms through the situation ahead of them. As cross road are numerous due to series of business challenges. It is important to note that decision have to be made by individuals too and not only for firms on daily basis as one need to choose or make option between alternatives. Careful study must be given to all information available all the time because of the negative effect on decision made from wrong information.

Decision making is also the act of choosing between two or more courses of action. In the wider process of problem solving, decision making involves choosing between possible solution to a problem and these decisions can be made through either an intuitive or reasoned process or combination of the two. The study of decision making processes, to be understood need the role of human factor particularly in complex situation in construction firm¹. It is a fact that decision theory could benefit from Team approach to reduce the risk that a decision

may lead to an undesirable consequences². Financial accounting is also a key for creditors, from banks to bondholders. Because financial statements outline all its assets as well as the short- and long-term debt, lenders get a better sense of a company's creditworthiness³. A number of common accounting ratios is what creditors rely on, such as the debt-to-equity (D/E) ratio and times interest earned ratio, are derived entirely from a company's financial statements. Even for privately-owned businesses that do not necessarily follow the requirements of the Financial Accounting Standard Board, no lending institution assumes the liability of a large business loan without critical information provided by financial accounting information⁶. Ultimately, a lender really wants to know just how much risk is involved when lending company money, which can be determined by reviewing the company's financial accounting. Once this level of risk is determined, the lender will also be able to outline exactly how much to lend and at what interest rates through the process of underwriting the loan⁷.

In today's world, Financial Accounting Information provides the rules and structure for the conveyance of financial information about businesses and other organizations. At any point in time, some businesses are poised to prosper while others teeter on the verge of failure. Many people are seriously interested in evaluating the degree of success achieved by a particular organization as well as its prospects for the future. While a few basic procedures or methods have changed, the purpose of financial accounting information remains the same. Business owners often use Financial Accounting Information to measure the financial performance of their companies and make business decisions. Association of National Accountant of Nigeria defines accounting as the process of identifying, measuring, and

communicating economic information to permit informed judgments and decisions by users of the information⁸.

From the above the following attributes of accounting emerge:

Recording: It is concerned with the recording of financial transactions in an orderly manner, soon after their occurrence in the proper books of accounts.

Classifying: It is concerned with the systematic analysis of the recorded data so as to accumulate the transactions of similar type at one place. This function is performed by maintaining the ledger in which different accounts are opened to which related transactions are posted.

Summarizing: It is concerned with the preparation and presentation of the classified data in a manner useful to the users. This function involves the preparation of financial statements such as Comprehensive Income Statement, Statement of Financial Position, and Statement of Changes in Financial Position, Statement of Cash Flow, and Statement of Value Added.

Interpreting: Nowadays, the aforesaid three functions are performed by electronic data processing devices and the accountant has to concentrate mainly on the interpretation aspects of accounting. The accountants should interpret the statements in a manner useful to action. The accountant should explain not only what has happened but also why it happened, and what is likely to happen under specified conditions.

It is noteworthy to say here that Financial Accounting Information derives its source from accounting transaction data and information. Financial Accounting Information produces results which enhances decision making in the organization. Hence, it can safely be

concluded that Financial Accounting Information is not an end in itself but a means to an end .i.e. decision making to improve corporate performance, and also produces detailed and comprehensive accounting information which are valuable for decision making in a corporate organization. These are contributions of Financial Accounting Information to Decision Making. It provides data that individuals need and wants; moreover many possible benefits can be gained from acquiring a strong knowledge of Financial Accounting Information and the means by which information is communicated about an organization. Around the world, millions of individuals make critical judgments each day about the businesses and other organizations they encounter. Developing the ability to analyze financial accounting information and using that knowledge to arrive at sound decision making. It is also a service activity that uses words and symbols to communicate financial accounting information for decision making. The terminology and symbols used have developed from the earliest known accounting records. As a profession, accounting has evolved in response to society's need for economic information to help people make decisions. It is often called the 'language of businesses. To be effective, the recipient must understand the message that the sender intends to convey. One must learn the meaning of the words and symbols used by accountants⁹.

Finally the ultimate purpose of this research study is to provide various users of financial accounting information more explanations, better understanding and the need to appreciate purpose of financial accounting information techniques¹⁰.

Companies use FAI as one of the major medium of communication with their stakeholders. Therefore, stock market regulators and accounting standards setters trying to improve the quality of financial statements in order to increase the transparency level in financial

reporting.¹¹ But, recent studies explored that Financial Accounting Information in published financial statements lost their relevance over the period of time. In United Kingdom, it has found that the financial statement was considered as the least effective means of communicating information. Furthermore, the researchers expressed that this findings backed by the theory of life cycle stage, high technology, rapidly changing business environment etc.

For Financial Accounting Information to be effective, relevant, complete and reliable. it must serve the need of the investors. It should also increase the knowledge of the users and give a decision maker the capacity to predict future actions. Therefore, relevance accounting information can be described as an essential pre requisite for stock market growth¹².

Also with little care, education and experience, accountant and users of financial accounting information can minimized the risk these challenges can pose to their businesses and to gain a competitive advantage¹³.

Financial Accounting Information is needed in an organization either profit making or nonprofit making organization. As information is so important, the success of any organization whether profit or nonprofit depends on how information needs of the different levels of management are meets. Also Financial Accounting Information is considered as a fact, datum and observation, perceptions or any other thing that could be used which can add to once knowledge that is relevant in decision making. It is also regarded as any data¹⁴. Information made available can be quantitative or non-quantitative and accounting information happens to be one of the quantitative information. It is distinguished form other type of the quantitative information because it is usually expressed in monetary term.

However non-monetary information is also needed in accounting reports in order to enhance the need of the users¹⁵.

1.2 Statement of the Problem

Construction firms in south west as a construction company registered with Corporate Affairs Commission is compelled to carry out a great deal of book-keeping records based on Accounting principles and financial information provided that will help the organizations to meet its statutory obligations, decision making and to address means for improvement and other challenges relating to Accounting activities towards decision making.

It is a fact that Construction firms in south west, always tries to coordinate all their challenges effectively and efficiently so as to minimize any anticipated and unanticipated pitfalls, but the challenges still arise. Due to improper attention to preparation of accounting information and poor decision making, poor administration and business activities has prompted the researcher to choose this topic for study. However, organizations who take wrong decision always end up with inability to achieve the set goals and objectives. Those that were engaged to handle Financial Accounting Information think they can operate without the use of information provided by the accountant such organization always end with economic failure such as litigation from banks and financial institutions in Nigeria¹⁶. So decision making becomes necessary in any organization, and not to be handled with levity. Also Ignorance or lack of Financial Accounting Information may lead to in-effective accomplishment of the organization objectives. In most organizations, is worthy of note that available accounting information data is not effectively utilized especially in the aspect of decision-making due to inability to interpret financial accounting information and to relate

it to situation or challenges at hand at each point in time. However, this can be corrected by the presentation of facts in a manner that can be easily understood by the decision-making managers that is acquainted with accounting terms. Due to care, skill should be employed to ensure that accounting information is carefully exhaustively pursued, edited and nothing is left without consideration¹⁷.

Financial Accounting information is increasingly seen as social rather than a pure technical phenomenon as it is useful in both organizational and social contexts. Following this notion, this study is inspired by the desire to understand the potential context of the use of Financial Accounting Information for effective decision making in any organizations. A study of this nature is mostly important in relation to developing countries like Nigeria.

1.3 Aim and Objectives of the Study

The objectives of this study are to establish the relevancy and to critically examine the Financial Accounting Information and decision making in construction firm. Also to probe into the fundamental for information preparation with the view to:

1. determine how relevant is the Financial Accounting Information and adequacy of its preparation by competent hands to guide the decision making.
2. ascertain whether there is a relationship between Financial Accounting Information and the decision making in corporate organization.
3. examine how Financial Accounting Information can help to control Fraud, Mismanagement and irregularities in the system.

4. investigates how the Financial Accounting Information satisfy the need of the management and other users of Financial Information.

1.4 Research Questions

In other to determine the impact of the Financial Accounting Information and decision making in organization, it is pertinent to list the following questions

1. How do construction firms in south west Nigeria considered financial accounting information relevant and adequately prepared for discussion making \
2. What are the common challenges and relationship in financial accounting information and decision making in construction firm in south west, Nigeria.
3. How do effective financial accounting information and decision making help to control fraud, financial mismanagement and manipulations of accounting figures in south west Nigeria
4. Does the financial accounting information and decision made satisfy the need of internal and external users in construction firms in south west

1.5 Hypotheses

These are the hypotheses for the study stated in null form. Hypothesis is a theoretical conceptualization or guess about how the researcher thinks the results must be linked with theory being treated and tested in table form to predict the relationship that exist between the variables.

H₀1: The Financial Accounting Information provided is not relevant and not prepared by competent hands to support the decision making.

H₀₂: There is no significant relationship between Financial Accounting Information and decision making in a corporate organization.

H₀₃: Financial Accounting Information cannot facilitate decision making on how to control fraud, mismanagement and irregularities in the system.

H₀₄: The Financial Accounting Information does not satisfy the needs of the management and other users of financial information.

1.6 Scope of the Study

The study is restricted to Construction firms in south west and to encourage the firm to understand the need and usefulness of Financial Accounting Information in decision making. The study would have covered all construction firms in Nigeria but due to the challenges of such task, especially time, resources with which to execute it. It is limited to construction firm in south-west and the study focused on Financial Accounting Information and Decision Making. The selected relevant executive and top senior staff was used out of the population for data collection¹⁷.

1.7 Significance of the Study

This Study will be of great significance to the investors/shareholder, stakeholders such as students Researchers Scholars, Financial Institutions, federal government of Nigeria and other publics.

Investors or shareholders would be interested in past performance of the organization through the financial accounting information as this would be significant to investor so as to know the credit worthy of the business. It should help the investors to determine and predict what may likely happen in the future when making reference with the FAI made available.

The study will also significant to the stalk holders, students and the general public at large to know how the company is performing either making profit or loss through information provided by the company a financial data.

Researchers, students and scholars would be able to identify the gaps in the previous studies on financial accounting information and decision ,making in construction firms. It would also serve as a point for reference when carrying out further research work.

Financial Institution will also benefit immensely from this topic as organization would need to submit their statement of financial position so as to up-date the financial institution to the detail of asset and liabilities of the organization in seeking from loan to finance some other projects²⁰.

Federal government of Nigeria will also benefit from its significance because the financial information provided will help the government to know the profit made by each company and this will help the government to determine amount of tax to be charged.

Many developments have emerged in the financial accounting information and decision making all over the world but this study will be useful and greatly enhance the effectiveness and efficiency of the financial accounting information toward decision making. It would also provide further support for the constant search for a more efficient means of providing information for decision making. For other researcher, the study will open a critical areas in the literature that many researchers will find very useful and extend from this, by creating a body of knowledge that can be always be drawn by decision makers²¹.

The study will, however concentrate on analyzing and probing the relationship that exist between the FAI and the decision making. The study is also conscious of how disclosure and standards with regulations have been applied in the preparation of the FAI and its impact on decision making.

Theoretically, the study is aimed to add volume to the body of knowledge already existing about the FAI and decision making. Practically the study will be of benefit to the organizations in Nigeria and other publics as a point for reference. It would be significant to investors who will have an interest in investment. The investors will have a clear picture and more confidence in such an investment after reading the financial statement of such an organization²². Further more, the study is also significant to students who will want to know more about financial accounting information and decision making and how the FAI affect decision making and finally it would be very easy and useful for external and internal users of FAI just to be updated and broaden their knowledge in the interesting area of financial information²³.

Decision making is fundamental to leadership. In essence, decision making is the primary function of a good leader. Decisions allow leaders to respond to changing market conditions, threat, and opportunities, in order to secure the further success of their organization. With the increasing velocity of information, shift in the business environment, and external events, the task making effective decision is getting more complicated every day²⁴.The significance of study is to provide solution to problem identified and recommendation for further research. This study is of a great benefit to organizations as a whole, also useful to Internal and External users, academia and future researchers as materials to generate new ideas.

1.8. Limitation of the Study

The limitation in this work need to be stated for reference, the project is limited by many factors which post obstacle to the smooth compilation of work. It is important for the users of this work to take note of limitations faced in carrying out this project. Un-cooperative attitude of staff and the confidential nature of financial Accounting Information from people during research. The researcher was unable to reach all the members of the sample due to the nature of their operations i.e. frequent travels and most of the time busy for the meetings. Another limitation is the resources that is limited, as most of the time, it call for travels expenses, cost of materials to be used for the study, cost of importing the information connected into computer, cost of printing and binding are limitations of the study. Before studying the concepts and methods of accounting, it will be of great important to known the standard of selecting the useful information among various alternatives²⁵. The quality of data that must be used is as follows:

- i. Time Limit:** The Financial accounting information must be made available early so that appropriate change in resources allocation can be made for its usefulness. It would be useful if daily reporting is made to the manager rather than monthly, because there are actions which need to be taken on daily basis, any delay of such information may be meaningless if reported lately.
- ii. Verifiability:** This standard proposes that the results of decision should not be included in accounting reports unless they can be verified with reasonable confidence. Verification helps in reducing bias that the managers in their own interest might have injected into the report. It also serves as a limitation.

iii. Detailed, accurate and timely information is useless unless if it is used to improve the resulting effective decisions. Then, it will be regarded as good information. The production of Financial Accounting Information, require cost, which are frequently considered. When the benefit derived from any information exceed the cost of providing such information then it is said to be efficient.

iv. Financial Accounting Information presented should contain facts of the transactions that are disclosed in the report. Accounting measurement services are descriptions for the decision made and events that taken place and expected to take place. The correspondence between the event and the report will aid a better decision. If accounting information is not accurately presented, it can mislead the management in the decision-making.

1.9 Operationalization of the Research Variables

Topic: Financial Accounting Information and corporate decision making in Construction firms in south Nigeria.

Dependent construct – Decision Making

Independent constructs – Financial Accounting Information

The above is mathematically expressed $Y = f(X)$

Mathematics: $Y = y_1 + y_2$ (Dependent Variables), $Y = Y_1 + Y_2 + Y_3 + Y_4$

Model: $X = x_1 + x_2 + x_3 + x_4$ (Independent Variable) $X = X_1 + X_2 + X_3 + X_4$

Where

$Y =$ Dependent Variable

X = Independent Variable

Y = Decision Making (DM)

X = Financial Accounting Information

Therefore, from the equation, Decision will depend on Financial Accounting Information.

This is expressed as;

Decision Making = (CDM)

That is, DM = f (FAI)

Where DM = Y and Financial Accounting Information = X

The X and Y are broken down as follows:

Where X = (x₁ x₂ x₃ x₄)

X = Financial Accounting Information

1..... x₁ = Revenue and Target

4..... x₂ = Expenses Incurred

2..... x₃ = Operating Cash flow

3..... x₃ = Working Capital

The variables in equation 1-4 are the working equation to be evaluated in this study.

And Y = (y₁, y₂, y₃ y₄)

Where y₁ = Right people

y2= Gathering Information

y3= Identification of Problem

y4 = Goal Determination

1.10 Operational Definitions of Terms

Accounting: This means the act of recording, classifying and summarizing in a significant manner and in terms of money, transaction and events which are in part at least of a financial character and interpreting the result thereof. (Delete, this is text book definition)³⁰.

Accounting Information:

Those processed information relating to accounting.

Decision:

Alternative lines of action which are often irrevocable.

Decision Making

This has something to do with brain, mental capacity, integrity, and experience of people like mind to come up with useful ideas to assist in practice to achieve organizations.

Financial Accounting

It is the process of collecting, classifying, recording, summarizing, and communicating data in respect of event which can be enjoyed in monetary term for the purpose of making decisions.

Also financial accounting is the aspect of accounting profession which applies knowledge in analyzing, classification and recording of financial transaction so that the performance of the financial state of the business will be clearly validated to those entitle to the information³¹.

Financial Accounting Information

These are processed data that will be used in corporate organization to make effective financial decisions.

Information

This is a complete processed data for financial in making decision. It is processes qualities before it can be called information and. Also, it is Data that has been processed to produce a meaningful information relating to a field³².

Organization

In organization the managers decide how best to put together the organizations human and other resources in other to carry out establishment.

Questionnaire: This is a method of data collection in which the research questions and questions on other relevant issues are put down in a systematic manner.

Tools

This terminology as valuable and not mechanical implement. It can also be express as pivot.

Endnotes

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Chapter Two

Literature Review

2.1 Introduction

The related literature for this study considered conceptual, theoretical and empirical review. This has become importance because it enable the researcher to understands and examine what has been carried out in the existing research work given the variable under this study. The researcher during the conceptual review took consciousness of historical perspective relevance definition features, merit and demerits by each variable as demonstrated by previous study. The theoretical review encapsulates the analysis of several theories that offered theoretical support or rationale for the independent and dependent variable of the study even it established the theories that is relevant to the study. As for the empirical review, the researcher looks at different methodologies used by various studies and their findings. Consequently submission were made on how previous studies recognized and measured each variable under study, the mathematical model as provided by the underpinning theory was presented and the chapter concluded with summary of gaps in the literature.

To present a better understanding of research study, the historical perspective of financial accounting information and decision making would be discussed because they are the only two players in the construction firms in southwest Nigeria due for discussion. The conceptual review of the variable to be addressed in this study in occurrence with extent literature become relevant for building the understanding of these variables¹. To accomplish this each of the variable will be reviewed following their relevance definitions merit and demerits. In addition to these the researcher definition of each of the variable will be introduced to

contribute to knowledge. The variables under study need to do with accounting and financial accounting information that must be explained which will served as bases required for decision making².

Accounting as intimated by its title, this thesis proposes the inclusion of information on flexibility as a mean of enhancing the accounting information in construction firms. However the inclusion of such information would be incomplete without a prior discussion of the purpose of accounting and its product, accounting information. In this chapter the nature and the role of accounting is considered and the classification of information as FAI should be discussed here. The purposes of providing FAI as well as the qualitative characteristics of decision useful information is to be addressed while the users and its need to be explained.

Before the nature of accounting can be addressed, the field of study must first be delineated. This entails an identification of the area of interest and of the borders of discipline in relation to neighboring discipline. Thus a successful definition of accounting should be clearly delicate the boundaries of the discipline at a point in time give a precise statement of its essential nature and be flexible so that innovation and growth in the discipline can be accommodated³.

A number of definitions of accounting have appeared in the literature each attempting to demarcate its field of study. Developing a single definition of accounting is however beset with difficulties. The first difficulty from the dynamic nature of accounting changing environment continually extends the boundaries of accounting which makes defining the scope of the subject problematic. However accounting has been defined as the art of recording classifying and summarizing in a significant manner and terms of money

transactions and events which are part at least financial character and interpreting the result thereof, while accounting may have start out as being an art it is doubtful whether this view is still generally held. The increased use of scientific method in accounting has changed the discipline to an applied science because of its methodology and applied because of its goals orientation⁴.

It also suggest that it may be regarded as an induce science as its tend to solve specific problem from which general proposition are induced while many scholars supported this view, they also identify accounting as a multiparadigmatic social science based on model of human intention and rationally. Accounting can obviously no longer be regarded as an art. In the recent time accounting has also been given a definition as the process of identifying measuring, and communicating financial information to permit informed judgments and decisions by users of the financial accounting information⁵.

2.2 Conceptual Review

This section is to discuss the concepts and the existing relationship between the variables, which includes Financial Accounting Information and the Corporate Decision Making in construction firms in south west.

Conceptual Review is concerned with the purpose of the concepts. It also facilitates better understanding of the variables as it is applicable to the accounting concepts. Application discussed in the work of the past researchers that the recent literature could be developed. All Accounting concepts are not giving the same ideas but each communicate different opinions

that is relevant in preparation for financial Accounting Information to make it useful and to facilitate effective decision making process⁶.

There are many Accounting Concepts relevant to calculate records and to monitor important financial information and using efficient Accounting concepts can help to ensure accurate reports and giving a very sound advice that could be useful when making decision. Accounting concept also facilitates better improvement on preparations in accounting processes⁷.

2.2.1 Financial Accounting Evolution Technologist Challenges

The concept of Financial Accounting Information is not a modern day invention but has roots stretching back to ancient civilization over the years it has evolved from rudimentary method of book keeping to the sophisticated, technology driven processes we see today.

Without doubts the concepts of Financial Accounting id not modern day invention because initially financial accounting served primarily to keep track of asset and liabilities helping businesses and governments growth of track and economics financial accounting problems, paving the way for regulatory framework and international standard like IFRS. Its role has broadened to include financial reporting, tax planning and even risk management, making it a cornerstone in the world of finance⁸.

The question that comes up is that with the evolution of financial accounting; how have financial accounting evolved over time and what problem ha it attempted to sole.

Financial Accounting has transitioned from a rudimentary tool for recording assets and liabilities to a multifaceted discipline responsible for guiding business strategy. It started off

as a method tracking simple transaction and financial events, but as economics grew more complex the demands on accounting evolves, now it encompasses many tasks in financial reporting, tax planning and risk management.

The digital age has further accelerated this evolution, innovations like artificial intelligence and big data are not merely supplements. Thus the progress of financial accounting is a clear response to the challenges and necessities businesses have faced over centuries constantly adapting to serve a changing landscape⁹.

Internal control and auditing how financial accounting contributes to a robust internal control and an auditing system are a company's safety net ensuring that its financial activities align with legal standards and operational guideline. Financial accountants play a crucial role in this by designing and implementing these controls. They also work closely with internal auditor to conduct regular checks validating that the controls are effective and identifying areas for improvement through this symbiotic relationship businesses can maintain fiscal responsibility while minimizing risk like fraud or financial management¹¹.

It also serve as navigating business Expenses and also serves as a comprehensive guide for business owners and accountants. Financial analysis, harnessing financial data for evaluating business performance and strategic decision making. Importance of financial analysis is of immense because financial analysis serves as the cornerstone for a company sustainability growth it entails assessing an organization financial statement often complexes with industry bench making to gain a thorough understanding of its financial health¹². By employing techniques such as ratio analysis variance analysis and fraud analysis a robust financial analysis can be conducted.

It is an important to note that financial analysis is not confined to one or two methodologies. Businesses make use of statement financial position, comprehensive income statement, and cash flow statement along with other key performing indicators to make decisions.

Furthermore, decision making, the insights gathered from a meticulous financial analysis are crucial for steering the company in the right direction. From mergers and acquisition to capital investments and market expansion the scope of financial analysis is vast and integral to a business long term success¹³.

2.2.1.1 Technology in Financial Accounting

The evolution of financial accounting has been significantly influenced by technological advancement from basic book-keeping to complex financial reporting the reliance in digital solutions has grown exponentially. Tools such as artificial intelligence and big data have made inroads into financial accounting, signifying task that were once labor interest and time consuming¹⁴.

2.2.1.2 Role of Artificial Intelligence Financial Accounting

AI algorithm can now sift through enormous volumes of financial data in seconds offering red-time analytic and insights. This not only speeds up the accounting processes but also minimize human error. Automated system can execute repetitive tasks like invoice management and payroll calculation thereby allowing accountant to focus on strategic activities¹⁵.

Also big data analytics offers a comprehensive view of an organization financial position. By aggregating data from various sources companies can identify trends, inefficiencies and opportunities for optimization. It's also enhances companies to make more accurate forecasts.

Challenges and opportunities looks at the current and future landscape of financial accountancy are inevitable. Regulation challenges, keeping up with ever changing financial regulation in an ongoing challenge. Data security protecting sensitive financial information from cyber-attacks is crucial¹⁶.

Skill Gap- The need for account and with advanced skills in analytics and technology is growing yet there is a shortage

Integration – As business grow, integrating new financial system or upgrading the existing one can be complex.

Opportunities- Technological Advances, tools like ace block chain and big data analytics offer large potential for automating and optimizing accounting task

Globalization – With businesses operating internationally, there is an increasing need for accountant who understands international financial regulations

2.2.2 Financial Accounting Information

Financial Accounting Information is the most widely used information when making decision financial accounting is often said to be language of the business in the business world to describe the transaction entered intoby all kind of organization. Financial Accounting is the concept of accounting profession of accounting professional which enable knowledge in analyzing and recording of financial information. Shareholders, creditors and those that

invested their money in the organization that invested their money in the organization want information on how well the company is doing so that if the management is not doing well corrective measure should be taken.

Financial Accounting Information is a service activity it uses words and symbols to communicate financial information useful for decision making. The terminology and symbols used have developed from the earliest known accounting records. As a profession, accounting has evolved in response to society's need for economic information to help people make economic decisions. Accounting is often called the 'language of businesses. To be effective, the recipient must understand the message that the sender intends to convey. You must learn the meaning of the words and symbols used by accountants. Many people with little knowledge of accounting must interpret accounting data. Accounting has been defined as the process of identifying, measuring, recording and communicating economic information to permit informed judgments and economic decisions¹⁷. The primary purpose of accounting is to help persons make economic decisions. In our society resources must be allocated among and within all kinds of entities. Accounting information provides the basis for making decisions about resource allocation¹⁸. To be useful, data must be identified, measured, recorded, classified, summarized and communicated to potential users. These are the critical elements of accounting.

Accounting information is financial information about economic activities. All economic entities (e.g. businesses, government agencies, families, charitable entities) need such information because it is used for making economic decisions about those entities. An economic event of an entity is referred to as a transaction. Transactions are of two types:

external and internal. Computers have had a significant impact on the accounting process and hence the recording process is much more efficient and reliable.

The information is prepared in general terms suitable for public's need as those who want to grant loan to the company would want to know the credit worthiness of the organization. The presentation of Financial Information makes the end user of accounting statement to benefit from analysis and interpretation of data as some of them are stockholders and others are stakeholders. Comparison of past and present statement and reports, use of ratio and trend analysis are different tools of analysis and interpretation¹⁹.

From the above statement one can conclude that accounting is an act which starts and includes steps right from recording of business transactions of monetary character to the communicating or reporting the result thereof to the various interested parties including those who are in the group of making decisions.

Financial Accounting Information in an organization has grown enormously in the past. This is the result of widely extended business operation for the decision making. The FAI also aids decision making, the success, growth and survival of any firm depends on the decision made for its operation. Consequently for an organization to survive, it requires financial accounting information that must flow to decision makers. Decision arrived at depends on the quality and timeliness of accounting information which a very scarce resource is sought for by every organization. Furthermore accounting is the process of identifying, measuring and communicating information to permit informed judgment and decision by the users of FAI²⁰.

The financial Accounting Information communicated by using financial statements, annual reports, management accounting reports and common measurement performance of profit. Accounting also facilitates information processing that serves several purposes such as providing records of assets owned amount owned to and money invested. It also provides annual reports showing financial position of an organization and the profitability of its operations, helping the management and the shareholders to monitor the organization activities and performance.

It is a reality because decision making has been describe as a purposeful in choosing from a number of alternative cost of action, where proper decisions are not taken in time it will definitely affect the organization adversely and where wrong information are provided for decision this might influenced the end of such organization²¹.

Decision Making is customary thing to organization needs, fundamental and function of a leader. It is also an indicator of commitment; it also indicates leaders to respond to changing conditions, threat and opportunities in other to secure the future success of their organization. Since decision making is not a solitary issue therefore, large number of people is involved with different perspective to handle a particular situation. They all represent their facts and figures according to their skill. They must be of integrity, communication, empathy, having mental capability, foresight and virtue, so as to be relevant in decision making process.

It must be noted that decision making may be costly and time consuming activities and care must be taken not to take a wrong decision which could be avoided with the use of decision theory as wrong decision taken would influence a negative impact on consequences on the organization to attain its goal. Decision making is also a continuous activity that

requires skilled people with years' experience to make the decision makers capable of addressing various challenges identified from the information provided by the accountant²³.

It is also important to note carefully that one of the things that is common and customary to organizations whether big or small is decision making. Organizations that engage in decision making at different times under different situations, sometimes make a better edge. It could be a decision regarding their survival and how to have an edge over their competitors, how to make more profit and to avoid losses or how to pull all these situations, a wide range of variables are expected to be considered as alternatives in decision making. To a very large extent the more exhaustive the alternatives are the higher the tendency for decision making in organizations is not hazardous affairs. It follows a systematic and well-ordered process.

Many people with little knowledge of accounting must try to interpret accounting data with the assistance of professional accountants to facilitate a decision making.

Financial Accounting Information is regarded as part and parcel of today's life which is necessary to understand the accurate financial situation of the organization and used as the basis of making any decisions. Since strategic decisions have long-term effects on the business and therefore it is important to analyze financial accounting information for making decisions, it helps managers to understand their tasks more clearly and reduce uncertainty before making their decisions. Financial accounting information refers to the conveyance of information about an organization's finances as a whole and is most frequently directed to assisting external decision makers, it is also designed to portray the overall financial condition and prospects of an organization. Every employee should be quite interested in assessing that financial information to judge future organizational prospects. Decision could

be measured by change in possession expectation rather than relative to the value of players' alternative options.

Another important thing to note is that the decision variable most of the time is either quantitative or non-quantitative or evens both. Many at times the quantitative variables comes from accounting information²⁴. Financial Accounting Information are sometimes generated from various source once the information in any of the source are not verifiable or to say the least inaccurate, it affect quality of the decision as well as judgment of the users. This may translate to serious consequence. It may result to loss of colossal amount of money decline in the value of shares of the company or unavoidable collapse of the company. However it is a bid to avoid the afore-mentioned consequences that activities and jobs of providers of financial accounting information are often subjected to routine checks and balance. The importance of the checks is that, they help to minimize the chances of error and omissions in the Financial Accounting Reports²⁵.

The researchers also look at the concept has been very risky in nature if expected revenue is not received in time to meet the need of the organization.

Consistency Concept is concerned about using of specific Accounting method and that it should continue using it, by doing so, financial statement prepared for many periods could be easy for comparison.

2.2.2.1 Relevance of Financial Accounting Information

The need for the information provided to bear upon the expected decision to be made defines the focus of relevance. Information that is useful in a decision-making context is regarded as

relevant. This attribute of accounting information places a great burden on accountants. Specially, accountants have to understand the various types of decisions made by different classes of users and design accounting information that facilitates each type of decision.

Information can be useful in decision-making only if it arrives on time²⁶. If the information is communicated late, no matter the quality and the adequacy of the contents, it serves no useful purpose to the decision and relevance are sacrificed at times to ensure timeliness and use of information.

One important factor that must be noted and considered is that any business or individual that want to survive must make use of financial accounting information when making a decision. The era of miles of thanks is gone and employing it is a sure way to fail absurdly. Many people believe that accounting is a specialized field because its technicalities which can be understood only by professional accountants but really everyone practices accounting in one form and in modern days users of financial accounting information require a wide variety of information to successfully accomplish its aims and objectives and decisions making.

This is because faulty information, unreliable and is not accurate information used for decision will disallow their organization to achieve its goals and objectives at the long run.

However, adequate, timely and relevant is the information contained in a financial statement, it means little if it is not understandable to the user. A highly technical financial statement may have zero usefulness to the intended audience. The objective of understandability envisages that information provided can be easily understood communication, though it is a two-way traffic; there is a responsibility on the part of the statement user to have a reasonable

understanding of business and economic activities and to be familiar with financial accounting now language of business. The average user of the accounting information is not only literate, he is expected to be numerate; some knowledge of accounting is becoming a must.

Financial Accounting information should not selectively suppress information; it should be complete in essence and substance. This idea defines how information is to be presented. Though there no hard and fast rules, financial statement should contain full information in respect of asset, liabilities equalities, revenue and profit generated²⁷. Financial Statements may consist different type of information which can be named as Financial Information/Accounting Information and Non-Financial Information/Non Accounting Information. Accounting Information is information which describes an account for a utility. It processes financial transactions to provide external reporting to outside parties such as to stockholders, investors, creditors, and government agencies etc. and non-accounting information are information which cannot be measured in monetary terms to make investment decisions by the investors. This type of investment is called as ethical investment. Financial information is essential in making sound investment decisions and it will reduce the informational asymmetry problem between the firm's managers and the investors. Though the investors use non-financial information in order to make investment decisions, still conventional investors give more weight to financial information. About 42 years ago, no arguments were encounter on relevance of Financial Accounting Information

Full disclosure is a concept that summarizes the above ideas. It requires the full disclosure of all facts that could influence the decision of an informed use of the accounting report.

Most decision involves a comparison among companies and a comparison of the same company over time. In the light of this, accounting information is useful to the extent that it permit meaningful comparison. To ensure that information is comparable among companies or the same enterprises over many time periods is an important objective of accounting information. Comparability is enhanced if a applications and procedures of accounting consistently applied. Uniformity is therefore desirable in the application of theory and methods.

Financial statement are general- purpose, they are prepared to serve presumed common information needs of users. Accounting, therefore, produces information in such a manner that it is not slanted to the different users are not strictly the same and accounting should not bias information to meet needs of specific users. Auditors are required to latest to the neutrality of accounting information. Often they report that the accounts give a true and fair view of the state of the company's affairs. The fairness, when attested to by auditors is some measure of neutrality.

2.2.2.2 Relevance of Accounting Information to Decision Making

Information cannot be used as decision so also decision cannot be used as information; as a matter of fact information is really concerned about the past activities while the decision focuses on the future events. However these papers analyzed the relevance of accounting information in decision making. Really FAI may inherently delay compared with information from other sources, but this Financial Accounting Information determines the context of other information sources and affects them positively for decision making. It must be noted that accounting system does not exist in a vacuum other information source are present and

the purpose of the accounting information may not be appreciated without considering the existence of other information source²⁸.

Financial Accounting Information could be source from the financial statement which must be audited by independent auditors this implies that accounting information is hard to be manipulated when it is needed for decision making. In general the Financial Accounting Information is used for decision making; business owners often review the accounting information to understand how the business will operate. Financial ratio uses the accounting information for the performance of the business.

Relevance is sometimes referring to a process of information that must have confirmatory value that provides information about past events, predictive value that provides predictive power regarding possible future events. Relevance in Financial Accounting Information simply means the information we get from the record will help the end-users to make important decisions. End users can either internal or external shareholders. Therefore relevance in Financial Accounting Information indicates the capacity to influence the end users of financial statement in their decision making process²⁹.

Also the relevance of Financial Accounting Information means that it should be useful for the decision making process for users, companies could report the employees current salary in an understandable and timely manner but this does not make the information relevant to an investor. However to make the Financial Accounting Information relevant the information must help in predicting future events. The information must also be accurate to reflect the company resources obligatory claims and transactions as to help the organization to think of pictorial depiction of something in real life. How accurate does the picture real life; For

Financial Accounting Information to possess representational faithfulness, it must be complete neutral and free from errors.

Lastly Financial Accounting Information enables users to identify, measures classify and evaluate operations and activities of an organization to be able substantial and adopt decision when the need arises. Information is an essential element of progress, because with the economy grows and the need for information in taking decision, information provided could serves as financial indicators that could be an information model, specifically a dashboard for those that are making decision.

2.2.2.3 Characteristics of Financial Accounting Information

These are the following characteristics of financial accounting information.

Relevant: refer to how helpful the information is for financial decision process and for the Financial Accounting Information to be relevant it must possesses confirmatory value i.e. information about the past events. Predictive value i.e. provides predictive power regarding possible future events. Therefore, financial accounting information is relevant about the past events and helps in predicting future events or in taken action to deal with possible future events.

Reliability: means the events to which information is accurately reflects our company resources, obligatory claims, and transactions to help how accurate the picture represent what is on ground in real life. Therefore, for the information to be reliable, it must be complete, neutral and free from error.

2.2.2.4 The Users of Financial Accounting Information

Accounting Information serves as a base for planning and decision making. It provides the various users the necessary data assistance in this direction.

This stipulates that various individuals and institutions use the economic data that are gathered and communicated by the accounting system for assistance in making decision regarding future actions. For example, investors in business enterprise need information on the financial condition and result of operations of the enterprise in order to assess the profitability and risk of their investments in the enterprises³⁰.

Bankers and suppliers need accounting information with which to appraise the financial soundness of a business organization and to assess the risk involved in making loan and granting credit. Government agencies are concerned with the financial activities of business organizations for purpose of taxation and regulation³¹.

Employer and their union representatives are virtually interested in the stability and probability of the organization that hire them. The dependent individuals who are most involved with the end product of accounting are those charged with responsibility of directing the operations of the enterprise. They are often referred to as “management” managers rely upon the accounting information to assist them in evaluating current operations and in planning future operations. Accounting is a language which communicates financial information to people who have an interest in organization manager, shareholder and potential investors, employees, creditors and the government³².

Managers require accounting information which will assist them in their decision making and control activities for example, information needed on the estimated selling price, cost,

demand competitive position and profitability of various products which are made by the organization.

Shareholders require accounting information on the value of their investment and the income which is derived from their shareholding. Employees require accounting information on the ability of the firm to meet wages demands and avoid redundancies.

Creditors and providers of loans capital require accounting information on a firm's ability to meet financial obligations. Government agencies like statistical offices collect accounting information which is needed such as information for the detail of sales activity, profit investments, stocks, dividend paid, and the proportions of profits absorbed by taxation and so on.

In addition the Inland Revenue is needed in accounting information for purpose of taxation. All these information are important for decision making.

Accounting information is not confined to business organization as stated above. Accounting information for the individual is also important. For example, credit will only be extended to an individual after the prospective borrower has furnished reasonable accounting information of his private financial Accounting Information. Non-profit making organization such as local authorities also requires accounting information for decision making and for reporting the result of their activities. For example, a sport club with required information on the cost of undertaking the various activities so that a decision will be made on the resources which must be used to finance them.

An examination of the various users of accounting information indicates that they can be subdivided into two categories: Internal users within the organization and External users outside the organization³³. The above broad category of users into internal and external users presupposes that they need the information for different purposes. Thus the kinds of accounting information they need are also different. In fact accounting information is one of the largest information systems in most organization.

Accountants use accounting information to enhance their role within the organization. The accountant fought a constant battle against the Financial Accounting Information of record. In the past years the accountant was able to respond to manager's requests for reports on the business activities. Computers provided a more efficient means of keeping the books, and they afforded the accountant quick access to financial accounting information for reporting purposes. Useful financial reporting establishment is based on accounting financial information. Many traditional accounting tasks dealing with recording and processing of accounting transactions can be reliably automated thus; technologies add more incremental value to organizations in this regard anymore. Rather, an accountant's worth is now reflected in higher-order critical-thinking skills ,such as designing business processes, developing e-business models, providing independent assurance, and integrating strategic accounting knowledge automatically³⁴. Through the use of financial accounting information, the management can determine what organization are meeting their legal obligation to pay taxes, contribution towards social security benefits for their employees and also satisfy other statutory regulations.

The users of financial accounting information could be categorized as follows:

Management , Users with direct financial interest, Shareholders and potential holders, Creditors and Potential Creditors, Employees, Users with indirect financial interest, Tax Authorities , Regulation Agencies and Economic Planners¹⁹.

Management

The primary objective for nay business organization is profit making, this responsibility rest solely on the management. Although other environmental factors may modify the degree of profit sought, it must be realized that adequate profit is necessary for the survival and the growth of the business. To achieve the objectives, management must be able to plan, control and coordinate all the activities of the organization³⁵.

Users with Direct Financial Interest

These classes of information include:

- a. Investor and potential shareholders, creditors and potential creditors and employees of the organization.
- b. Investor and potential investors.

Share Holder and Potential Holders

These are primarily interest in the Financial Information and management serves as trust of the investment of shareholders hare therefore found it necessary to know the performance of the business in which they have invested. They therefore make use of accounting information like annual reports and other financial statements.

Creditors and Potential Creditors

Creditors include debenture holder's interest and money-lenders who expect returns information of interest on the debentures or principal creditors alike have different financial interest in the firm.

Creditors provide loans to the company, this however does not make them owners of the company but they are interested in analyzing the company's financial statement to make sure that their investment is safe and that interest due to them can be paid to them including the principal when due. Creditors are specifically concerned whether such a company is a profitable venture, which is more likely to meet its credit obligation.

A critical study of the firm's annual report reveals the viability of the firm and the ability of the pay the creditors.

Employees

Labor unions and employees study financial statement of organization for labor negotiations.

Employees use financial statement to determine if they are obtained a Financial Accounting Information share of the resources distributed by the company to bargain for wages and fringe benefits. A prospective employee usually finds out the activities of an organization before accepting or even applying for employment in such as company. Hew investigates the activities of the company through its financial statement to determine its operation, growth and profitability. An employee would like to find out if there is job security in the company or not³⁶.

Based on the information received through the financial statement, they are able to negotiate for higher pay bonus, other fringe benefits and other better working conditions. The use of accounting information is therefore important to employees.

Users with Indirect Financial Interest

Changing environment factors have made the society large users of accounting information. It is common knowledge that the government through her agents and the general public make use of accounting information in their day to day activities. These agents include tax authorities, regulatory agencies, economic planners and other groups.

Tax Authorities

Tax revenue is one of the major sources of finance of the government. This has prompted the establishment of internal revenue sections in all levels of government to deal with matters relating to the assessment and collection of taxes. Taxes and extra duty are collected.

Regulation Agencies

These are government agencies set up for the purpose of regulating public corporations and companies. These agencies make use of accounting information to determine the rate at which shares should be used.

Economic Planners

Government will have to take part in planning and forecasting information. Economic planners use accounting information to determine total production inventories, income, dividend, taxes and in decision making. The class of users of information is the general

publicity. They are mainly consumers who have the interest in the financial statement of the firms for the purpose of ascertaining to success of the firm, in their surroundings.

2.2.3 Accounting Concept

This study explained what the Accounting Concept are and how they can compare to Accounting Principles.

In the recording of business transaction certain rules and custom are adhered with. These rules are called **concept**. There are conceptual issues that one must understand in order to develop organization foundation of how accounting works. Accounting concepts are said to be a basic components and terms that could be used by professional Accountants use these concepts to prepare financial report and other documents that may be statutory for government and also for the organization too³⁷. As a matter of fact knowing common Accounting concepts and working with them is necessary and crucial for an Accountant to interpret financial situation and to facilitate monitoring the finances in the organization.

The basic Accounting concepts are as follows: Accruals concepts, consistency concepts, entity concepts, Going Concern Concepts, Matching Concept and Materiality Concepts. All these concepts contribute to better understanding and new knowledge on how things should be done professionally, and researcher would like to explain Accruals concepts toward the decision making, also these concepts can help Accountant organize business records, prepare for Audit and ensure the company earns enough revenue to main operations. Another important thing this study want us to note is that understand of the Accounting concepts can

also help people to save money avoid debts, maintain proper Accounting records and more informed financial decision .

Accounting concept means that a business may recognize revenue, profits and losses in amounts that vary from what would be recognized based on the cash received from customer or when cash is paid to suppliers and employers from this concept, it is clear that decision taking without consideration to available cash and the amount to be received later may not be effective as decision taken may be faulty and also bias as revenue received and revenue yet to be received will facilitate taking decision that would propel the successes of the organization².

Accounting concepts and principles needs to be explain because of its value. They can create a framework for discussing financial situation rules, document, and theories. Generally Accepted Accounting Principle are the laws or standard for Accounting in practice that professionals follow and these includes, rules and regulation when preparing financial documents. Accounting concepts are more about what the Accountant do, and the Accounting Principles describe how they do it practice e.g.; Revenue, for a business, the total amount received for sales, service and product is called revenue. This means it is the organization gross income before deducting any expenses one can add all company earnings, Equity increase and interest it gains on the reporting period. A company may deduct its liabilities or various expenses from this revenue to determine its profit that could be used as information for decision making³⁸. It is also important to note that there are different ways to calculate revenue depending on the accounting method employed. Accrual Concepts will includes sales made on credit as revenue for good and services delivered to the customer .Under certain rules revenue is recognized even if payment has not yet been received. Besides, cash

accounting on the other hand will only count sale as revenue when payment is received. Cash paid to company is known as a receipt and it is possible to have receipt without revenue for example if the customer paid in Advance for a service not yet renders. This activity leads to a receipt but not revenue. Revenue is known as the top line because it appears first on company's income statement, Net income also known as the bottom line is revenue minus expenses. There is a profit when revenue exceeds expenses. Non-operating income is infrequent on non-recurring income derived from secondary source. Even non-business entities such as government, non-profit or individual also report revenue through calculations and sources for each differs³⁹.

The most important thing from the explanation above is that revenue that is generated will help to determine the profit at the end of the day and thereby useful in making decision. Revenue may also be referred to as sales and is used in the price to sale ratio an alternative to price to earning i.e. p/e ratio that uses revenue in the denominator. All this brings result that is relevant in making decision.

It was also observed from Audit journal that accounting Information as an output from accounting information system is being capable of being applied in decision making process. It can be quantitative or qualitative in nature. It is also fundamentally useful when making decision⁴⁰.

Another side to it is that managers and individual usually need to do cost benefit analysis and breakeven point in both naira and units to examine life cycle cost or breakdown report into different businesses segment. The major benefit of financial accounting or general accounting is the report or information provides that is useful in making decisions. Accurate

accounting information however generated is also useful to stakeholders of the company such as employee, shareholders, creditors and authorities. Accurate information is one of the principles way through which organization communicates with people.

The going concern concept is the fundamental assumption of financial reporting. An entity considered a going concern if the business entity is capable of earning a reasonable net income and there is the near future. When financial statements are not prepared on a going concern basis it would not disclose the fact together with the basis on which it was prepared and the reason with the entity is not regarded as going concern.

It must be noted that accountants use going concern concept to decide what type of recording should appear on financial statements. i.e the source of financial information for decision making. As many organizations that strict to going concern may defer reporting long term assets at current value or liquidating value but rather at cost. A company remains going concern when the sales of assets do not impair its ability to continue⁴¹.

Accountants who view an organization is going concern concept generally believe a firm uses its asset and does not have to liquidate anything. Sometimes, accountants may employ going concept to determine has company should proceed with any sales of assets, reduction of expenses or shift to other products. Also going concern concept is always conscious of what should be disclosed on the financial statement which is the guide for decision making body.

The relevancy of the going concern concept is that if not properly used the organization can go bankrupt and there are number of quantifiable measurable indicators that auditor can sue

to measure going concern concept and organization with low liquidity ratio, high employee turnover or decreasing market share.

Consistency concept is concerned about using a specific accounting method that it should continue using it, in doing so financial statement prepared for many periods could be easy for comparison. This concept help in decision making immensely as the decision makers use it to compare the past records with the current records. It also facilitates identification of area of weakness and influence the need to make decisions to prevent future occurrences of areas where successes have not been recorded in the financial statement.

This concept too will help the decision maker to see the records of the past activities of the organization on yearly basis and then do comparison to know the areas of weakness and later take a decision on how to improve on the areas of weaknesses for a better future. There are many concepts professionals in accounting use to help them provide the best services to their client, whether professionals or businesses, some of the most common concepts includes:

Various Types of Accounting Concept

Historical Cost Concept, Money Measurement Concept, Going Concern Concept ,Double - Entry Concept, The Accrual Concept, The Periodicity Concept., Realization Concept

2.2.3.1 The Business Entity Concept

The business is treated as an entity completely separate from the owner. The accounting system deals with economic activities of the business entity, rather than that of the owners or other that associate with it⁴². Under a business entity concept a business is treated as separate from its owners, business and owners are two independent entities because business too is

considered as an artificial person. If the owner invests money in the business it will be treated as liability for the business. However if the owner takes out some money from the business for personal use, it will be considered drawings, therefore the assets and liabilities of a business are the business assets and liabilities and not the owners .A business financial obligations are different from that are different from that of the owners. The business entity concept applies to partnership, small enterprises and large enterprises. With the business entity concept, business and owners are also treated as separate entities while recording transactions. It must be noted that assets, liabilities, income, expenses, etc. belong to the business and not the owner. Book of accounts are prepared from the outcome of the business not the owner. Business Entity Concept is needed for various purpose like as determining the individual financial position of the business and comparison between various businesses. This concept is also helpful when it comes to filing taxes, it will be easy and beneficial to file taxes when personal finances are not involved in the business finances.

Business Entity Concept is also helpful when it comes to dissolving the firm and repayment is to be done among different shareholders, debenture holders and the owners. Owners entity also gets calculated easily when personal finances are not entangled with business finances. It is also significant because it helps to prevent entanglement of personal finances and business finances, in case the owner withdraw any amount from the business for personal use i.e. drawing, the owner will be accountable and answerable for the use of such finances and also held responsible for diversion of funds.

However small business especially sole proprietorship and partnership, the line between personal and business transaction can be blurred out. The business entity concept may be

difficult to apply when personal and business assets are involved. The concept of a business entity might not be fully accounted for intangible assets, such as brand value, human capital, and intellectual property which can be crucial contributors.

2.2.3.2 Money Measurement Concept

Money measurement concept is one of accounting concept according to a company should record only those events or transactions in its financial statement which can be measured in terms of money and where assigning the monetary value to the transaction is not possible. It will not be recorded in the financial statement it means that only those transactions and event are record in the bank which can be measure in monetary term.

Monetary concept is an important accounting concept that is based on the theory that a company should be recording only those transactions be measured in terms of money, it is important to note that local currency monetary unit of measure. Using this principle a fact or a happening or event which cannot be expressed in terms of money is not recorded in the accounting books. This is not acceptable to record such as non-quantifiable items as employee skill levels or the quality of great customer service. One of the basic principles in historical cost of accounting is the measuring unit principle or stable measuring unit assumption. The unit of measure in accounting should be the base money unit of the most relevant currency.

The principle also assumes the unit of measure is stable that is changes in its general purchasing power are not considered sufficiently important to require adjustment to the basic

financial statement. The inflation which occurs over the passage of time is not considered only these are considered which can be measured in the term of money or which are financial in nature.

Money measurement concept can be define as the concept under which the businesses need to record only those transaction that can be only be expressed in term of money. Money measurement concept undertakes only qualitative transactions and not quantitative ones. Qualitative transaction never gets reward in the books of account and this never get reflected in financial statement⁴³.

Quantitative transactions can be defined or can be said to have a direct effect on the business whereas qualitative transactions have an individual effect on the business. Money measurement concept creates a single dominator or the purpose of measurement of performance namely money. This concept record only monetary transactions i.e. transaction that can be experienced in term of money like cash purchase, asset sold for cash or on credit, salaries, rent, shares so on. This concept does not record that transaction that cannot be expressed in terms of money like employee skill level, product durability, the efficiency of administrative processes.

Money measurement concept states that concept that businesses should only record transactions that can be expressed in monetary transaction activities and events that cannot be ascribed a current monetary value must be excluded from the financial statement. Precisely it is accounting principle that ensures that only transactions with a current value are recorded. The concept may be define as a core accounting principle that requires business to only record transactions if they can be quantified in money. This simply means that any events

which cannot be directly expressed as a monetary value such as goodwill should not be recorded in the financial statements instead things such as (sales to customers purchases from suppliers and taxes paid to the government are recorded because they can be directly expressed as money). There are many characteristics of this principle that have helped toward preparation of financial reporting and also in accounting foundation. The principle allow businesses to record transactions if they can be quantified in money, this made results in reported financials that are objective consistent and reliable.

Significance of Money Measurement Concept

Money measurement concept allows easy comparison of different assets, liabilities and transactions. This keeps shareholder in making decisions. The concept money measurement facilitates auditing records and can easily cross checked and validated. This concept does not record those transactions that cannot be expressed in terms of money. The concept also records only monetary transactions and the concepts also create a single denominator for the purpose of measurement of performance like money.

Limitations of Money Measurement Concept

This concept of money measurement concept ignores non-monetary factors such as employee satisfaction brand value, and environmental impact which can be crucial indicators of a company's health. Also assigning money values to certain items, like good will or intellectual property, can involve subjective judgment potentially leading to inconsistency. The concept also overlooks quantitative aspects that would impact an organization in long term planning

Money measurement principles and characteristics

There are several key characteristics and implications of money measurement principle that have helped make it a foundation of accounting and financial reporting. As previously discussed one of the most important characteristic is that it only allows businesses to records transaction if they can be quantified in money. This result in reported financial that are objective, consistent, comparable and reliable⁴⁴.

The basic unit of measurement in accounting is money. Entries in the books of a business are restricted to that transaction which can measure in terms of money.

2.2.3.3 Historical cost concept

The historical concept cost principle is a conservative accounting principle that stipulates that the recording of asset value on company statement of financial position must be same as the original first at the data of purchase. In other words, the original cost price will be recorded when documenting asset value. The historical cost principle is one of the generally accepted accounting principle (GAAP) encapsulating the complexities, legalities and details of corporate and business accounting. To understand the historical cost concept, it is essential to understand that other factors like inflation depreciation and market value do not reflect in the cost concepts. This is an asset historical price remains strictly its original price. The historical cost principle sometimes called the cost principle implies that asset values or statement of financial position must reflect the original lost price and this does not consider factors like depreciation and value increments over time resulting from inflation. As such not all asset categories can be recorded at historical cost. Marketable securities are not recorded at historical concept e.g, preference, shares, bonds and stock this is because they are highly liquid asset⁴⁵.

Historical cost concept is a strategy used in accounting that values assets at their original cost, here are some highlighted advantages for using historical cost concept; it provides an objective and reliable information, the use of this concept maintains the objectivity of accounting information. The amounts stated in financial statements are not clouded with subjective increase and decreases in values. There's no room for data manipulation because there is always an objective basis of recording business transaction. The historical cost concept also enhances reliability of accounting information, reported amount are easily verifiable; one can simply go back to source document of the business transaction such as invoice, official receipt and so on to verify the accuracy.

With the application of this concept we don't recognize the increase and decrease in value of the asset but the value of the original cost is considered under the concept of accounting

It is also important to note that this are not recorded in the statement of financial position on historical cost instead they are documented at their fair market values as this measure accurately represents their respective value. Fair value and historical cost need to be explained.

Fair value otherwise known as fair market value, is an asset current market value, considering real time market conditions. In other terms fair value is the price that an asset would sell for in a competitive and open market where both parties, sellers and buyers have opt data on important market facts, where both parties have sample time to complete the deal. As both parties are under no compulsion to complete the deal. The prices are mutually agreed fair market value is a measure to determine the amount of money or cash flow that could be generated from the sales of asset in the future. As such fair market value is never fixed

instead it charges to reflect market conditions when pitted against historical cost i.e. original price, it becomes possible to assess an asset market performance over time.

If the asset historical price stays higher than the fair market value, the market is on a downward trend on the other hand, if the asset's fair market value is higher than its historical price, the market is on an upward trend, in other words it means that the asset value has appreciated⁴⁶.

Asset and expenses are to be recorded at the exchange price i.e. the price paid or to be paid to acquire it. Accounting does not consider the Financial Accounting Information value asset rather, the asset is recorded at the price actually paid by the buyer, irrespective of the Financial Accounting Information value.

2.2.3.5 Going Concern Concept

The going concern concept assumes that a business entity will exist for as long as it is reasonable to foresee. The financial statements are prepared on the assumption that there is no intention or necessity to liquidate or reduce significantly the scale of operation. Where the assumption holds no more the realization values (or liquidation values) will then replace the historical cost based value⁴⁷.

This is a concept of accounting term for a company that has the resources needed to continue operating indefinitely until it provides evidence to the contrary. This makes enough money to stay afloat or to avoid bankruptcy. If a business is not going concern concept, it means it's gone bankrupt and its assets may be liquidated. However, going concern can be defined as an accounting that is financially stable enough to meet its obligations and continue its

business for the foreseeable future, certain expenses report, if a company is assumed to be a going concern. If a company is no longer a going concern it must start reporting certain information on its financial statement. Negative trends that lead to no longer being a going concern include denial of credit, continued losses and lawsuits. An auditor can give a going concern opinion when they have doubt about the financial longevity of a company. Understanding going concern concepts, accountants use going concern principles to decide what type of reporting should appear on financial statement, companies that are going concern may defer reporting at current value or liquidating value, but rather a lost. A company remain a going concern when the sales of asset does not impair its ability to continue operation such as the choosing of a small branch office that re assigns the employee to other department with the company as a going concern generally believe a firm uses its asset wisely and does not have to liquidate anything. Accountant may also employ going concern principle to determine how a company should proceed with any sales of asset reduction of shifts to other products. Going concern is not included in the included in the generally accounting principle but it included in generally accepted auditing standard⁴⁷.

The going concept accommodates the bifurcation of assets and liabilities as short-term period, say 12 months and long-term, usually more than 12months, also ingraining confidence in the company that it will continue to function in the future. From the buyers perspective, a going concern businesses indicate that it has the finances to continue trading for at least 12months, is unlikely to take any insolvency proceedings in the near future and has the financial records demonstrating its solvency over the next year.

The going concern concept principle assumes that any organization will continue to operate its business for the foreseeable future. The principle purports that every decision in a company is taken with the objective in mind of running the business rather than that of liquidating it. Going concern concept also ensures financial stability, accurate valuation that facilitate in asset and liability valuation. It also help to determines a company's ability to make enough money to avoid bankruptcy and stay at loss. Besides that going concern concept make the financial statement to be prepared at cost and not on the basis of current market value and in such case if the company in an event of liquidation will have assets valued at the market value, and as such, these value will be different from the value determined at cost. Precisely the going concern concept affects financial statements in several ways for example it allows companies to spread the cost of an assets over its useful life. Going concern concept is one of the twelve accounting principle that is accepted by GAAP. This principle shows that a business will continue to operate unless evidences are produced. Also the going concern concept is not included in the GAPP, but it is included in the generally accepted accounting standards(GAAS).

When going concern assumption are appropriate asset and liabilities recorded based on the ability to realize its asset and discharge liabilities. For the factual accuracy of going concern concept, it is important that business is able to meet the following metrics. The business should be able to generate profit since it will ensure that business continue to operate for at least minimum of one year. The legal and statutory guidelines must remain the same so that the business model can continue to operate as it is, another important point is that the

consumers must be interested in the consumers and goods offered by the business will continue to offer its services and goods for at least the coming 12 months.

Another disadvantages going concern concept is that since the financial statement are calculated based on the going concern concept bases, it can be misleading for stalk holders .For example any charges in law may impact the business and in such a case the going concern concept may not be viable for the company, this result is immediate corrections in recording financial transactions.

Moreover, the financial statement are prepared n cost basis instead of mark to market basis, in the event of liquidation of company the numbers differs drastically from the one prepared under cost basis when financial statements are drawn on mark to market basis, if the business is being shutdown and financial statement are drawn on going concern basis the information might not be correct and may mislead the stakeholders.

Implication of Going Concern Concept

If a company receives a negative audit and may not be a going concern there are several implication. First the company will now be seen as declining investment opportunities, companies that are not going concern represents a significantly high level of risk compared to other companies, if a company may be revalued the request of investor's shareholders, or the board. This relation may be used to price the company for acquisition or to be seeking out a private investor⁴⁹. There are often certain accounting measures that must be taken to write down the value of the company on the business financial reports. One of the repercussions of not being a going concern is potential credit challenge. If a company is unable to meet debt

covenants. If debt may be callable, new lenders will likely be reluctant to issue new credit or any new credit issue will be prohibitively expensive. This credit crunch may trickle down to suppliers who may be unwilling to sell raw materials or investors good on credit

Going concern is often good as it means a company is more likely than not to survive for the next one year, when a company does not meet the going concern criteria; it means that a company may not have the resources needed to operate over the next 12 months.

Going concern is also important because it is a signal of trust about the longevity and failure of a company. Without it, businesses would not offer nearly as much credit sales as supplier; vendors and other companies will survive. Also if the company is not going concern that means there is a risk the company may not survive and management may be required to disclose the facts and to provide the reasons why they may not be a going concern. Management must also identify the basis in which the financial statements are prepared and often disclose as these financial reports with an audit report with a going concern opinion

Going concern condition accounting standards try to determine what a company should disclose on its financial statements, if there are doubts about its ability to continue as going concern. It is a fact that accounting standard board always determine how the financial statement should be prepared and what it should reveal and the conclusion it should support the entity substantial doubt that it can continue as a going concern. Statement should also show management interpretation of the condition and management future plans.

Red flags indicating a business is not going concern, certain red flag may appear on financial statement that may indicate that a business will not be going concern in the future. Listing of

long term asset on statement of financial position, listing the value of long term assets may indicate a company plans to sell these assets. A firm inability to meet its obligations without substantial restructuring or selling of assets may also indicate it is going concern. If a company acquires assets during a time of restructuring it may plan to resets them later.

Sometimes over time events are enough to cause a company to go bankrupt, consider how a single substantial lawsuit default on a loan or defective product can jeopardize the future of a company. a company may not be a going concern based on the financial position on either it income statement or statement of financial position. There are other indicators that auditors use to measure going concern concept, companies with low liquidity ratio, high employee turnover or decreasing market share are more widely to not to be a going concern.

2.2.3.6 Double Entry Concept

This concept or method is book keeping or accounting which states that every financial transactions has equal and opposite effect in at least two different accounts. It is used to satisfy the accounting equation i.e, $\text{asset} = \text{Liability} + \text{Equity}$ and with double entry system credits are offset by debit as in a general ledger or T-account. Double entry refers to an accounting concept whereby asset liabilities + ownership equity. In the double entry system; transactions are recorded in terms of debits and credits. This method was developed in the mercantile period of Europe to help rationalize.

Commercial transactions and make trade more efficient. The emergency of double entry has been linked to the birth of capitalism. Understanding double entry in accounting a credit is in an entry that increases a liability account or decreases an assets account, a debit is the

opposite⁵¹. It is entries that increase an asset account or decrease a liability account. In the double entry accounting system transactions are recorded in terms of debit and credit. Since a debit in one account offset accredit in anther, the sum of all debit must equal the sum of all credits. The concept standardizes the accounting process and improves the accuracy of prepared financial statement and allowing for improved detection of errors. All type of businesses account are recorded as either a debit or credit precisely all financial transactions must be treated twice.

It is important to note that book keeping are ways of measuring, recording and communicating a firm financial information. A business transaction is an economic event that is recorded for accounting. While book keeping purposes in general terms is a business interaction between economic entities such as customers and businesses or vendors under the systematic process of accounting, there interactions are generally classified into accounts.

There are seven different types of accounts that all business transactions can be classified. Asset, Liabilities, Equities, Revenue, Expenses, Gains and Losses. Bookkeeping and accountancy track changes in each account as a company continues operation. Double entry concept also has something to do with debit and credit in practice. Debit and Credit are essential to the double entry system in accounting, a debit is referred to as an entry on the left side of account ledger and credit refers to an entry on the right side of the account ledger. To be in balance total of debit and credit for the transactions must be same. Debit does not always equate to increase and credit do not always equate to decrease.

A debit may increase one account while decreasing anther. For example a debit increase asset accounts but decreases liability and equity accounts, which support the general accounting

equation of asset i.e. Liability + Equity. On the statement of comprehensive income, debit increases the balance in expenses and loss account while credit decrease their balance. Debit decreases revenue account balance while credit increases their balances.

As this system was developed it has helped merchants and bankers immensely to understand cost incurred and the profit realized. Some scholars argued that double entry accounting was a key calculative technology responsible for the birth of capitalism. But the accounting equation forms the foundation of double entry accounting and is a concise representation of a concept that expands into the complex, expanded and multi-item display of the statement of financial position which is based on the double entry accounting system where total assets of the company are equal to the total liabilities that provides information's for decision making.

It is believed that for every outgoing there is a benefit. Two account are involved when a business transaction take place. For example, in the purchase of goods, stock is increased while cash is reduced. When workers remunerations are paid, cash is reduced while workers services are received⁵³.

2.2.3.7 The Accrual Concept

Account within a business are significant processes that help to ensure the company financial statements properly reflect its financial health following the accrual concept means transactions are recorded even it payment for certain service are not been fully paid. In this note the researcher will give a detailed analysis of the accrual concept in accounting. Its importance, examples and journal entries and how it differs from the matching concept.

The accrual concept is the recording of expenses or revenue that has been incurred or earned but still has not been recorded in the financial statement of the business. Accrual Is the business can include different transactions such as expenses incurred but not yet paid or unpaid invoice for any service provided. In accounting the accrual concept is understood as journal entries, helpful at recognizing expenses and revenue that are consumed or earned respectively. In this case, amount are either not fully paid out or received by the firm.

The accrual concept in businesses is very important especially while creating financial statement as per the accrual basis of entry book keeping process any accrual expenses is considered the liability of the firm and accrual revenue is considered business asset.

Further more understanding accrual concept is important for various reasons especially since it helps in the accurate preparation of firm and statements. Here are some significance of accrual in accounting. The performance of businesses is made easy to be assessed more accurately due to the application of accrual concept. This is because accrual are portrayed in financial statements that indicate the financial health of the company, this happens due to the availability of information made on accounts payable and receivable. Instant portrayed of where money is coming from and going out is expected in future reports making performance assessment very easy planning fire financial, accrual accounting is important as it is implemented in the business in real time, making it easy for management too have a detailed overview of finances. It also allows the accountants to access progress from previous financial years and compare it with the present to plan for the future on an appropriate budget. When accrual accounting is implemented in accompany it depicts a more accurate position of business finances. As doubt and income of the firm are properly outlined it helps the firm

manage its financial per business activity patterns. The accrual method uses the matching principle method an important factor in business accounting; in this case expenses and revenue are reported in the same period and are matched to determine the profit on losses of the financial period⁵⁴.

The concept requires that cost should be recognized as expenses in the period in which revenue is realized. Where certain cost in a particular period is differing for recognition to a future period the income generated by incurring such cost must also be differed to the same future period. If certain units of a product are sold in the current years and their slave value is recognized as revenue in the current year the cost of manufacturing those units should be recognized as expense in the current year⁵⁵.

2.2.3.8 The periodicity concept

The activities of a business are a continuous flow, hence the result of the business operation can only be known with certainty when the businesses come to an end. Thus in the financial statements of a business will not be all that useful if they are prepared once in the life of the business that is when the business is wound-up. As a result of this the entire life business divided into small periods called Accounting periods. The accounting period is usually of one year or twelve months. Any 12 months period selected by a business for its annual reporting is called the fiscal year. Businesses should report their financial position, result of operations and cash flows at regular time interval. These intervals are usually monthly, quarterly annually. As regular financial reporting can help a company monitor actual results against budgeted once and it may take action to correct issues n s timely basis.

Here is the importance of periodicity assumption, it provides a framework for the timing of financial accounting and reporting. This ensures the accuracy and timeliness of the information, it also allows businesses to compare their actual financial results to their budgeted results and take corrective action if necessary. The concept is also important because it allows businesses to categorize their transactions into distinct period of time. The assumption is necessary in order for business to generate accurate financial statement.

The time period assumptions allow firms operating and economic activities to be divided into discrete period of time. The assumptions allow businesses to make decision by analyzing their financial statements on a period by period basis. Also the assumption allows businesses to generate accurate financial statement that can be used to informed decisions about their finances. The periodicity assumption is also necessary in order for the business to comply with generally accepted accounting principle (GAAP), GAAP requires businesses to divide their financial activities into distinct period of time in order to generate accurate financial statements”

2.2.3.9 Realization concept

This concept states that revenue is considered as earned or realized only when goods have been transfer or the services have been rendered to a customer, in accordance with the legal principle of transfer of title⁵⁶.

In applying the aforementioned rules when recording an entity financial transaction however there are certain accepted principle that must be applied in their usage in order to ensure that

the financial statement prepared from the records are more meaningful and objective so that the users of such financial statement can place much reliance on them.

Realization concept determines when goods sent on credit to customers are to be included in the sales figure, for the purpose of computing the profit or loss for the accounting period. However which of the following trends to be used in practice to determine when to include a transaction in the sales figure for the period, it becomes necessary when goods have been dispatched, invoiced, delivered and when the payment has been made for the sales⁵⁷.

2.2.3.9.1 Realization Principle

The realization principle is a revenue recognition principle that states that the income or revenue is recognized only when earned. The company is reasonably certain that the payment against the same will be received from the customer. It generally occurs when the underlying goods are delivered risk and rewards are transferred or income gets due, irrespective of whether the amount is received or not.

The realization principle deals with revenue recognition i.e. profit should be realized when goods are transferred. The realization principle does not associate with a cash receipt i.e. income to be realized or revenue is to recognize when if the cash is not received for example, revenue cannot be recognized if the advance is received but goods are not transferred. It is to be recognized only when goods are delivered.

2.2.3.9.2 Importance of Realization Concept

This concept ensure a true and fair view of the account as profit is to be realized and recognized only when the seller transfer risk and rewards.

Another important fact about the realization concept is that the risk could be minimized the realization principle. Also time revenue earned during the year is given importance and recognition instead of revenue collection. It also provides solutions for all types of revenue recognition based on the type of revenue and gives importance of legal ownership which is acceptable and enforceable and enforceable by law⁵⁹.

Realization concepts also have its merit in practice because the concept give more importance to the recognition revenue and this is commonly followed in a business's organization as per the accrued system of accounting all over the world. It also guides the accounting process and recognition of revenue and through realization principle the inflation of revenue and profit can be control so as to influence the true and fewer view which is better to reflect in realization concept.

2.2.3.10. The Concept of Accounting Information

Accounting information refers to report or relevant financial information regarding the economic activities of an organization or unit to users. Accounting information developed as far back as 4500 B.C where stewardship accounting information, they were able to plan their stock and wealth. Keeping of financial records of wages, taxes due of trade by barter and early 19th century when the Greeks and Romans developed a better and financial book keeping it to the repent day when machines are used in the accounting process⁶⁰. Financial Accounting Information has since received remarkable improvement with the increase in demand, for information in planning and decision making result from changing environment has always brought about changes in accounting. Information made of what is accepted as accounting today would not have been recognized as such 50 years ago. With the

development in accounting information, quantitative methods and behavioral has affected radically the environment in which accounting operates today⁶¹.

Accounting is moving away from the procedure base encompassing record keeping and such related work as the preparation of a budget and final accounts towards the adoption of a role which emphasizes social importance.

Accounting Information are financial position statements and other reports supplied by the accountant who shows the true and Financial Accounting Information financial position of the economic activities of the organization.

Accounting Information includes the statement of financial position, comprehensive income statements accountant's cash flow statements. Statement of financial position according to move Gautier and under - down is the statement of financial position that lists the accounting period it provides a measure of the capital invested by the owners in company or business. It is also made up of four main section that fixed assets. A current asset, capital and liabilities. This classification simplifies financial analysis of business⁶¹.

Trading account, comprehensive income statement shows the profitability of the business, it also shows the amount of economic activities that took place during the preceding accounting period and profit derivable form such economic activities. It shows the gross profit as well as the net profit of the organization within the accounting period. Gross profit is the sum of sales less the cost of goods sold.

Cash flow statement is a statement that shows the cash movement in transaction engaged in by the firm for a particular period usually one year; the cash flow statement was introduced

to replace the fund flow statement to make it easier for users of financial statement to relate cash availability and profit over a given period. We have two methods of calculating the cash flow in a firm, they are: Direct and indirect methods.

The statement of financial position, comprehensive income statement and cash flow statement together constitute the financial statement of an organization.

2.2.4 Changes in Accounting Information

As world develop the need for information in those environments changes. For example, counting with tokens met the needs of a hunter-gatherer society but does not meet the needs of a society that can move funds wirelessly around the globe in an instant. Researcher described the emergence of economic environments and how they altered the demand for information⁶².

The first world described by Elliott and Jacobson is the hunter-gatherer world. In this world, members of a tribe settled in regions that provided game and wild vegetables. Information consisted of technical knowledge about making tools, how to hunt, etc., and was presumably passed down from generation to generation in an informal setting. The agricultural world followed in which farming became the predominant occupation. Some Scholars describe the development of seals or tokens that were used as a method of redistributing agricultural surplus. Written communication permitted the transfer of information, such as the knowledge of seasons and technology, which resulted in increased productivity³¹. The surplus from agricultural productivity aided the development of commerce, social organizations, and

government that could not function without a system of measurement and records . This led to the rise of scribes and stewards who kept records for religious organizations and manors to ensure they were running efficiently. Pacioli also developed double-entry bookkeeping during this world⁶³.

The development of machines created production surplus and is a key characteristic of the industrial age. As enterprises grew in size, “corporate” organizations developed, which led to a separation between owners and the managers.

An essential part of the industrial age was long-lived factories, machinery, and equipment. Historical cost accounting provided a reliable measure of these assets that were held for long periods of time. Performance measurement during the industrial age was dependent on the delivery of goods, not payment of services. Hence, the focus of accounting was the allocation, or matching, of costs with revenues. There is convincing evidence that the accounting information supplied to decision makers in the information world is not meeting their needs.

In 1991, Elliott called for a measure of rates of change and improved off-statement of financial position disclosures in order to meet user needs.

In 1992, he again called for internal and external accounting to change in light of the post-industrial world, in order to support the decision-making of management and third party users. The Association for Investment Management and Research (AIMR) report, Financial Reporting in the 1990s and Beyond, presented the financial analysts’ call for more current value measurements. The Jenkins Committee Report also called for enhanced transparency in the financial statements.

According to Kuhn's framework, the change in accounting information will follow a series of identifiable steps. First is the recognition of anomalies. The anomalies in financial reporting were spurred on by a change in the economic environment and lack of change in the existing accounting paradigm. Dissatisfaction with the existing theoretical framework led to the development of new ideas about how to address the shortcomings⁶⁵. Over time a new school of thought has emerged from these ideas. The emergence is of such significance that it is transforming the old paradigm into a new paradigm of thought. Because the old paradigm was ingrained over decades, we are now in a period of resistance to the new school of thought. Kuhn notes that acceptance of the new paradigm will take time, "Its assimilation requires the reconstruction of prior theory and the reevaluation of prior fact, an intrinsically revolutionary process that is seldom completed by a single man and never overnight.

During the period of change, standards may be in conflict with each other. Kuhn states that, "During the transition period there will be large but never complete overlap between the problems that can be solved by the old and by the new paradigm. But there will be a decisive difference in the modes of solution"⁶⁶. As a social science, changes in accounting have the added dimension of human behaviors that interact with the accounting change. Much of the debate in practice integrates the behavioral dimension, and rightfully so. Although accounting must respond to the changes in the economic environment, it cannot control the behaviors of individuals within the practice, no more than it can control the economic environment. Both are unpredictable⁶⁷.

2.2.5 Accounting Standards

Standard is an agreed upon criteria of what is preferred in practice. It is a basis for comparison and judgment in a point of departure when variation is flush viable by the circumstances and reported as such standard are not accidental but written financed in origin it does follows code of best practice.

The Financial Accounting in Nigeria is guided by the standard issued by Nigeria Accounting Standard Board. (NASB).The accounting concepts and conventions discussed in the foregoing pages are the core elements in the theory of accounting. These principles, however, permit a variety of alternative practices to co-exist. On account of this the financial results of different companies cannot be compared and evaluated unless full information is available about the accounting methods which have been used. The lack of uniformity among accounting practices have made it difficult to compare the financial results of different companies. It means that there should not be too much discretion to companies and their accountants to present financial information the way they like. In other words, the information contained in financial statements should conform to carefully considered standards. Obviously, accounting standards are needed to provide a basic framework for preparing financial statements to be uniformly followed by all business enterprises, make the financial statements of one firm comparable with the other firm and the financial statements of one period with the financial statements of another period of the same firm, make the financial statements credible and reliable, and create general sense of confidence among the outside users of financial statements for decision making.

2.2.5.1 Relevance of Accounting Standards

Accounting standard facilitates uniformity in financial reporting. These are set of guidelines and rules that define how financial transaction should be recorded and reported, these standard are necessary to ensure that financial statement relevant for decision making are accurate, transparent and comparable. Without accounting standards, it would be difficult for users especially investors, creditors and other stake holders to evaluate the financial health of an organization.

To understand the accounting standards is necessary and essential for anyone who want to work in finance, accounting or business environment, standards provides a framework for financial reporting that is consistent across different companies of industries. However by following these standards companies can ensure that their financial statements are accurate and reliable which in turn helps to build trust with investors and creditors.

Furthermore, the role of accounting standards in financial reporting cannot be overstated, these standards provides a common language for investors and creditors compare the financial performance of different companies. Accounting Standards also help to promote transparent and accountability in financial reporting which is essential for maintaining public trust in the financial system⁶⁸.

It is also important to note that accounting standards are developed by various bodies including the International Accounting Standard Board (IASB) and the Financial Accounting Standard Board (FASB), these bodies work to establish generally accepted accounting principles (GAAP) that are used by companies and the world.

GAAP is the set of accounting principles that are used in the united states to ensure that financial statement are accurate and reliable.it includes rules for financial reporting, accounting for inventory, accounting for revenue and many other areas of reporting standard (IFRS) are set of accounting standards that are used in many countries around the world. They are developed by the IASB and are designed to provide common language for financial reporting.

The IASB is an independent organization that is responsible for developing and promoting the use of IFRS. It works to develop accounting standards that are used by companies and the world.

The FASB is a private, non-profit organization that is responsible for developing and promoting the use of GAAP. It also works to ensure that financial statements are accurate and reliable and they provide relevant information to users.

For the role of accounting standards in financial reporting is an essential aspect of any business, it enables share-holders to make informed decisions about the company financial health and also the future prospect. The financial statements which includes the statement of financial positions, comprehensive income statement, cash flow statement and more. However for this statement to be useful they must be adhere to certain standards so as to provide reliable information for the decision making.

2.2.6 Preparation and Presentation of Financial Statement

Financial Accounting refers to collecting, summarizing and presentation of the financial information resulting from business transaction. It reports the operating profit and the value

of the business to the shareholders. Financial accounting is used for reporting financial transaction to stakeholders in a format that is acceptable and adaptable by all business.

It is important to note that financial accounting are prepared on the basis of accounting concepts such as Accrual concept, Matching concept, Going concern concept, materiality concept and more, all these concept must be followed in preparation of financial accounting for better presentation.

The financial statement of all businesses in a particular country or region must follow a standard format and standard accounting principles to enables consistency and help in effective comparison of the financial statement and statement of financial position of different companies.

The accounting principles that an organization follows depends on the regulatory and reporting requirements of that country and audience to which a business caters. In Nigeria for example companies follows accounting standards while companies in other nations follows general accepted accounting principle(GAAP) and companies with international exposure follows international Financial Report Standard (IFRS). The standard issued by the various boards not only assist an organization in reporting the transaction correctly but also give clarifications for complex transaction faced by business⁷⁰.

2.2.6.1 Presentation of Financial Statement and Financial Accounting

It is the reporting of transactions that have occurred during the financial period. A financial period can be any period however, year-end financial statements are usually prepared for 12 months. Different countries have their own accounting year for reporting, at the end of the

said period the organization will present its financial statement also known as financial reporting.

IASI also explained the presentation of financial statements, it also set out the overall requirement for financial statement including how they should be structured the minimum requirements for their context and overriding concepts such as going concern, the accrual basis of accounting and current and non-current distribution. The standard requires a complete set of financial statements to comprise a statement of financial position, a statement of comprehensive income, a statement of cash flows.

This researcher work to explain the purpose for preparation and presentation of the financial statement that must be designed to meet the need of the users of the statements. It follows that their preparation and presentation will be influenced by the context in which they are prepared. The type of the organization will be a significant factor for example, the account of a small business operating as sole trader may be prepared for use by only the owner of the business, whereas the account of a PLC with a stock quotation will be made available to a wide variety of users.

2.2.7 Financial Statement Analysis

This is the process of analyzing data from a company's financial documents and statements. This analysis uses statement of financial position, the cash flow statements and comprehensive income statement. Each of these offers insight into the business by referring to different financial aspects, while some other focus on assets and liabilities, other focus on the revenue generated by the business and the expenses incurred. The main purpose of

financial analysis is to track the progress and performance of the business and evaluate its financial health, financial analysis also helps to determine or measure the value of the company there are many benefits for a business when using financial statement analysis.

Financial analysis can make of ratio analysis, which shows how data to other data. Financial statement ratio use two or more lines from a financial statement to perform mathematical calculation, some common ratio used in financial analysis include liquidity ratio, profitability ratio, leverage ratio, debt ratio and solvency ratio.

Liquidity ration are used to show how liquid a business is, meaning whether they are able to quickly turn its assets into cash. These ratio show whether a company can afford its expenses, liquidity ration include the following, current ratio, cash coverage ratio, quick ration and liquidity index. The current ratio is common ratio used to determine this; the business refers to the statement of financial position for the current asset and current liabilities. The current ratio is found by dividing the number of current assets by the current liabilities.

The current ratio is = $\text{Current Asset} / \text{Current Liabilities}$

The result is to show how business can afford its expenses and pay off current liabilities with its asset.

Probability Ratio show whether a business can generated a profit, these include the operating profit ratio, return on equity, gross profit ratio, can be calculated by dividing the profits by sales leverage ratio to show whether a business relies on debt to cover operational costs. This type of ratio includes debt to equity ratio, fix-change coverage and debt service coverage ratio. The debt to equity ratio is calculated by dividing the total debt by the total equity.

Furthermore, financial statement analysis covers company operational budget assets, expenses, liabilities, earning and the net worth of liabilities and assets. Financial analysis is what accountant and planners use to make decisions expansion, future planning, fundraising and market launches among others. However there are bound to be some disadvantages too⁷¹.

The importance of financial analysis lies in its ability to reveal earnings per years sales and profits accrued. Through sales figures many vary, financial planner will be a position to find a correlative patter over a few year of sales data. The advantage of financial statement analysis are huge for companies as it forecast a market life about a year which is useful as it show sales patterns for product launches, a sales drop after a year and a need for new products in a year.

Budget outline in real time, decision making for planning the future, budget estimation, corrective actions requires for efficient budgeting and more such decisions are some of the aspects that add to the importance of financial analysis also one of the advantages of financial statement analysis is that its reveals how much you can spend on marketing campaigns, future expansions and requires for findings.

Demerit of financial statement analysis is based on the pattern of the market. A big disadvantage of financial statement analysis and use for making strategic decision is that it is based on figures and data on current market conditions, which may fluctuate. Past performance is a good indicator and motivator, it cannot, however guarantee fluctuations and the future demands. A cautious approach is needed as part of the objectives of financial analysis for the interpretation of financial ratio and statements to present excessive risk taking based purely on forecasts. As the name suggest, the forecast and analysis are

applicable at that time only. It does not reveal or compare the past performance or future forecast at one glance. One will need to exercise caution by generating and reporting continuously rather on a one-time basis, such extrapolation of data and financial analysis undertaken frequently is crucial to the company's health and decision making abilities⁷².

2.2.8 Conceptual Framework of Accounting from Information Perspective

This topic is to analyze the benefit of accounting regulation and a conceptual framework using an information economic approach that allows consideration of uncertainly, multiple demands for information and multiple information sources. It also allows private information to enter the analyses. The analyses lead to a set of fundamental properties of financial accounting information. It is argued that set of qualitative characteristics typically contained in conceptual frame work does not adequately aggregate the information demands of users of financial accounting information for example, the IASB'S conceptual framework contains the guidelines for the tradeoff between relevance and reliability, furthermore neutrality might not be part of an optional regulation. The statistical bias introduced by the stewardship use of financial accounting information is not necessarily undesirable and will always remain stewardship which is characteristic of FAI that provides incentive for decision makers to act in the desired way. Financial Accounting Information is inherently late compared to other information source but influences and constrains the content of more timely sources.

This topic is to provide the growth of the modern accounting thinking model which started as an accounting theory, at the beginning of the past years with an attempts to find roles or foundations that lead to accounting applications and works to control and solve their increasing problem from period to date. The main concerns is the enhancement of financial

accounting information contains instead of the development of accounting theory, the study aim to trace the course of the conceptual framework to evaluate the experience and also role in standards, the researcher want to give answers about the effectiveness of the conceptual framework presently and in the future of the joint framework.

Conceptual framework rules, GAAP FASB, IASB. These bodies provides rule and regulation aimed in controlling how the businesses should operate. These factors together resulted in accounting problems of corporate stock companies related to the management and organization of management performance. In addition to the problem of public companies in accounting costs and their distributions leading to the various crises in the past influence the auditing profession played an active role and witnessed an increase in demand, but it was unable to address the current issues facing businesses⁷³. One important thing about the conceptual framework of accounting is to outlines the objectives of financial accounting information and the guidelines of good financial accounting information, precisely defines commonly used terms such as assets and revenue and provides guidance about appropriate accounting measurement and reporting.

Lastly, conceptual framework is like constitution that leads the accounting system, the conceptual framework is made of three, the first level is presented the objectives of the financial reporting, the second level is presented qualitative characteristics of financial accounting information and the last one is the element of financial statement.

The conceptual framework also is the statement of generally accepted principles that form a frame of reference for financial reporting. Here is the principle of conceptual framework, it help to describe the basic concepts that underline the preparation and presentation of

financial statement for users. It also serves as a guide to the board in developing future IFRS's and as a guide to resolving accounting issues that are not addressed directly in an international accounting standards or international financial reporting standard or interpretation.

In conclusion one should not forget that conceptual framework has an advantage and disadvantages⁷⁴.

2.3 Theoretical Review

This is concerned with the fact that support the theory or approach that was followed in this research work to explain existing practices and to obtain a better understanding many people believe theory does not exist but this is not true as this topic will deal with how it works.

Theory as it applies to accounting is the coherent set of hypothetical conceptual and pragmatic principles forming the general frame of reference for a field of inquiry. This accounting theory may be defined as a logical reasoning in the form of a set of broad principles.

Accounting theory may also be used to explain existing practices to obtain better understanding of them. But the most important goal of accounting theory should be to

provide a coherent set of logical principles that form the general frame of reference for the evaluation and development of sound knowledge.

This chapter relates to theories formulated to explain, predict and understand phenomena and to challenge an existing knowledge within the limit of critical boundary assumptions. It describes and introduces the theory that explains the essence of research problems. The researcher also strengthens the study through articulating the theoretical assumptions of a research studies and it helps to address questions of why and how. It permits one to intellectually transit from simply describing a phenomenon that has been observed to generalizing various aspects of that phenomenon. This section is made up of Decision Making, Theory Classical Theory and Stakeholders Theory.

The theoretical framework will also discuss on new approaches and Models.

2.3.1. Decision Making Theory

This theory was proposed by Robert A Phillips and James E Post. The theory is concerned with making decisions based on assigning probabilities to various factors and assigning numerous consequences to the outcome. There are three branches to decision theories, Normative, Descriptive and Prescriptive theory⁷⁵.

2.3.1.1 Normative Decision Theory

Normative decision theory is concerned with identification of optimal decisions, where optimality is often determined by considering an ideal decision maker who is able to

calculate with perfect accuracy and is in some sense fully rational which are relevant in decision making process.

The study of judgment and decision making (JDM) is traditionally concerned with the comparison of judgment to standard that allow evaluation of the judgment as better or worse. The term judgment was used to include decisions, which judgment about what to do. The major standard came from probability theory, utility theory and statistic these are mathematics theories or model that allow us to evaluate a judgment. They are called normative because they are norms.

One task of our field is to compare judgment to normative model, and look for systematic deviation from the models. These are called biases, if no biases are found there should be a reason. If biases are found then understanding and explaining them by making descriptive model or theories with normative and descriptive model in hand, the prescription for such correction is called prescriptive model.

Object they like less in order to order wasting. This is a bias away from a very simple normative rule, which is whatever yields the best consequences in the future.” A prescriptive model may consist of nothing more than some instruction about such a rule.

The application of normative theory to the case at hand may be challenged. A critic may look for some advantages within the context cost which might outweigh the obvious disadvantages within the context of normative models. In other cases, the normative model are challenged, the facts that theories and claims are challenged does not imply that they are impossible to make. In the long run, just as scientific theories becomes more believable after

they are corrected and improved in response to challenges so too may normative models be strengthened⁷⁶.

2.3.1.2 Descriptive Decision Theory

Descriptive decision theory analyzes how individual actually make the decision that they do. It is a fact that descriptive theory is also concerned with describing observed behaviour often under the assumption that those making decision are behaving under some consistent rules.

Descriptive decision theory is concerned with characteristics and explaining regularities in the choices that people are disposed to make. It is standardly distinguished from parallel enterprises. Much work in this area has been devoted in the building and testing of formal model that aim to improve on the descriptive adequacy known as subjective expected utility.

The canonical theory of choice subjective expected utility owes its inception to the work of savage, building on previous contribution by some researchers. It offers a homogenous treatment of both decision under risk situation which the decision maker has knowledge of, or holds firms beliefs regarding, the objective probabilities of all events pertinent to the success of his or her actions, decision under uncertainty which he or she does not . associating with the possible consequences of the acts available to them two numerical quantities; a utility corresponding to the degree of confidence in the occurrence of the outcome given the performance of the act, which may or may not be given by a corresponding assessment of objective probabilities; being such that their preference between acts and hence their disposition to choose certain acts over there are determine by these quantities in such a way that acts are ranked by their subjective expected utility⁷⁷.

A number of important formal results known as representations theorem shows that this claim can be derived from set of prima facie plausible general principle aka ‘’ postulates or axioms’’, pertaining to the agent preference over act. Furthermore not only are these axioms to derive subject expected utility claim but a significant proper sub set of them also turn out to be.

2.3.1.3 Prescriptive Theory

Prescriptive decision theory is concerned with describing observed behaviors thought and the use of conceptual model under assumption that those making decision are behaving under some consistent rule.

Prescriptive theory is also concerned with how people in organization should make decisions i.e. the decision analysis and is aimed at finding tools to help people in making effective decision⁷⁸.

However the theory is capable to help the team making decision immensely concerning the behaviour required and procedures to follow. The theory will also help with predictions about behaviour that positive decision theory produces to allow for further tests of the land of decision making that occur in corporate organization. In the recent time there has been increasing interests by the researchers for the behavior decision theory that can also contribute a re-evaluation of what useful decision making required.

2.3.2 Stakeholder's Theory

Stakeholder theory promotes a practical, effective, and ethical way to manage organizations in a highly complex and turbulent environment. It is a practical theory because all

organizations and institutions have to manage stakeholders – especially when needed for decision making. They are efficient because stakeholders are treated well tend to reciprocate with positive attitudes and behaviors towards the organization, such as sharing valuable information. Providing appropriate decision for tax breaks or other incentives, providing better financial terms or working hard and remaining loyal to the organization, even during difficult times³⁰.

Scholars have defended stakeholder theory using a wide variety of theoretical perspectives, including the principle of Financial Accounting Information and pragmatism. Stakeholder theory suggests that "managing for stakeholders" involves attending to the interests and well-being of these stakeholders, at a minimum. However, frequently other stakeholder groups are included, such as communities, special interest or environmental groups, the media, or even society as a whole. Stakeholder theory proposes that treating all stakeholders well creates a sort of synergy. This last thought, that following stakeholder precepts is associated with both good management and higher efficiency, at this point is nearly irrefutable⁷⁹. Numerous scholars have tested and supported this theory across a number of industries, in both domestic and international organization, and in a variety of contexts for possible association they could offer in making effective decision when necessary. The theory became relevant in this research because in other to ensure behavioural pattern in the organization. It must first come from stakeholders in the organization which include the workers, etc. Shareholders must be first to display behavioural pattern while other shareholders follow. Following behavioral pattern by stakeholders in an institution or organization brings about effectiveness in decision making.

2.3.3 Classical Theory

The purpose of financial Accounting data is the systematic provision of data about reporting entities. This implies that such data should be useful as a guide to decision makers and users of information. However usefulness of the perception of a user or homogenous group of users but also of the environment in which the information will be used for decision. In recognition of this problem, effort must be made to come up with an accounting theory that is general enough to provide assistance to decision makers. Instead many models are based on different assumption of users⁸⁰.

Despite the differences in their orientation, the classical theorist are connected with designing financial information which communicates pertinent information to set readers of FAI user. However they differ in terms of what they constituent i.e. pertinent information.

The deductive concluded that income measurement using a single income valuation base would meet the need of decision maker. It was argued that current cost or value should adequately meet this need, reflecting their belief that only such valuation measures the true income of an organization⁸¹. This deductive theorist therefore is that user should seek current price before giving information in making decision.

Inductive in the other hand induce accounting principle from accounting practice, they concluded that the accounting endeavor to help the decision makers but, Ijiris argue that accounting practice may be regarded as an financial performance measurement that should not susceptible to manipulation by interested parties. He therefore rejected the continuous recording of current values because they are predicted on hypothesis action of the entity and

as such are not verifiable. The goal of the inductive theorist therefore was to rationalize or perhaps justify major elements of extent accounting practice when decision is to be made.

2.3.4 Financial Theories

Financial theories are also relevant to decision making because these theories are the building strength and effective framework of today's corporate world. The essential building squares of finance theory establish the framework for some advanced devices utilized as a part of regions such resource estimating and venture. Financial theories such as; Ratio Analysis Theory, Modern Portfolio Theory, and Equilibrium Theory will help a manager and organization improve its operational processes.

2.3.4.1 Ratio Analysis Theory

Financial analysis and interpretation of Income statements and statement of financial position of a particular accounting period helps in analyzing and understanding a company's financial soundness, management, take perfect action, and decisions in terms of present business. One important tool to determine financial analysis is Ratio Analysis. Ratio analysis is very essential to build relationship between two accounting figures to highlight the important information to the management and users. "The primary function of ratio analysis is not in determining what is right or wrong, but is in identifying aspects of firm activity which do not seem just right and consequently indicating areas for further study and synthesis". It facilitates the accounting information to be summarized and simplified in a required form and highlights the interrelationship between facts and figures of various segments of the business. It also helps eradication of waste and inefficiency from the organization activities.

Ratios point out the firm's liquidity position to meet its short-term obligations and long-term solvency. Ratio analysis provides inter-firm comparison or comparison within us try averages by comparing the firm's ratios with those of other firms An inter-firm comparison exhibits the firms' relative position via-a-via its competitors. If the comparison shows a variance, the possible reasons of variations may be identified and if results are negative the corrective actions may be initiated immediately to bring them in line. However Ratio analysis enables a firm to take the time dimension into account. In other words, it facilitates the management to know whether the firm's financial position is improving or deteriorating or is constant over the years by setting a trend with the help of ratios. The analyst with the help of ratio analysis can know the direction of movement whether favorable or unfavorable. An analysis of the trend of strategic ratios may help the management in the task of planning, forecasting and controlling⁸².

Therefore, ratio analysis involves taking stats of number (or items) out of financial statements and forming ratios with them, to enhance informed judgments and decisions.

2.3.4.2 Modern Portfolio Theory

Modern portfolio theory allows investors to choose from a variety of investment options consisting of a single portfolio of earning maximum benefits and that too at a market risk which is very lower than the various underlying investments or assets. The main idea of modern portfolio theory says that the risk is undertaken and returns are linked directly which means that in order to achieve the greater rate of expected returns, an investor must have to

take a higher level of risk. Also the theory says that the overall of the portfolio having sensitive's can be reduced through the means of diversification. As a matter of fact modern portfolio theory explained assumptions with its advantages and disadvantages.

Modern portfolio theory as it was developed is to explain what investment approach is all about, the approach focuses on diversification and relationship between risk and returns when constructing investment portfolio.

Modern portfolio theory also suggest that by combining asset with different risk and return, characteristic, investors can optimize their portfolio to achieve maximum expected return for a given level of risk r minimizing risk for a desired level of return⁸³. The efficient frontier a key concept in Modern portfolio theory represent the set of portfolio that offer the highest expected return for a given level of expected risk to a given level of return, the theory also explain Modern portfolio theory as an investing moved in which investor invest with the motive of talking the minimum level of risk and earning the maximum amount of return for that level acquired risk. The Modern portfolio theory is a helpful tool for the investor as it helps than in decision for choosing the different types of investment for the purpose of the diversification of the investment and then making one portfolio by considering all the investments⁸⁴.

According to modern portfolio theory, all the investment that are selected are combined together in a way that reduces the risk in a way that reduces the risk in the market through the means of diversification and at the same time also generates a good return in the long term to the investors and in case two different portfolio are given to the investors sharing the same level of expected return, then the rational level of expected decision would be to choose the

portfolio having lower total risk , even when though it is accepted widely all over the world and also applied by different investment institutions but at the same time modern portfolio theory also has it merit and demerit in practice when it is applied.

2.3.4.2 Equilibrium Theory

Equilibrium Theory attempt to explain the behaviour of supply and demand and price in a whole economy with several or many interesting markets by seeking to prove that the interaction of demand and supply will result in an overall general equilibrium. This theory is also conscious of analysis of a specific part an economy while its other factors are held constant when taking financial decisions.

2.3.5 Other Theories on decision making

Other major theories of decision making that are applicable to decision making

Satisficing Theory, Game Theory, Subjective Theory, Attribution Theory, Heuristic Theory, and Prospect Theory.

2.3.5.1 Game Theory

In game theory there is an understanding of choice between competing people in this, the independent and competing factors are assessed while making any decision this provides tools for analysis of situation in which people make independent decision. The independent

helps players consider other players choices or strategies, thus helping them formulate their strategies.

Games theory was pioneered by mathematicians which had a major influence on the development of several branches of economics, overtime the impact of games theory extended to other branches of the social studies. Games theory provides a formal language for the representation and analysis of interactive situations that is situations where several entities called players take actions that affect each author. The nature of the players varies depending on the context in which the gam theoretic language is invoked in evaluating manner. However game theories are concerned with the interaction behavioral of homo rational, rational man. Homo rational is the species that always act both purposefully and logically has well define goals is motivated solely by the desire approach those goals as a closely as possible and has the calculating ability required to do so⁸⁵.

Game theory is divided into two main branches. The first is cooperative game theory, which assumes that the player can communicate, from coalitions and sign binding, agreement. Cooperative game theory has been used for example, to analyze voting behaviour and other issues in political science and related fields.

Non-cooperative game theory discussed that when the players are either unable to communicate or are able to communicate sit cannot sign binding contracts. An example of the latter situation is the interaction among firm in reach agreements concerning prices or production quotas or other forms of collusive behaviour.

2.3.5.2 Heuristic Theory

There are efficient cognitive processes that ignore part of the information conscious or unconscious because using heuristics saves effort, the classical view has been that heuristic decisions imply greater errors than rational decisions. Define by logic or statistical model, due to heuristic, the decision maker would be able to make an effective decision in a novel and short time processes that ignore part of the information conscious or unconscious because using heuristics saves effort the classical view has been that heuristic decision imply greater errors than relational decisions define by logic statics model⁸⁶.

2.3.5.3 Prospect Theory

This is theory of behaviour economics judgment and decision making that was developed to facilitates decision making process and it contributes immensely to the decision making. The theory describe how individuals asses their loss and gain perspective in an asymmetric manner. In the original formulation of the theory the term prospect referred to the predictable result of a lottery. However prospect theory can also be applied to the prediction of other forms of behaviour and decision, prospect theory challenges the expected utility theory and constitutes one of the first economic theories built using experimental methods.

Prospect theory was based on a series of experimental empirical demonstrations of actual human choice behaviour, it was developed to present a descriptively accurate model of human decisions making. Nevertheless, the domain in which prospect theory explained human decision making was primarily based on choices among a series of financial bets and gambles. It was not originally intended to provide wide generalization intended to provide wide generalization beyond the domain, although it has subsequently been used to explain a wide variety of phenomena across many field. It also states that decision making depend on

choice among options that may rest on biased judgments, thus it built on earlier work conducted by past researchers that judgments heuristics and the biases that can accompany assessment of frequency and probability. Such judgments involves more external world decision involve more fundamentally internal choices across value. Thus the essence of decision making involve a trade-off between values prospect theory encompasses two distinct phases, an editing phase and an evaluation phase. The editing phase refers to the way in which individual characterize option for choice. Most frequently, these are referred to as framing effects.

Framing effects demonstrates the way in which the sustenance of a person's choice can be affected by the order, method or wording in which it is presented. The classical demonstrations took place in the so called disease paradigm to make a choice among the public policy plans for rescinding to a diseases outbreak. The actual statistical probabilities remained identical percentages of people supporting a given plan changed dramatically based on whether or not the outcome were presented in terms of the number of people who would live versus the number of people who would die. In perhaps the most dramatic demonstration of this effect, real world patients suffering from a particular disease made different choices of treatment of their illness based on whether the outcome percentage were prevented in terms of survival or mortality, one people are presented for both choices side by side they can be see that the substances of the decision remain the same even if the psychic pull to perceive them differently remains prospect theory for decision enters its second evaluation phase.

This phase involves two component elements the first element is graphically represented by the value function, this function differs from standard normative model by including a left hand side to the graph that represents how people respond to loss⁸⁷. In this way prospect theory differs from standard economic models that always encourage prudence as the better part of valor. Regardless of the normative imprimatur of such advice, this does not accurately characterize how most people make decisions.

There are important aspects to the value function that effectively distinguish it from expected utility in particular, first model examines the way in which value is related to the original reference point or to start of action or choice.

The term heuristic is derived from the Greek *heuriskein* which means to “discover” an early figure in the study of heuristics was that American social scientist that contributes immensely to research work concerning the decision making in an organization. The heuristic theory and the notion of bounded rationality offered a formidable model of rational choice, presupposed in classical economic theory and other social sciences according to which human beings are rational actors whose decisions are determined by informed assessment of the probability and utility of possible outcomes.

Heuristic methods can allow one to simplify and expedite the decision making process. Understanding how and when to use these methods can improve one's decision and increase productivity and efficiency.

Precisely a heuristic is a mental shortcut that allows one to make a decision quickly. Heuristic methods are helpful because every decision involves mentally sorting through a variety of

factors. To simplify the decision making process through heuristics one can naturally create a set of parameters that can facilitates how to make the best decision possible based on information available whether you consciously use heuristic technique you use them occasionally for analysis and investment decisions.

Heuristics are mental shortcuts that allow people to solve problems and make judgments quickly and efficiently these rule of thumb strategies shorten decision making timely and allow people to function without constantly stopping to think about their next course of action. However there are both benefit and draw back of heuristic are helpful in many situations, they can also led to cognitive biases and becoming aware of this might help better to make accurate decisions. Heuristics also play important role in both problem solving and decision making as we often turn to these mental shortcuts when we need a quick solution. People also use heuristics as a type cognitive laziness to reduce the mortal effort required to make choices and decisions.

People use heuristic because they can be fast and correct in certain context. Some theories argue that they are biased. In order to cope with the tremendous amount of information we encounter and to speed up the decision making process, our brain rely on these mental strategies to simplify things so we don't have to spend endless amount of time analyzing every details.

Here is the examples of heuristics theory when trying to decide if you should drive or ride the bus to work; for instance you might remember that there is road construction along the bus route, you realize that this bus might slow the bus and cause you too late for work, so you

leave earlier and drive to work on an alternative route. The point here is that heuristics allow one to think through possible options.

Also managers may use heuristics when filtering through application heuristics may often involve using a limited dataset, but the speed of decision can sometimes compensate for potential. The effect of heuristic based decision is the way you feel at the moment may refer to this as intuition or having a strong sense that a particular choice is either right or wrong. This method uses no objective evidence to support the choice you make it is just a feeling.

2.3.5.4 Satisficing Theory

In this theory the decision maker chooses the option that suffices the problem. Simon proposed the concept of bounded rationality in which the decision maker has limited or bounded information and resources to make a compromised choice. Satisficing the bare minimum of the problem and does not improvise or try to expand the scope of decision making. The decision makers will choose any option that satisfies the minimum without exploring all the options.

This is a decision making theory that entails searching through the available alternatives until an acceptability threshold is met. The term satisficing, a portmanteau of satisfy and suffice, this theory was used to explain the behaviour of decision makers under circumstances in which an optimal solution can not be determined⁸⁸.

The theory explained that many natural problems are characterized by computational intractability or lack of information both of which include the use of mathematical optimization procedures. The theory also explains that decision makers can satisfy either by

finding satisficing solutions for a more realistic world. Neither approach in general dominates the other and both have continued to co-exist in the world of management science.

This theory also provides a decision support system the decision making process is modeled by a multi-criteria optimization problem the decision support system is an interactive decision making process. The choice is made by solving the problem depending on the control parameters that define the aspirations of the decision makers for each criteria function, then it evaluated the obtained solution by accepting or rejecting it. In another case, the decision maker selects a new value and the problem is solved again for the new parameter⁸⁹.

However these theses also explain briefly examples of decision support system. Decision support systems are very Bradford, including theoretical approach and methods of their applications. It also involves certain steps in the decision making process. The extent of automation is an important issue. The methods of the decision making process are optimization method of the decision making process are optimization methods of decision support based on value and utility theory that use analytical forms of division situation models and expert systems in decision support related to artificial intelligence and knowledge engineering and using logical forms of models. The practice and psychology of the decision support prefer a different approach based on emphasizing the sovereign role of the decision maker, assuming that he can be assisted by automation of some stages of the decision making process but should sovereignly and fully consciously make the final choice of decision. A decision is usually called a choice between multiple possibilities the person making decision is usually referred to as the decision maker. The issue of preparing and making a decision is usually much more complex.

As the above definition of the term decision would suggest the more problem of choosing between some options. However one may not know the decisions option thus, one have to prepare or generate them on our own, the issue of preparing decision usually more time consuming than the issue of choice therefore before we start preparing options one may not know the exact merit of interest but the definition of the process include for stages problem intelligence activity and implementation and supervision activity. The method of satisficing decisions was also describe as following .

The decision maker determines aspiration level for each decisions outcome, these aspirational level are determined adaptively through a learning process also the choice of decision is not a single act of optimization but a dynamic process of solution, search in it the decision makers also learns⁹⁰.

2.3.5.5 Attribution Theory

Attribution theory rooted in social psychology, examines the cognitive processes that underline the attribution process. When individuals encounter events or behaviour, they naturally engage in casual attributions to make sense of them. These attribution can be categorized as dispositional or situational and can have a significant influence on an individual emotions, attitudes and future behaviour. The way people attribute causes to positive and negative events can greatly affect their motivation and self concept. For instance attributing success to personal effort rather than task difficulty or external sources can lead to stronger sense of self-efficacy. Conversely, consistently attributing failures to personal shortcomings can result in decreased self esteem and a sense of helplessness.

Understanding the complexities of human behaviour and attribution people make is essential for manager and stake holders as it allows them to better support social and emotional development. By recognizing of person perception that contribute to attribution processes. This can promote healthier self perceptions and foster resilience in the face of challenges.

Understanding the attribution process can inform instructional management techniques. For example educators can emphasize the importance of effort and persistence in overcoming challenges while also acknowledging the role of external factors can help in developing a more nuanced understanding of their own abilities and the factors that contribute to their successes and failures.

Scholars also sheds light on phenomenon of self serving attributions. Self serving attributions occur when individuals attribute their successes to their own personal characteristics, while attributing failures to external factors. This bias can serve to protect self esteem and maintain a positive image, even in the face of poor performance or setbacks. Understanding the nuances of attribution theory particularly the role of internal attributions and self serving biases can significant implications. By being aware of the potential for these biases to influence managers and others self perceptions and emotional responses, this theory will guide them towards more balanced and accurate attributions.

For instance it should be encourage that managers stake holders and the users of attribution theory should consider both internal and external factors when evaluating their performance.

Weiner proposed a three stage process that underlies an attitude; the person must perceive or observe the behavior, the person has to decide if the behavior was intentional, if the person

has to decide if the action was forced. Weiner confirmed the theory to the most important factors affecting the attribution of achievement such as ability, effort, task difficulty and luck. Weiner further divided causal attributes into three categories; the locus of control, stability and controllability. Locus of control is further classified as internal and external, the stability dimension examines if there are variations in this that can be linked to causes. For example we can have an unstable internal ability and effort. Controllability refers to the causes one can control e.g., skill and efficiency and those one that cannot be controlled⁹¹.

2.3.5.6 Subjected Expected Utility Theory

This theory is an approach in which decisions are taken under risk allowing for the subjective evaluations or variables under different options and the associated probabilities

decisions are chosen between different alternatives with high certainty of the outcome there is still a risk of letting go of another best outcome. A good decision is based on process not on outcome

Expected utility refers to the fact that the value of any commodity is different for one person than another due to external conditions, the decision makers should take a decision only after evaluating every factor and piece of information available to them.

However decision making is an important skill that is needed in any organization all over the world.

The decision making plays an important role, many researchers have studied this topic and have proposed their theories. The decision making theories are subjective expected utility, Heuristics theory, Attributions theory, and prospect theory. There is need to research this

topic because the more research done on what can influence and facilitate decision making, the better and the organization growth will be a step to easy control without bias the activities of the corporate.

2.3.6 Decision Making Process

Before explaining the term decision making process it has to be clarified what a decision is; a decision is a choice leading to a certain desired objective out of that the next question arise, who can make decision, an individual or multiple participation that are involved in decision making can be called decision makers. Individual decision can be made by a computer or a single person meanwhile the multiple participants decisions makers can be divided into two lateral and negotiated discussions. In the first one which is also called team discussion One of the participates has the power to decide the others although can highly influence how the decision will look like. In negotiated decision the participant share the authority of making decision, this type distinguishes between group decisions where the participants have nearly equal authorities and discuss their different viewpoint in various meeting and organization discussion. In the later one, the authority of making a decision is unequally adhered according to the organizations hierarchy and the coordination between the decision participants is highly structured.

Based on accounting information function which is to provide information in order to substantial decision and considering the two components of accounting information we can assert that accounting has an internal information function for the management and external one for the third parties. Internal decision making and analysis of cause and effective relationship can require very specific modules and accounting information. Mangers direct

the future and constantly report it to the present and management accounting provide information about the future and about what is going to happen, the need for information is caused by the decision that must be taken.

Management Accounting providing information to managers is being considered an information tool necessary to the management for taking decision to maximize profitability. It is folded up the three key functions of management which is as follows:- Planning organizing and controlling⁹².

Planning: Before any organization or company commence its activities, it has to plan for what to do. It involves the planning as to what product to be produced or if the company has been of evasion, whether the price of its product should be decreased all these are made by the company. Any form of planning is called budgeting i.e. planning the overall activities of the company for certain period of time usually a year.

Before a decision is made, there must have existed a problem, the ways of solving these problems must be identified with their advantage and disadvantage to allow for choosing the way of solving the problem. Management accounting is useful especially in the analysis of the making decision making process.

Co-ordination: For an organization to achieve its set objectives, all the entire department in the organization must work hand in hand. For instance, store must contact the accounts section first to know if there is money to enable them order the required stock. Also, the sales department should inform the production unit on the stage of a new product, whether public

reaction to such a product is negative or positive, this will enable the product unit to know the necessary action to be taken so as to achieve the set target.

Control: This involves the arrangement whereby the manager oversees the activities of the employees of the organization. The manager should make sure that all the employees perform the work assigned to them properly and if there is any deviation from the set objectives, he should call the attention of the defaulting staff to adjust. Employee are informed about financial management policies and plans through accounting reports. Financial Accounting Information and motivates the worker by inducing them and act in a way that is consistent with the organization So as to achieve as to achieve overall goals and objectives.

2.3.7 Approaches

2.3.7.1 Tradition Approach

As a theory or accounting techniques and principles useful to financial accounting information users in making decision. This approach can be developed in a pragmatic or authoritarian way. In essence this is the approach the accounting profession has used in the past to develop an accounting theory³¹.

2.3.7.2 Non Theoretical Approach

Non theoretical is concern with developing a theory or accounting techniques and principle that will be useful to users particularly in decision making.

2.3.7.3 New Approaches

This approach attempt to use both conceptual and empirical reasoning to formulated and verify an accounting framework. The new approaches are : Event, Behavioral, Human Information Processing, Predictive and Positive.

2.3.7.4 Predictive Approach

This approach attempts to formulate an accounting theory by focusing on the predictive nature ability of a particular method of reporting an event that would be of use to the user. Such approaches are most prevalent in what could be regarded as management accounting

2.3.7.5 Positive Approach

The approach is based on the proposition that managers, shareholders and regulators are rational and they attempt to maximize their utility. The theory became known as the Rochester school of accounting. The positive approach is completely opposite to the normative approach and attempts to explain why accounting procedures and policies are as they are, whereas the normative approach attempts to prescribe the accounting procedures and polices to be implemented⁹³.

2.3.7.6 Behavioral Approach

This approach attempts to take into account human behavior as it relates to decision making.

Factors required in decision making are brain, mental capability and integrity. The research also stated the following:

One can conclude that Accountants seem to have waded through their relationship to the intricate psychological network of human activity with a heavy handed crudity that is beyond belief. Some degree of crudity may be excused in a new discipline, but Financial Accounting Information lure to recognize that much of what passes as accounting theory is important will definitely lead to trouble at the end of the day. Given financial accounting information to users to enable them to make decisions, a lack of consideration of how that information influenced their behavior is indeed unforgivable.

2.3.7.7 Human information processing approach

This is similar to a behavioral approach in that it focuses on how users interpret and use the information provided. This approach focused on the following approaches: Predictive and Positive

In recent time, normative prescriptive and descriptive decision are focused on this study. Normative and Prescriptive discuss on decision that provides the agency with the best possible result. Descriptive decision making concentrates on what decision individual select and what they have selected in the past. What must be appreciated in the decision making theory is the ability to indicate the best decision from varied list of possible alteration. Also it facilitates gaining insight to how individual choose product and services to impact organization and provides people with attractive options precisely it to also help to understand the consumer behavior in an organization.

Some books state accounting as means of reducing information and Share quantifying the consequences of pass action. This becomes necessary when we tum to look at environmental information where the degrees of uncertainty increase. There is a wide range of accounting systems each looking at different information measuring and reducing this information in different ways. Accounting is part of an institutional structure that has to know which action have worked well in the past and the reasons why it may not work in the future

2.3.8 Models

2.3.8.1 Rational Model

They are established to handle multiple issues simultaneously. However very few papers have paid adequate attention to the decision maker's rationality i.e the optimism level of the decision makers. Therefore in this paper, a series of rational decision making model are to be discuss on dealing with the multi-attributes assessment problems which includes incomplete preferences information also the evaluating data are also expressed under interval-value intuitionistic fuzzy settings, compared with the traditional distance based method.

Correlation coefficient between each alternative and the idea solution with optimism is applied. Furthermore, confidence level and cognitive dissonance of the decision makers are included in the overall decision making process in other to constitute a more comprehensive evaluation of the flexible production line. Besides, several insight are revealed concerning the level of optimism and the weight of production line attributes. Finally a three empirical studies is conducted to validate the proposed model, compared with traditional distance-

based model and the result shows that our approach is not valid but also out performs the traditional methods⁹⁴.

Decision making models can help to create successful solution despite its limitations. It is also useful to understand the details of various decision making models when trying to choose the best one for the group in organization⁹⁵.

The question now is that why this is model important for decision makers. Decision making process is a structural used to guide teams to make decisions. Each decision maker model use different method that can help to analyze and overcome a particular challenge because decision makers' model takes different-approaches, very useful for people with different learning styles or time constraint.

Decision making models to simply decision making processes and collaborate effectively, models provide useful step for the team to follow to crate solution and describes their processes clearly to other team members. When everyone on a team understands decision making models being used they can contribute to the thinking process and together they can reach a balance successful solution.

Rational decision making models focuses on using logical steps to come to the solution possible this often involves analyzing multiple solution at once to choose the best one that can offers the best quality outcome.

The team can also use rational decision model when they have time for meeting and research which allows them to create a list of potential solutions and discussed the pros and cons of each of them.

Here are the steps you may follow when using a rational decision making model define a goal or obstacles you want to achieve or overcome. Defining this will help to understand exactly which outcome your solution should produce. Determine the relevant information for this step.

2.3.8.2 Administrative Model

The most important theory about this model is that where there is no administrative model properly put in place, the environment is managed chaotically and the bulk of work is usually made up reactive troubleshooting.

The administrative model of decision making process is vital, especially in an organizational administrative or business context. Many factors such as Training, Technology, Competition and Employee motivation influence decision makers. Indeed the decision making process is complex because it demands extensive judgment.

Decision maker must consider those factors when making organizational Administrative or business decision .One of the approval they use is the administrative model of decision making. According to this model decision making is characterized by ambiguity and in certainty. The administrative model of decision making is founded on the belief that decision making is founded on the belief that decision maker are constrained by limited motivation are constrained by limited motivation and lack of time. As a result they end setting on less ideal solution. Also it is sometimes referred to as rationality model; the approach assumes that people are not 100% rational. This limited on rationality increases the possibility of making bad decision. Generally people are prone to making decision based emotion.

Furthermore decision makers may fail to consider or calculate all factors accurately coupled with the fact that organization operate under extreme pressure and are subject to numerous variables, the decision making process become very complex.

The question now is that how do decision makers deal with their complexities organization try to settle for the best solution as quickly as possible due to time motivation and resources constraints. This approach is called satisficing. In this case decision maker avoid exhaust analyzing all possibilities, instead they settle on a few solution and attempt to important the best option. In most cases, the implemented solutions will be less than perfect.

Understanding decision makers, an individual who decides things e.g. Entrepreneur, General Manager, CEO and Directors are all top decision makers in corporate and institution but precisely these model classified decision maker into two; the administrative man and Economic man but the latter is more idealized. The concept assumes that people are rational human being whose decision are based on mathematical analysis while the economic man makes rational decision because he consider all citizen and alternative, the economic man also under the mandate to behave normally, not to appear rational. He need to needs to analyze all possible alternative and implement solutions that allows him to achieve specific, pre determine.

2.3.8.3 Political Model

The political model embraces those theories that characterize decision making as a bargaining process. This model focuses on the distribution of power and influence in organization and on the bargaining and negotiation between interest group.

Conflict is regarded as endemic within organizations and in arrangement is directed towards the regulation of political behavior.

Political models assume that in organization, policy and decision emerge through process of negotiation and bargaining. Interest group develop and form alliances in pursuit of particular policy objectives. Conflict is reward as a nature phenomenon and power accrues to dominate coalitions rather than being the presence of formal leader. The political model also focus on group activity rather than the institution as a whole

Political model are concerned with interest and interest group.

Individual are thought to have a variety of interest , this is about pre dispositions emblazing goals, values desires, expectations and other orientations and inclinations that lead a person to act in ore way rather than another. Political model stress the prevalence of conflict in organization. Interest group pursue their independent objectives which may contrast sharply with the aims of other sub units within the institution and lead to conflict between their conflict Wiley always bepresent in organization and its source may rest to some perceived facial divergence of interest group have their own purpose and act towards their achievement⁹².

2.4 Empirical Review

In this section the researcher will reviewed works of other researchers on financial accounting information and decision making in order to have a better understanding of the topic in question and to clearly identify the gap that this research work intend to fill as contribution to knowledge and to bring to rest a specific research.

Research works from Ondo, Ogun Oyo Lagos,,Ekiti and Osun State, Nigeria, study evaluate the financial accounting information and decision making in those state. The objective of the study is to ascertain if there is relationship between the two variable and to do comparism of some of the things observed in each states concerning their operation. Also the study is to examine and evaluate some of the problem that might likely happen if FAI is not used in decision making in construction firms in those states. The research conducted in the areas investigate the effect of decision making and how the financial accounting information has been rated when making decision. The study also went further to adopt a survey research method with research design to study; the result confirmed that without financial accounting information there would be no effective decision. The period of study cover two year (2021-2022) and 5 construction firms in each of the two states was used for the study.

However data collected was analyzed with descriptive and inferential statistics such as mean scores, Pearson product moment correlation as well as ordinary least square regression Technique. The result show the significant factor that FAI is relevant in decision making in construction firms selected. It should be noted that all the indicators of both variables were significant predictors of the need for FAI. It was also recommended that those handling preparation of FAI should be professionals so that information provided would be accurate and reliable⁹³.

For the purpose of this study, Annual reports for two years was collected from two in such of the six states in southwest, i.e. (2021-2022) and according to the findings many of them gives priority to the need to preparation only two of the companies from Oyo state cannot provide enough information about their annual report because those companies were not working in

full capacity, they were observed as if the owners of those companies are no more because many of this companies are privately owned.

Another findings from the researcher was that financial accounting information and decision making could be used to control and put a step or reduce misappropriation in an organization and for internal and external users but FAI could not be considered as decision while decision could not be considered as an accounting information since FAI is conscious of the past while decision making focuses on the future and how improvement would be achieved.

According to findings the attitude of some of this construction firm towards methods in preparation of financial accounting information need to improve as many of the firms visited were still using manual system. These firms need to be encouraged on the need to use computer in their headquarters and their construction sites. In the light of their staff, the company would need to engage their staff on training so as to make information for decision making timely and accurate⁹⁴.

In the light of the above, another Author proposed that government should try to assist the construction firms by awarding contract at all levels of governance. The idea of direct labor involved by local state and federal government is like digging the grave of the construction firms not in Nigeria alone but all over the world. Many of the construction firms do not have enough liquidity to engage in self-financing projects; only very few of them can do that now under this erratic economy in the world..

Another study focused on the concept relating to FAI that information for the decision making must be complete. Assumption from the accrual concept which says that all money

received and yet to received including the expenditure must be recognized when preparing financial statement and information provided without amount for receivables might not give an accurate and complete information which might affect the decision making adversely .

Another study focused on the decision theory that the modalities to make the best choice out of series of alternative is to make use of decision theory, the researcher observed that there are series of researcher issues especially when there are so many options available and to make choice might be difficult under this situation, decision theory will facilitate making the best choice from the list of alternatives and this view will help immensely at the end of the day when there is need to take decision⁹⁵.

A study was conducted by the researcher using chi-square method to test the hypothesis of the study the result was analyzed and the researcher can concluded with the findings that financial accounting information is relevant in decision making. Another empirical review that for the financial accounting information to be relevant for decision making it has to be timely as obsolete information might be useless for effective decision.

Another study was conducted by the researcher using hypothesis test whether there is relationship between the FAI and Decision Making and from the findings the researcher can conclude that there is a relationship because the FAI provide useful information about the past that will help the users of information provided to take decision and that the decision is conscious of the future cannot be easily determined.

Another empirical review was that relationship exists since the two variables are not doing the same thing but both focused on how to achieve organization objectives⁹⁶.

Another finding was that relationship exist between the financial accounting information and decision making because decision makers cannot do without the use of financial statement. It was stress further that others investors, creditors and publics to always depend on financial statement and not the decision maker alone. So one can conclude that a perfect relationship exist between the financial accounting information and the decision making and this is the reason why one have to drop the null hypothesis

Financial Accounting Information plays a significant role within the concept of generating and communicating wealth of the companies. Financial statements still remain the most important source of externally feasible information on companies. Regardless of their extensive use and enduring advance, there is some concern that accounting theory and practice have not kept pace with rapid economic changes and high technology changes. This situation affects the relevance of accounting information.

Many researchers have been conducted on Financial Accounting Information as a tool for effective decision making in the recent past⁹⁷. In those researches there has been series of recommendation towards further studies alone to limitations or gaps during the research. Some of the limitation is the scope of study due to resources and time which is common to the previous works as observed.

With the need to review the previous Empirical works, some of the reviews of the empirical works would be discussed below:

This topic is to summarize the multitude of these empirical studies and to test the ethical decision making in organization. Also to suggest additional research necessary for further

theory in the area of study. The concept of ethics simply deals with how decisions affect other people and organization. Ethics and morality are aspects of axiology concerned with what is good, what is beautiful and what is desired or preferred human conduct. Ethics is concerned with contemporary norms or standard of conduct that govern the relationship among human beings and their institution⁹⁸. It was explained that ethics as a set of moral principles or values used by organization to steer the conduct of the organization itself and its construction workers in all their business activities both internal and in relation to the outside world. Behaving in an ethical manner is seen as part of the social responsibility of organization, which itself depends on philosophy that organizations ought to impact on a society in ways that go beyond the usual profit maximization objective. The performance of an organization is sometimes based on the ethical work climate. Ethical work climate reflects the collective moral reasoning of organization members. Thus, strong ethical climate provides construction workers a foundation for thinking about moral issues.

Furthermore, the review of Empirical studies has something to do with individual in an organization and moral intensity in ethical decision making. This review provide insight for understanding of organizational ethical decisions constructs, where ethical decision making theory stands or provides insights for future empirical work or organizational ethical decisions.

Empirical Study is concerned with a way of gaining experience from different research work or observation from the past research of different people. Accounting information is any data which results from the accounting system of an organization and hence influenced decision-making⁹⁹.

Accounting information could be obtained from the organization books of account, directors reports, register of charges and articles of association, financial statements etc. Accounting information is of use to different categories of users and the accounting is expected to prepare information in the way that statistics the various users. However, the usefulness of accounting information is determined jointly by the contents and accountants skills in presenting it, thus for accounting information to be useful for decision making. It has to have certain qualities which include reliance, confidentiality and variability, free from bias, clarity and conciseness. In corporate organization, accounting information helps management in making decision on the objective of the organization. It also assists management in setting strategic targets. Furthermore it should be noted that the efficient and the effective use of organization resources is achieved through the use of accounting information.

Financial Accounting Information is believed to have a positive impact on decision making in any organization. Numerous studies have been concluded to determine the extent to which Financial Accounting Information facilitates the decision making. However, there are different opinion on the matter, but those who believed that Financial Accounting Information is not necessary in decision making will definitely ends with Financial Accounting Information lure. An empirical investigation on the Financial Accounting Information was conducted by some scholars. The study was designed to test the hypothesis formulated by the researcher and how important is the Financial Accounting Information in decision making. The result of the study reveal that it is not possible to blindly state that Financial Accounting Information is not relevant in decision making unless the organization don't want to achieve its objective¹⁰⁰.

Studies in Southwest

Financial Accounting Information as provided by the accountant for internal and external users are prepared according to the Accounting Standards so as to make reliable. The implication of the study above is that decision making make use of statement of financial position, comprehensive income statement and a source document to arrive at a dependable conclusion.

Furthermore, analysis of the effect of Financial Accounting Information on decision making in Southwest found that it has a positive and significant impact on organization development. Although it did not bring decision but it helps in making decision that facilitates better performance of the organization. Other researchers have claimed that Financial Accounting Information led to better decision for satisfaction improved efficiency and how to reduce the running cost and faster responses to issues after the decision making precisely this bring improvement that help to develop, diversity and keep the organization to continue in business for a longer time.

Another study assessed on Financial Accounting Information toward the decision making revived that the future and Financial Accounting Information is subject to further and better improvement with the use of technological innovations that will help to get the information in time and accurate but this would need to be supported by the regulation framework so as to eliminate barriers and information errors that may affect the discussion making negatively.

A critical analysis of technological innovation toward Financial Accounting Information cannot be complete without looking at the prospect and challenges in using both the primary and secondary data for the study.

The primary data, survey design was adopted while secondary data was generated for the study through reports in Journal from ICAN, ANAN and International Business Journals

the findings of this study reveal that new ideas methods a changes are not unlikely toward preparation of Financial Accounting Information in the future. It also indicates that windows dressing and cybercrime cannot be ruled out from the information providers. However, care must be taken when blending information is an error free.

An empirical investigation on Financial Accounting Information and decision making was conducted by some scholars. The study was designed to test the effect of Financial Accounting Information towards the decision making. The result of the study reveals that it is not possible to disregarded information in decision making since the information is on the past events while the decision making is for the future. Also information provided will also help us to know areas of weakness and areas where improvement is required¹⁰¹ . The implication of the above study is that there will be improvement in Financial Accounting Information preparation and adoption of Financial Accounting Information in decision making .

A study also examine decision making as a task which is burdensome and in most cases indecision is as disastrous as making an indispensable. Decision makers is constantly confronted with problem of alternative when the resources limited.

Under this situation decision making theory will help to choose the best option among the alternatives. It is therefore patient that good Financial Accounting Information be me more available to proper and accurate decision making¹⁰².

Financial Accounting Information recent empirical studies explored that Financial Accounting Information in published financial statement lost their relevance over the Financial statement was considered as the least effective means of communicating information. Further researcher expressed that this finding backed by the theory of life cycle stage, high technology, rapidly changing and business environment.

2.4.1 Academic Research

The purpose of this review is to understand the use of accounting information and the role it option from people. Financial Accounting Information become important in a corporate world and plays an important role in creating new knowledge with its theoretical frame work. Theories in accounting research are used to make sense out of critical thinking to explain the empirical data that has been collected. Classical inductive theories, income theories, decision making theories, and agency theories, these theory try to describe the roles of financial Accounting Information¹⁰³.

Classical inductive theories are tendto find the principles on which current sig processes are based. This approach as a needs a pure definition of recounting to work with.

This limits the range accounting systems that are considered and gives no basis for normative suggestions for future accounting systems

Income theories try to identify the real profits of an organization⁷². The problems sure are that you need to define where income you are measuring, and that limiting income measurements to Things that can be given a price devalue goods and services that are difficult or impossible to determine the price.

2.4.1.1 Source Document

These are the original document from which Accounting Records are kept. The importance of source document is that it captures the details of transaction are the original before subsequent recording of the transaction that will be based on detail of the source document. A typical source document must have the following information.

Date of the transaction

Brief detail about transaction

Amount of the transaction in Naira

Signature of authorizing or approving officer

The examples of source document are as follows:

Invoice, Receipts, Debit note, Credit note.

2.4.1.2 Subsidiary Books of Account

This is used for the following: Opening of entries, Closing entries, Transaction of special nature and The use of journal to correct error if any

Subsidiary Books: **Sales dairy book or sales journal, Purchase dairy book or purchase journal, Return inward and Return outward**

2.4.1.3 The Ledgers

This is the Principle of book of Account to complete double entry principle. There are various type of ledgers such as Debtor ledger, Creditor Ledger and General Ledger

Ledger is a principal book of accounts of the enterprise. It is rightly called as the 'King of Books'. Ledger is a set of accounts. Ledger contains the various personal, real and nominal accounts in which all business transactions of the entity are recorded. The main function of the ledger is to classify and summaries all the items appearing in Journal and other books of original entry under appropriate head/set of accounts so that at the end of the accounting period, each account contains the complete information of all transaction relating to it.

A ledger therefore is a collection of accounts and may be defined as a summary statement of all the transactions relating to a person, asset, expense or income which have taken place during a given period of time and shows their net effect¹⁰⁴.

2.4.1.3.1 Utility of a Ledger

The main utilities of a ledger are summarized as under :

It provides complete information about all accounts in one book.

It enables the ascertainment of the main items of revenues and expenses

It enables the ascertainment of the value of assets and liabilities.

It facilitates the preparation of Final Accounts.

2.4.1.3.2 Steps for Balancing Ledger Account

Ledger accounts may be balanced as and when it is required. The balances of various accounts are ascertained as under:

Make the total of both sides of an account in a worksheet. Write down the higher amount on the side obtained e.g. if the total of the debit side 5,000 and the credit side is 4,500, the amount ₦6,000 is first inserted in the total on the debit side.

Also write down the same total on the other side of the account i.e. the total of ₦5,000 is written against the total on the credit side also.

Find out the difference between the two sides of the account. In this example debit side is more than credit side; therefore, there is a debit balance of ₦500.00

This debit balance of ₦500.00 is to be shown as "By Balance c/d" in the account on the credit side. Finally, the amount of the closing balance should be brought down as the opening balance at the beginning of the next day. Remember that if the opening balance is not written on the next day, the balancing is incomplete.

2.4.1.4 Journal

Journal is a daily record of all business transactions. In the journal all transactions relating to persons, expenses, assets, liabilities and incomes are recorded. Journal does not give a complete picture of the fundamental elements of book keeping i.e. properties, liabilities, proprietorship accounts and expenses and incomes at a glance and at one place. Business

transactions being recurring in nature, a number of entries are made for a particular type of transactions such as sales, purchases, receipts and payments of cash, expenses etc., throughout the accounting year. The entries are therefore scattered over in the Journal. In fact, the whole Journal will have to be gone through to find out the combined effect of various transactions on a particular account¹⁰⁵. In case, at any time, a businessman wants to now:

How much he has to pay to the suppliers/creditors of goods?

How much he has to receive from the customers?

What is the total amount of purchases and sales made during a particular period?

How much cash has been spent/incurred on various items of expenses such as salaries, rent, carriage, stationery etc.?

What is the amount of profit or loss made during a particular period?

What is the financial position of the unit on a particular date?

The above mentioned information cannot be easily gathered from the journal itself because the details of such information is scattered all over the journal. It is thus of dire need to get a summarized/grouped record of all the transactions relating to a particular person, or a thing or an expenditure to take managerial decisions. The mechanics of collecting, assembling and summarizing all transactions of similar nature at one place can better be served by a book known as 'ledger' i.e. a classified head of accounts.

2.4.1.4.1 Benefits of Journals

The benefits of using special journals are as under:

- a) Facilitates: The accounting work can be divided among many persons.

- b) Permits the installation of internal check system: The accounting work can be divided in such a manner that another person automatically checks the work of one person. With the use of internal check, the possibility of occurrence of error/fraud may be avoided.
- c) Permits the use of specialized skill: The accounting work requiring specialized skill may be assigned to a person possessing the required skills. With the use of a specialized skill, prompt, economical and more accurate supply of accounting information may be obtained.
- d) Time and labor saving in journalizing and posting: For instance, when a Sales Book is kept, the name of the sales account will not be required to be written down in the Journal as many times as the sales transactions occur and at the same time, sales account will not be required to be posted again and again since, only a periodic total of sales book is posted to the sales account.

2.4.1.5 Relationship between Journal and Ledger

1. Journal and Ledger are the most useful books kept by a business entity. The journal is a book of original entry whereas the ledger is the main book of account.
2. In the journal business transactions are recorded as and when they occur i.e. date-wise. However posting from the journal is done periodically, may be weekly, fortnightly as per the convenience of the business.
3. The journal does not disclose the complete position of an account. On the other hand, the ledger indicates the position of each account debit wise or credit wise, as the case may be. In this way, the net position of each account is known immediately.

4. The record of transactions in the journal is in the form of journal entries whereas the record in the ledger is in the form of an account.

2.4.1.6 The Trial Balance

This is the list of balance extracted from the ledgers. If the double entry principle has been completed and correctly posted, it is obvious that the total of credit side must be in the debit side ¹⁰⁶.

Thus this is why the Trial balance is seen as an account that test the arithmetic accuracy of the ledgers.

A Trial Balance is a two-column schedule listing the titles and balances of all the accounts in the order in which they appear in the ledger. The debit balances are listed in the left-hand column and the credit balances in the right-hand column. In the case of the General Ledger, the totals of the two columns should agree.

We, now, know the fundamental principle of double entry system of accounting where for every debit, there must be a corresponding credit. Therefore, for every debit or a series of debits given to one or several accounts, there is a corresponding credit or a series of credits of an equal amount given to some other account or accounts and vice-versa. Hence, according to this principle, the sum total of debit amounts must equal the credit amounts of the ledger at any date. If the various accounts in the ledger are balanced, then the total of all debit balances must be equal to the total of all credit balances. If the same is not true then the books of accounts are arithmetically inaccurate¹⁰⁷.

It is, therefore, at the end of the financial year or at any other time, the balances of all the ledger accounts are extracted and are recorded in a statement known as Trial Balance and finally totaled up to see whether the total of debit balances is equal to the total of credit balances. A Trial Balance may thus be defined as a statement of debit and credit totals or balances extracted from the various accounts in the ledger books with a view to test the arithmetical accuracy of the books. The agreement of the Trial Balance reveals that both the aspects of each transaction have been recorded and that the books are arithmetically accurate. If both the sides of Trial Balance do not agree to each other, it shows that there are some errors, which must be detected and rectified if the correct final accounts are to be prepared¹⁰⁹.

2.4.1.7 Comprehensive Income Statement

Trading Account is prepared so as to determine the Gross profit while the comprehensive income statement is to approve the comprehensive income statement in the year.

Trading Account results in the gross profit/loss made by a businessman on purchasing and selling of goods. It does not take into consideration the other operating expenses incurred by him during the course of running the business. Besides, a businessman may have other sources of income. In order to ascertain the true profit or loss which the business has made during a particular period, it is necessary that all such expenses and incomes should be considered. Comprehensive Income Statement considers all such expenses and incomes and gives the net profit made or net loss suffered by a business during a particular period. All the indirect revenue expenses and losses are shown on the debit side of the Comprehensive Income Statement, whereas all indirect revenue incomes are shown on the credit side of the Comprehensive Income Statement.

Comprehensive Income Statement measures net income by matching revenues and expenses according to the accounting principles. Net income is the difference between total revenues and total expenses. In this connection, we must remember that all the expenses, for the period are to be debited to this account whether paid or not. If it is paid in advance or outstanding, proper adjustments are to be made. Likewise, all revenues whether received or not are to be credited. Revenue if received in advance or accrued but not received, proper adjustment is required.

Reference to the statement of Accounting standard, number two which highlight information in the Trading, Comprehensive Income Statement forms a major part of the financial statement of an organization that is relevant for decision making¹¹⁰.

2.4.1.7.1 Important Points in Comprehensive Income Statement

1. **Salaries.** These include salaries paid to office, god owns and warehouse staff and should be shown in Comprehensive income statement being indirect expenses. Salaries to partners must be debited separately. If salaries are paid after deduction of Income tax or Provident Fund then these should be added back to the salaries in order to have gross figure of salaries to be shown in Comprehensive income statement . If salaries are paid in kind by providing certain facilities to the employees such as house free of rent, meals or cloth or washing facility free of charge, then the value of such facilities should be regarded as salaries.
2. **Rent, Rates and Taxes.** These include offices and warehouse rent, municipal rates and taxes. Factory rent, rates and taxes should be debited to Trading Account and others to Comprehensive income statement . If any rent is received on subletting of

- the building, the same should be shown separately on the credit side of the Comprehensive income statement . If rent is paid after deduction of some taxes then these should be added back to know the correct amount of rent payable.
3. **Interest.** Interest paid on loans, overdrafts and bills overdue is an expense and is taken to the debit side of Comprehensive income statement . Interest received on loans advanced by the firm, on deposits and on securities is a gain and is shown on the credit side of Comprehensive income statement . Interest on capital should be shown separately on the debit side and interest on drawing on the credit side of Comprehensive income statement .
 4. **Commission.** Commission received for doing the work of other firms may be credited to Comprehensive income statement as a gain and commission payable to the agents employed to sell the firm's goods is debited to Comprehensive income statement as an expense.
 5. **Repairs.** Repairs and small renewals or replacements relating to the plant and machinery, fixtures, fittings and utensils etc. are generally included under this heading and such expenditure, being as expense, is debited to Comprehensive income statement .
 6. **Depreciation.** It is an expense due to wear and tear, lapse of time and exhaustion of assets used in business. This is loss sustained by fixed assets and should be charged to Comprehensive income statement .
 7. **Advertising.** All sums spent on advertising should be charged to Comprehensive income statement . If a large amount is paid under a contract covering two or three

years, proportionate part should be charged to Comprehensive income statement and the balance appears as an asset in the Balance

2.4.2 Statement of Financial Position

This is a statement the present asset owned and used in the organization to generate income while the in abilities is the amount owned by the organization. The amount represents claims for the outsiders over the assets of the organization. The statement of financial position is an important statement that shows the worth of the organization that is useful for users and Financial Accounting Information.

It is a statement that shows the balance of the assets and liability or owner equality account at a particular point in time. It is a mere statement which enumerate the source and amount of money and credit which have been available to a firm.

The lending of such a report indicate the name of the company the title on right while the liabilities and owner equity are on the left side of the statement the statement of financial position record the firms; liability and assets at the end of trading period and also forms a starting point for the next trading period¹⁰⁶. The various classifications of a company's assets investment, issued capital, reserves, current asserts, loan etc. owner's equity in a business come firm two (2) sources i.e. capital contribution which is the amount of the owner and also the retained earning which is the amount accumulated kept in the business.

2.4.3 The Principles and Assumption Underlying Financial Accounting

There are principles and generally ideas that are intended to guide Accountant in recognizing business activities represent common understanding about the Accounting entity and the environment which principles will have to be applied.

Principles are built on some fundamental concept which are often disclosed because they are generally accepted as the rules for the preparation and presentation of financial statement that provides information for decision making.

2.4.4 Decision Making

Decision making is one of the most significant features that encompass ideally the whole organization and takes into account its moving forward and/or Financial Accounting Information in actualization of pre-determined goals and objectives.

The aim of this section is to conduct a comprehensive literature review concerning the influence of contextual factor on strategy decision processes. Also, this literature review provides existing literature on decision making. The effect of factors on the decision process differs across the required studies. This creates several opportunities for further research on the topic. This review will also reveals paucity of cross-cultural studies, longitudinal studies and test of relationship interaction and curvilinear relationship.

We also have support abroad for theoretical showing account, the combination effect of institutional design features in shaping decision making performance having positive effect on decision making performance when prolong is greater and delegations also has positive effect when training needs analysis is higher. We also find that pooling has an independent positive effect on the decision making performance. As a matter of fact, avoiding mistakes

international organizations vary significantly in their decision making performance. In a privileging decision making, he focused on intermediate step between process and outcome is ability to adopt policy decision and policy output in most instances proceeded outcomes while also being indicative of process without efficient processes.

However, what factors makes efficient decision making machineries or alternatively generates gridlock? Gaining a better understanding of this issue it is important for both researcher and the policy-making. Decision making performances matters because it sheds light on performance the more.

Previous reviews of the role of context in making strategic decision creates an information overview of the contextual factor that inspire on strategic decision processes The strength of these review lies in creating awareness of the integrative approach to context as an explanation for strategic decision processes and the way in which they factor into the relationship between the process and outcomes of strategic decision.

Furthermore, they help manager to determine which contextual factor should be incorporated in their thinking for certain decision and subsequent actions. However, these reviews do not contain in depth discussion of the dimension of strategic decision process.

However, to overcome the limitations of the above literature review are carried out an in-depth review of the role of context in influencing strategic decision processes. The present review build on the extends previous work by taking a closer work at the literature on the strategic reason process to identify more fine grained research opportunities. By keeping the overview function of previous reviews, adding recent studies and exploring the extent to

which context allow us to develop further insight into the reason for mixed findings in this research area¹⁰⁸. He aimed to be more specific than previous review in drawing up a future research agenda. We hope that important area for further studies/research and appropriate approach have been identified. For the present review, our research question is how to examine the relevance, relationship that exist between the decision making.

Hence it is hard to trace their progress until are under listed their broader context. This context is multifaceted in the sense that the process of making strategic decision is subject to several factors. This it is very important to study in-depth the role of the broader context. It is characteristic do not necessarily impinge in isolation open the strategic decision processes and this report reviews theoretical and empirical studies of decision making. The purpose of the review was to identify results that would be applicable to the problem of training decision makers¹⁰⁹.

Current business enterprises find themselves in the middle of global uncertainties, stiff competition locally and internationally and unprecedented variations in the world. For these reason, managers are expected to make informed decisions if the organization is to move forward as the success. However, the quality of decisions taken by managers highly depend on the substance and accurateness of information given by systems existing around them. Since decision making has an enduring effect on businesses, it is important to analyze accounting information for producing a better strategic assessment. Normally top management takes this kind of long-term planned decisions and allocates company's core assets to achieve that goal. Decision making results in strategic decisions which are amongst the most distinctive results in a business and they use these for defining goals and direction

for long-term development. Top management is tasked in these kinds of decisions. A strategic decision that is wrong has a negative effect on the company. This ultimately puts a lot of accountability on the strategic decision maker. The decision making process requires information. Accounting provides important information for decision making. Accounting can be divided into financial accounting and management accounting¹¹⁰. Financial accounting relates on reporting a firm's financial information to external users and management accounting relates on measuring, analyzing and reporting for internal using by management. Management accounting provides financial and non-financial information to make managerial decisions.

2.4.4.1 Quality of Decision Making

When making decisions, there is need of evaluating financial statements which calls for increased usage of information generated from financial records. In this regard, analysis of the financial records can be described as a method which financial data is made usable for quality measurement by converting financial statements to valuable information using different methods that are critical in management. Because of this, it is important to understand current level of quality of a business to help in future management because most managers strive to ensure progress and survival of a company considering the market surrounding it. Scrutiny of financial statement should always come before beginning the management process which means that Planning process should come after. Planning is the critical role in any organization if at all it has an objective of good management. For an organization to have excellent plans in its finances, it must put into considerations the SWOT analysis. Good company features must be identified with reliable financial analysis and have

it as the major task. Advantages derived from the analysis could be used to improve planning processes of the organization. A company is also able to recognize its weaknesses and so it can be able to undertake corrective measures. Due to this, management of an organization becomes the key users of financial data. When performing financial analysis, it becomes possible to make use of entire measures and various instruments available first of all, it considers the vertical analysis procedures with structural and horizontal analysis of financial data with organizations. There is an attempt to study trend of variations of organizations financial positions using horizontal analysis¹¹¹.

Competence of an organization is approximated by observing variations. Structural financial information gives an understanding of the structure of financial position which forms vertical examination base. Financial structure is very critical when determining excellence of a business.

2.2.4.3 Accounting Information and Decision Making in an Organization

Practical decision is the risk and uncertainty involved. This means that it is important that the information supplied by the accountant shows the effect of risk and uncertainty and the range of likely outcomes. Information for decision making must therefore be oriented towards the future which encompasses uncertainties. However this call for invariably involves forecasting, estimating and extrapolation. Information has no value in itself; its value derives from improvements in the decision which are taken upon the information.

Accounting provides financial reports that are needed by outside person who invest in business units, lend money to them or extends credit to them. Accounting furnishes reports

which are to be used by government agencies which regulate business. It helps tax authorities such as the internal revenue service determine the correct amount of tax collected if the unit accounted for it is not for profit organization such as school, hospital, church or other charitable groups, its members and those who contribute to it need to know for what purposes and in what proportions their money is being used¹¹².

Accounting is often said to be the language of business in the business world to describe the transaction entered into by all kinds of organizations. Accounting terms and ideas are therefore used by people associated with business whether they are manager, owners, investors, bankers, lawyers or accountants. Accounting extends far beyond the actual making of records. Accounting is concerned with more than the record making phase. In particular, accountant should be interested in the relationship between the financial results and the events which have created them. He should be studying the various alternatives open to the firm, and be using his accountancy experience in order to aid the management to select the best plan of action for the firm. Accounting has been defined broadly as “the process of identifying, measuring and communicating economic information to permit informed judgments and decision by users of information”. On the other hand it can also be defined as “a system of principles and techniques which permits a series of inter-related activities that form a progression of steps, beginning with observing, then collecting, recording, analyzing and finally communicating information to its users”. Thus the accountant’s task is to inform raw data into information¹¹³.

Accounting information is therefore a data organized for the special purpose of decision making. Just as physical measurement are provided by the metric system and are stated in

financial terms. These economic measurements are put together in reports that carry the information essentials for planning activities, for control of operation and for decision making by managers of the business units, Information is the dictionary of business and management as “that which is assigned to data by means of convention used in their representation. Information consists of data that have been retrieved, processed or otherwise used for informative or inference purpose argument or as a basic for forecasting and decision making. The encyclopedia of professional management states that information must be distinguished from data and this distinction is important. Data are merely facts and figures that have little to do with decision making, while information on the other hand are essential raw material for decision making. Accounting is not an end itself but an important information device thereby the optimum objectives is in use of accounting information through analysis and interpretation as a basis for business decision. Its function is to provide quantitative information, primarily financial in nature about economic entities that are intended to be useful in making quantitative choices among competing alternative course of action that have for reaching consequences the entity concerned.

Accounting is not only an information design to communicate meaningful economic information about a business firm or an entity to interested parties. It is also a discipline which provides financial and other information. The information which it provides is more so essential for effective planning, controlling and decision making¹¹⁴.

Accounting system is the heart of the management information system whereby cost, financial management, taxation, auditing and internal control are integrated so as to make relevant information available for dealing with future prospects and environment factors.

Accounting information system is the network of activities of the organization responsible for the information obtained from transaction data for the purpose of following, controlling current and future transactions external reporting to stock holders, government and other external users.

Accountants provide the right information to the right people in the right quantity, at the right time and at minimum cost. This raises the questions as to what is the optimal quantity, content, accuracy and speed of transmitting information. These alternatives have different cost and values and it is clear that accountant should bear this in mind when collecting and presenting information¹¹⁶.

Furthermore, accounting information directs attention to problem areas, thus facilitating the operations of management by exception. It should also be problem solving, in other future actions, highlighting possible alternative solution to organizational problems and aid in the establishment of best alternative. Accounting information must aid efficiency and not only must it highlight existing deficiencies and provide a basis for appropriate action, but it must further the interest of the business organization by recommending changes for the improvement of the plans, policies, procedures and various phases business operations. Accounting information should be of assistance in estimating the future earning potential of the firms and it should generally disclose information relevant to the users of financial statements. Besides these desirable objectives of accounting information must also be timely because without that quality, the desired information becomes ancient history by the time it comes to the manager's desk. Indeed accounting information is news, if it is not timely presented, and then its values deteriorate.

Modern accounting information typically follows a multitier architecture separating the presentation to the user, application processing and data management in distinct layers. The presentation layer manages how the information is displayed to and viewed by functional users of the. The entire is backed by a centralized database that stores all of the data. This can include transactional data generated from the core business processes or static, master data that is referenced when processing data (employee and customer account records and configuration settings). As transaction occurs, the data is collected from the business events and stored into the database where it can be retrieved and processed into information that is useful for making decisions. The application layer retrieves the raw data held in the database layer, processes it based on the configured business logic and passes it onto the presentation layer to display to the users. For example, consider the accounts payable department when processing an invoice¹¹⁷.

Contingency theory holds that with accounting information, an accounts payable clerk enters the invoice, provided by a vendor, into the where it is then stored in the database. When goods from the vendor are received, a receipt is created and also entered into the AIS. Before the accounts payable department pays the vendor, the application, processing tier performs a three-way matching where it automatically matches the amounts on the invoice against the amounts on the receipt and the initial purchase order. Once the match is complete, an email is sent to an account payable manager for approval, from here a voucher can be created and the vendor can ultimately be paid.

Accounting information involves the use of computers to handle large volume of data with speed, efficiency and accuracy aimed at overcoming fundamental challenges which do not

change the principle needed by management for instance budget analysis and variance analysis. which accounting is done and further added that Accounting information can retrieve statement of financial position s, income statement or other accounting reports at any moment. He consented that Accounting information allow managers to easily identify and solve problems instantly. The improvement in business performance as a result computerization of the accounting information as it is a highly integrated application that transforms the business processes with the performance enhancing features which encompass accounting, inventory control, reporting and statutory processes¹¹⁸. He then says, this helps the company access information faster and takes quicker decisions as it also enhance communication. Managers cannot easily satisfy statutory and donor reporting requirements such as comprehensive income statement ,statement of financial position and customized reporting without using accounting information. Financial accounting stipulates that ease auditing have better access to required information such as cheque numbers payments, and other transactions which help to reduce the time needed to provide this type of information and documentation during auditing.

It is easy to do accounting functions using accounting information posting transactions to the ledger, the principle of double entry can largely be automated when done through the use of accounting¹¹⁹. This stresses that there is a risk of improper human intervention with the computer programs and computer files. Employees in the organization may temper with the computer programs and computer based records for the purpose of deliberately falsifying accounting information. This may result into distortion of information that would essential be for decision making. The computer itself cannot do its work without the help of the

individuals who feed it with data and the necessary programs for operation and identify the quality of the outputs in terms of shape and content. The individuals are considered as a very important requirement to the operation and the procedures in every information so the organizations have to develop and improve the skills of the employees working in the accounting information. The procedure and instructions of accounting information s are the methods it uses for collecting, storing, retrieving and processing data. These methods will be both manual and automated, and the data can come from both internal sources and external sources¹²⁰. Procedures and instructions will be coded into accounting information s software; they should also be coded” into employees through documentation and training, Procedures and instructions must be followed consistently to be effective.

The data contained in accounting information s is all the financial information pertinent to the organization’s business practices. Any business data that impacts the company’s finances should go into accounting information. The data included in accounting information s will depend on the nature of the business, but it may consist of the sales orders, customer billing statements, sales analysis reports, purchase requisitions, vendor invoices, check registers, general ledger, inventory data and payroll information. The data can then be used to prepare accounting statements and reports such as accounts receivable aging, depreciation or amortization schedules, trial balance, comprehensive income statement, and so on.

2.2.4.4 Characteristics of Decision making

It is fundamental that decision making is the function of a leader, and one of the characteristics of decision making is the identification of the problems that exist in the

organization that must be addressed. Thereafter a decision is taken to get rid of the problem identified.

The problems identified must be analyzed to give room for mental and intellectual debate because decision making are based on logical deliberation to make them more rational. Intelligence, mental capability, knowledge experience, educational levels are essential. One should not forget that decision making is the voice of inner mind and intellectual logic.

It is a process through which solution to any problems could be provided, analyzed during the decision making¹²¹. Facts could be obtained to influence alternative solution and the best possible alternative is selected for taking decision before implementation.

Decision making is an indicator of commitment. The decision maker has to bear the result of the decision of one and other. Not only that, decision making is also the indicator of commitment because for its implementation, individual and collective effort are required.

Decision making is pervasive because it is used in all business and non-business organization, for all managerial activities, all levels of management and in all countries.

For being pervasive, many scholar regards decision making and management as being synonymous.

Moreover making decision is fundamental to leadership. In essence, decision making allow leaders to respond to changing conditions, threat and opportunities in other to secure the future success of their organization. It also provides more information to make the process acquire enough information before taking action. In decision making large number of people are involved with different perspective to handle a particular situation. They all

represent their facts and figures according to their skills¹²². This generates enough information which can be used for better understanding of the situation and taking corrective decisions.

Decision making influence people's participation to provide more alternatives. This is done by giving group of people and not individual opportunity to participate. Participants are free to present their creative ideas without hindrance and none of them is individually criticized for any Financial Accounting Information lure but the whole group. Through, the group, different alternatives could be obtained for a particular situation because different people might look differently to a particular problem by giving different options and ideas toward the best alternative for decision making¹²³.

Decision making may be costly as those engaged must be accommodated, motivated and provided with conducive environment. In many occasions, the process might take more than a day, depending on the size of the organization and the type of decisions required, most especially when a number of people are involved, it is not always very easy to arrive at a particular option because option raised might be criticized with limitations if adopted and thereby make arriving at a particular option difficult and consume time for academic deliberations.

Furthermore, any wrong decision taken would have a negative impact or consequences on the organization to attain its goal, decision making is a continuous activities that requires different group of people from various professional fields having skill and experience. Decision making also requires series of steps to be followed properly so as to take effective decision¹²⁴.

2.4.5 Accounting Information and Financial Accounting

2.4.5.1 Accounting Information

Accounting information can be classified into two categories financial accounting or public information and managerial accounting or private information. Financial accounting include information disseminated to parties that are not part of the enterprise proper - stock holders, creditors, customers, suppliers, regulatory commissioners, financial analysts, and trade associations although the information is also of interest to the company's officers and managers. Such information relates to the financial position, liquidity: that is ability to covert to cash and profitability of enterprise. Managerial accounting deals with cost profits volume relationships efficiency and productivity, planning control, prize decisions, capital budgeting, and similar matters. This information is not generally disseminated outside the company. Whereas the general - purpose financial statements of financial accounting are as assemble to meet basic information needs of most external users, managerial accounting provides a wide variety of specialized report for division managers, department heads project directors, section supervisors and other managers. Accounting information should include aspects such as flexibility and companies, ability to adopt to change. The context of the flexibility does not appear in any of the accounting definition because the definitions were developed during stable period. The environment has changed and uncertainty has increased. In view of the

fact that flexibility is one of the outcomes of uncertainty, greater value will be attached to flexibility in organizations uncertainly situation.

Uses of Accounting Information

The information provided by accounting helps the manager to do things. This argue that information reveals how closely the company objective are being met score keeping. The information directs attention i.e. it answers question about the operation or individual that need attention in order to bring the organization closer to its objectives.

The information helps in solving problems i.e. it answers the question about the best to perform a specific task of the best solution to a given problem, further explain the first by saying that management uses the information to plan effectively and focus attention on deviation from plans. It also used to direct-to-day operation and to arrive at the best solution to the operating problems faced by the organizations¹²⁵.

Financing- Accounting data is used by company and potential investors to determine findings needs for the organization, the company analyze revenue to determine how much money would be variable to find upcoming projects. If there is a gap in revenue then it may know that it need to seek out finding. Potential Investor and landers look its assets and liabilities to determine if the company is safe for investment or not

Budgeting:- The constant flow of accounting data relevant to income, purchases, investment and overheads is critical in creating the budget for the coming year. The information gathered by the accounting department is used as a baseline to give actual performance for the year

and understand the basic costs of company operations, sales projection for the next fiscal year are added to the accounting data to create the company's budget.

Inventory:- Making proper inventory level is important in keeping track of assets in the warehouse and they sold to customer. All of that information is relevant determine how profitable an organization is and where changes can be made to lower the cost of inventory

Growth:- Company growth is carefully outlined in the organization business plan, when the revenue production and understands how company spends money, accounting information is critical in determining how much the company can take on in liabilities and cost us it tries to make the expand profitability¹²⁶.

2.4.5.2 Financial Accounting

Financial Accounting is the aspect of accounting profession which applies knowledge in analyzing, classification and recording of financial transaction so that performance and financial state of the business may be clearly demonstrated to those entitled to the information i.e. shareholders of the company, employees and the organization"

Shareholders who invested their money in the company want information on how well the company is doing so that if the management is not doing well, corrective measures should be taken. The end results of which financial statement are:

Statement of financial position, Statement of financial position and Cash flow statement

The information is prepared in general terms suitable for presentation to shareholder, creditors an general public. Creditors, would want to know whether a company is doing well before they could grant a loan to the company i.e. upon the presentation of the financial

statement which would show the activities of the company whether the company is sound and that is a high probability that the loan will be repaid when due.

2.4.5.3 Financial Decision

For any company to start business or expand its operation in the case of an existing company. It needs funds to finance such projects¹²⁷. The sources of such funds required have to be determined. There are various sources of finance available to the companies, some of which are:

Internal Funding: A firm to retain a large portion (sum) of money from its operations to finance new projects uses this method. When this method is used, it increases the earnings per share (EPS), this is because retained earnings have no financial charge nor do they require additional issue of shares.

Debt Financing: This is where a firm borrows from outsiders to finance its operations. It attracts a fixed rate of interest which the firm must pay before payment of Taxes. This type of finance affects the Earning Per Share (EPS) of the company because if the company gets more than it pays out as interest, the EPS will fall (Decrease).

Preferred Stock Financing: This involves the issue of preference shares. The preferential shareholders have prior claim relative to common stockholders to the company's assets in the event of bankruptcy. The dividend payable to the preferential shareholders reduces the profit of the company.

Ordinary Share Financing: This involves the issue of ordinary shares to the members of public for subscription. The ordinary shareholders are regarded as the ultimate owners of the

business. They are also regarded as the risk bearer and stand to loses more in the even of liquidation of the company generate buoyant profit¹²⁸.

Since the main objectives of any business organization is to maximize the wealth of its owners by increasing the earning per share, it is important to determine which financial alternative method can be used so as to increase or maximize the wealth of owners.

2.5 Qualities of good Financial Accounting Information that influences Decision Making in an Organization

Cost Benefits Balance: The characteristics of managerial accounting report information provide general guidelines for their preparation of report to meet the various needs of management. In applying these guidelines, considerations must be given to the specific needs of manager and the reports should be tailored to meet these needs. In preparing reports, costs are incurred and a primary consideration is that the value of the management reports must at least be equal to the cost of producing them. This overriding cost- benefits evaluation must be considered no matter how information report may be¹²⁹. Therefore a report should not be prepared if its cost exceeds the benefits derived by users.

Relevance: Relevance means that accounting specific action has being considered by management. In applying the concept of relevance it is important to recognize that some accounting information may have a high degree of relevance for one use but may have little or no relevance for another use.

Timeliness: Timeliness refers to the need for accounting report to contain the most up to date information. In many cases, outdated data can lead to unwise decision. In some cases the

timeliness concepts may require the accountant to prepare reports on a pre-arranged schedule such as daily, weekly or monthly. In other cases reports are prepared on a regular basis or only when needed.

Accuracy: Accuracy refers to the need for the report to be correct within the constraints of the use of the report and the inherent in accuracies in the measurement process. If the report is not accurate management decision may not be precise. For example if inaccurate report on a customer's past payment practice is presented to management, an unwise decision in granting credit may be made. As previously indicated, the concept of accuracy must be applied within the constraints of the use to be made of the report. In other words there are occasions when accuracy should be sacrificed for less precise data that are more useful to management. For examples, in planning production, estimates forecast of more accurate data from past sales.

In addition, it should be noted that there are inherent inaccuracy in accounting data that are based in estimates and approximates. For example in determining the unit cost of a product manufactured, an estimate of depreciation expenses on factory equipment is used in the manufacturing process must be made. Without this estimate, the cost of the product would be of limited usefulness in establishing the product in the selling price¹⁹.

Clarity: It refers to the need for report to be clear and understandable in format and content reports that are clear and understandable, it will enable management to focus on significant factor in planning and controlling operations that is, reports on actual and expected costs in standard cost and variance analysis.

Conciseness: Conciseness refers to the equipment that the report has being brief and straight to the point. Although the report must be complete and include all relevant information, the inclusion of unnecessary information wastes management's time and makes it more difficult for management to focus on the significant factors relevant to a decision. For example reports prepared for the top level of management should usually be broad in scope and present summaries of data rather than small details.

2.6 The Role and Relationship of Financial Accounting Information in the Decision Making.

The Financial Accounting Information play a great role that allows businesses to keep track of all their financial transaction. It is the way by which the companies report and made the Financial Accounting Information available for the users the financial statement are prepared for managers, investor, analyst, lenders and other stakeholders to make decision standards and best practice are series of Accounting principles that companies must adhere to it their processes of making decision. It must be noted that many companies in the world follows the principles (GAAP), however the financial statement help to provide information for compares in the of past records also to determine the credit workers of the business and the level of understanding of the company that is needed when making decisions¹³⁰.

From research conducted confirmed that financial accounting information is an indispensable in decision making while researcher concluded that financial accounting information is the primary information used by managers in all types of decision making.

It must be noted that any firms cannot make decisions without Financial Accounting Information pertaining to equipment, personnel, material cost to determine promotional budget. Although previous studies have established that positive correlation between Financial Accounting Information and decision making firms global context, research have been done on the relationship between the two variable and the result gathered was that relationship exist as Financial Accounting Information deals with the past while Decision Making relies on Financial Accounting Information for better future arrangements.

Furthermore, Financial Accounting Information is also a guide for business owners and decision makers as much is provided on areas where decision may be required, and to the investors the Financial Accounting Information would help to decide whether to invest in the company or not since the Financial Accounting Information would give an overview of the money flow within the business. It also helps them to drill down to the details when required.

Another study assessed on Financial Accounting Information toward the decision making revived that the future of Financial Accounting Information is subject to further of better improvement with the use of Technological Innovations that will help to get the information in time and accurate but this would need so as to eliminate barriers and information errors that may affect the decision making negatively¹³¹.

A critical analysis of Technological Innovation toward Financial Accounting Information cannot prospect and challenges in using both the primary and secondary data for the study.

The primary data, survey was adopted while secondary data was generated for the study through reports in journal from ICAN, ANAN and International Business Journals.

The findings of the study reveal that new ideas methods and changes is not unlikely toward preparation of Financial Accounting Information in the future. It also indicates that window dressing and cybercrime cannot be ruled out from the information providers. However, care must be taken when collecting information is an error free.

An empirical investigation on Financial Accounting Information and decision making was conducted by some scholars. The study was designed to test the effect of Financial Accounting Information towards the decision making. The result of the study reveals that it is not possible to disregard information in decision making since information provided is on the past events while the decision is for the future. Also information provided will also help us to know the areas of weakness and areas where improvement in financial accounting information preparation and adoption of Financial Accounting Information in decision making.

A study also examine decision making as a task which is burdensome and in most cases indecision is as disastrous as making a wrong one, therefore a plan of action is indispensable. Decision makers is constantly confronted with problem of alternative when the resources limited.

Under this situation, the decision making theory will help to choose the best option among the alternatives. It is therefore pertinent that good Financial Accounting Information be made available to proper and accurate decision making.

Financial Accounting Information recent empirical studies explored that Financial Accounting Information in published financial statement lost their relevance over the period

of time. It was found that that the financial; statement was considered as the least effective means of communicating information. Further the researchers expressed that this findings backed by the theory of life cycle stage, high technology rapidly changing business environment.

Financial information is needed before any economic decision is made. Financial accounting information focuses on actual events. For the purpose of decision making, the past is used as a guide to future estimates of the consequences of different alternatives. The accountant can help significantly in the areas of budgeting, investigating, interpreting and communicating results for use by both internal and external decision makers.

Overall economic development of the country, beside it, requires adequate information, reliable and important for economic decisions from investors, managers, administrators of state, etc. Along with other economic development and management, also and development of an accounting system, able to provide the necessary information and reliable in decision-making, is an important factor. Qualitative and reliable financial information is a key element in decision-making process, while the availability of such information has special importance for business management and is public interest with priority in general. The role of this information is important, not only for foreign investors or large businesses, but even for those small and medium because it provides important information about the phases of decision-making, such as planning, control and evaluation¹³².

In conditions of global world, economic units of one country, including Kosovo, is faced with pressure about increasing of competition, as from domestic factors, as well as those outside. Therefore, to have a sustainable world, is very important to have exact and reliable

information provided by information systems. Economic development has always requested and still requires such a level of information that would enable the right orientation in national and international markets of different companies. These economic developments, particularly the globalization of the world, have made the economic decisions of enterprises take more and more international significance, and in effect of these decisions, a big role has accounting information¹³³.

So, the information that is communicated by the accounting is very important for its users, such as investors, creditors, state, etc., as well as the ability of small and medium enterprises, because it has a great importance for decision-making. This information will be useful for right decision-making, these latter must believe in the quality and authenticity of this information. This means that the role of accounting information is to help users in making economic decisions, and as such, this information can be classified into three different types according to user benefits¹³⁴.

In general, without doubt, the accounting information has big role in decision making at all levels but a similar increase in the role and importance should definitely associated with increased its credibility. The reliability of accounting information is a key issue for the development of the capital market. When investors lack confidence in financial reporting, then necessarily hampering the economic development. An complete and reliable accounting information reflects a reliable financial reporting, and it ensures the strength of the financial structure, reducing the risk from crises on financial markets, facilitate the process of borrowing by small companies from the financial sector, introduced foreign investment direct investors are allowed to assess the prospects of the company and thus make investment

decisions based on solid information, then to support the country's economic integration into the global dimensions¹³⁵.

2.6.1 Nature of Financial Accounting Information for Organization in Decision Making

In the day to modern life, man has become more or less dependent on various type of organization for the satisfaction of his needs. The need satisfaction is dependent upon the organization in making decision. Information an important factor in decision making. Financial Accounting Information facilitate Decision Making in and many Organization has gained wide concern because, it provide a valuable focal point for theoretical integration of the emerging out highly diversified field of organization theory.

Financial Accounting Information and Decision Making in an Organization influenced the extent to which an organization achieves its goal with the given resources and means. This reflect how well the organization is equipped to; Survive in the modern competitive business world by successful coping and Grow and develop in future through creative adaption strategies.

For this to be achieved effective and efficient information must be maintained. The study of Financial Accounting Information as a tool for decision making has long been the province those in the Organization. In current years however, strategies have become increasingly interested in making decision that promote organization success.

Although there are many ways to measure organization success, a number of factors consistently show up in effectiveness of an organization. These include the following

Achieving organization mission, Product/service quality and value Customer satisfaction, Capacity for innovation, Adaptation to organization and communication , Employee attraction and relation, Effective group and individual work, Quality of work life, Developing partnership and alliances, Operational efficiency, and Branding and image

For an organization, measure for effectiveness vary, depending upon its mission, environmental context, nature of work, the product or services it produces, and customer demands, hence for evaluating the above as indications for organization effectiveness in making decision is a requirement¹³⁶.

Decision making is not a solitary action but decisions are made within a Team in order to make decision effective⁶. Decision making is the option made that facilitates actualization of the corporate objectives. It is also a physical and mental effort that normally makes organization activities to move forward. The researcher observed that executive in Construction firms in south west do not consider decision making as a means of moving the company forward rather they concentrate on how they can benefit from the company before leaving. They are therefore not impressed by speed in decision making; rather, they consider virtuosity in manipulating many variables through slopping thinking. It is a fact that many do not know that Decision making is a time consuming process in putting it into effect². This means that while the effective decision itself is based on the highest level of conceptive understanding, the action committed should be as close as possible to the capacities of people who have to carry it out. This study also seeks to look at how many nations around the world give attention to Financial Accounting Information toward decision making. But in Africa continent, the attitude of many construction firms towards the use of Financial Accounting

Information for decision making is not the same. With the findings from Nigeria, many construction firms attitude to Financial Accounting Information towards decision making is not encouraging. Decision making has being described as a means of choosing an alternative costs of action. It is a fact that where proper decision is not taken in time, it will definitely affect the organization adversely. However, the question now is that how can organization know that their firm is embarking on a favorable decision or unfavorable one. The answer to this question is the result proposed or what is achieved will help to determine the effectiveness of the decision taken. For decision to be effective, financial accounting information must be collected, classified and analyzed to determine the extent to which it has to be relied upon in order to formulate favorable decision in the organization. The researcher of this project try to examine the relevance of accounting information towards decision making in construction firms and with the need to identify the areas of weakness and necessary recommendations. Financial Accounting Information all over the world has made organizations to exert resources in this area if they are to compete favorably among their local and foreign counterparts. Gone are the days when business organizations were simply required to make profit to survive and provide a fair return to investors' on their return. The construction firm find itself in the atmosphere of global uncertainties, cut throat competition locally and internationally in the world. Hence, a great demand is often placed on the managers of these firms to make effective decisions if the firm is to move forward, as the success or otherwise of any organization is often a function of decisions taken in the past⁷. However, the quality of decisions taken by managers rests upon the substance and accuracy of financial accounting information's provided by information available to them.

Fundamental analysis on Financial Accounting Information depends heavily on the accounting data that is recorded on a company's financial statements, including the statement of financial position, Comprehensive Income Statement, and cash flow statement. These financial statements for public traded companies is created and reported according to the financial accounting standards set forth by the Financial Accounting Standard Board (FASB) and submitted to the Securities and Exchange Commission (SEC). Investors and analysts make use of information from financial statement to make decisions about the valuation and creditworthiness of a company, allowing them to set price targets and determine if a stock's price is fairly valued or not. Without the information provided by financial accounting information, investors would have less understanding of the historical, current, and prospective financial health of stock and bond issuers. The requirements set forth by the FASB create consistency in the timing and style of financial accounts, which means investors are less likely subject to accounting information that has been filtered based on a firm's current condition.

2.7 Synthesis of Gaps Identified

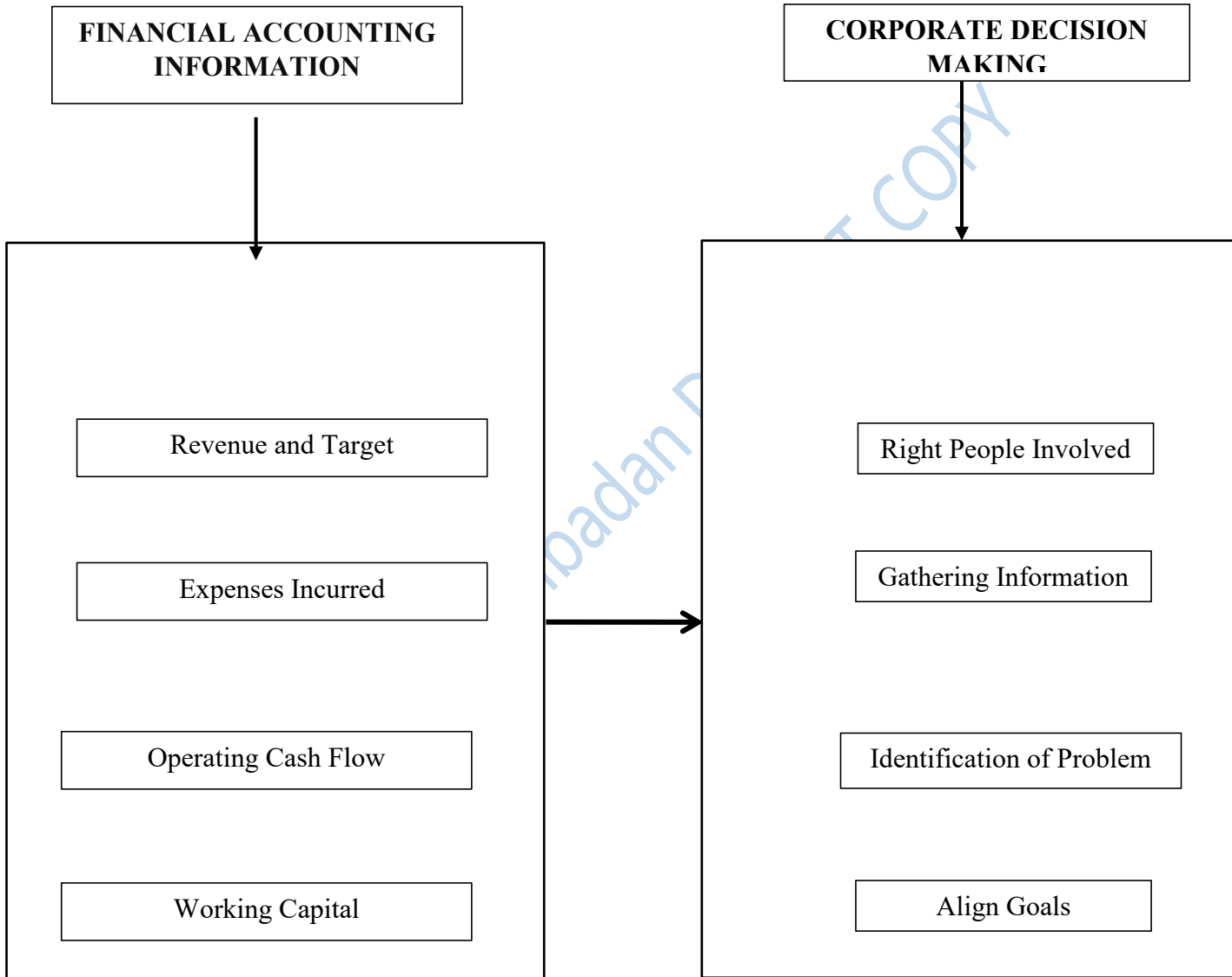
Several factors but more importantly, Time and Money makes the researcher to limit this study to only South west Construction Firms in Nigeria. It would be interesting to conduct more research on Financial Accounting Information and decision making so as to shed more light on appropriate model to choose when taking decision.

Furthermore, I would like to suggest that other interested researcher should made it to cover more than sample construction company in the state so as to know more about how their internal control system works as the organization used here is not large enough. More so, the

studies should be of larger sample to incorporate mixture of companies that will facilitates an interesting result¹³⁵.

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2.8 Conceptual Framework and Model Specification



Source: Researcher Model 2024

2.8.1 Conceptual Framework:

The conceptual model for the study shows the relationship among the independent variable and dependent variable Revenue and Target Expenses Incurred Operating Cash Flow and Working Capital while the dependent are right people involved, Gathering Information, identification of problem and Align goals it should be noted that variable indices in the figure above indicate the relationship that exist between the FAI variables for the study. The Independent variables include four indices while the dependent variable includes four indices too.

The dependent variable with all the indices will be treated as a single variable. However the arrows shows the relationship, the joint and relative influence to indices from independent variable intention of Financial Accounting Information and decision making in Construction firms in south west Nigeria.

2.9 The Importance of Financial Accounting Information in Making Decision

For accounting and information that he produces, many operators of economic units are interested. From this great interest from their side can clearly see the importance that has accounting information for them. Without complete information, their decisions would have been incomplete, and this then would reflect an ineffective decision-making on their side. Accounting provides to users of information to have clear way of looking at the business, to

help business operators to define clearly where they start and where they end up, to know whether they have achieved the goals. In general, users of accounting information include current and potential investors, employees, customers, creditors, suppliers and other trade creditors, governments and their agencies and the public¹³⁷. If we further analysis the reasons for using the above mentioned accounting information, then we can see clearly the importance of accounting information worn by certain legal framework, for decision-making within the business unit. Regarding to this, the questionnaire addressed to accountants employed in small businesses, medium and large businesses, banks, insurance companies, tax administration and management of these units, connected with it that how does information standardized accounting affect at making Financial Accounting Information and transparent decisions, 56% or 45% of them answered " has a lot of impact", while 39% or 42% answered "has impact.

So, making decisions on exact basis of information is completed with right decision-making and successful economic unit direction¹³⁸. As an example of such information to serve management accounting, in this case, can be mentioned, e.g. how was business profit for the previous period, how is accounting receivable statement for specified period , which was the most profitable product, how is the liquidity situation , how are product prices in the market afford, etc. Accounting information is particularly important for employees of (economic units) the entity. It is reflected on the need that they have to be informed about the financial situation of the unit that is related to the possibility of increasing their salaries, and then improve existing working conditions, the overall business progress, etc. Exact accounting information needs especially entity's shareholders. They want to be informed about the

financial situation in order to decide to whether the investment they have made will be profitable or not. Such information need all investors of unit, depending on the financial situation of the unit, which condition they learn through published accounting information , they understand if their investment was needed and make decisions for the future to increase investment or to narrow it¹³⁹.

2.9.1 Using information to make simple economic decisions

Economic decisions are made every day. Take the example from the text. A business opportunity is identified which will satisfy the ambitions of the entrepreneur. Some research reveals that there is an opening for such a business. Factors considered in the planning stage are investment needs, financing, estimates of operating costs and how much to charge for services, finally culminating in the decision to proceed with the business.

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Chapter Three

Methodology

This chapter describes the methods adopted by the researcher in order to achieve the objective of the study as well as the proposed research hypothesis. This chapter discussed the methodology which include research design, target population, data collection instrument, validity and reliability and analytical technique.

3.1 Research Design

To access the Financial Accounting Information towards decision making, this study used descriptive surveys approach due to the nature of the research. The approach was considered to examines the attitude of information users towards the decision-making in construction firms in south west Nigeria.

The study use questionnaire with the staff selected, forming a population to collect data in an effective and meaningful way and also to assist the researcher to collect data and description of the existing phenomenon as it is existed by asking individual about their perception attitude behavior and values¹.

3.2 Population of the Study

The table below shows a description of the population figure as well as the respondents.

A sample of 384 respondents was selected by the researcher which represents the sample size out of total population of 9,500 and the simple size was determined by using slovin's formular.

The table shown below shows the population of each construction firm in south west Nigeria:-

S/NO	Name of each state	Estimate population of selected workers	Percentage %
1	Oyo	1,500	16%
2.	Ogun	2,000	21%
3.	Ondo	1,000	10.5%
4.	Osun	1,000	10.5%
5.	Ekiti	1,500	16%
6.	Lagos	2,500	26%
	Total	9,500	100%

Source: Researcher Compilation, 2024.

3.3 Sample and Sampling Techniques

Due to the large number of population in this Study, it is impracticable for the researcher to get across to the whole population due to cost, and time factor to deliver the final result of

this research work, though adequate measures were put in place to ensure that these factors did not in any way affect the validity of the final result of the study.

Therefore, the researcher employed the use of Slovin's Formular. The total population of the study is also estimated. While the Chi-square was used for hypothesis testing when it necessary to compare the actual observed with the expected frequency.

Slovin's Sample size determination formular

$$n = \frac{N}{1 + Ne^2}$$

where n = sample size

N= population

e = 5% level of significant

Given N= 9500 while e = 0.05% at 5% level of significant

$$n = \frac{9500}{1 + 9500(0.0025)}$$

$$n = \frac{9500}{1 + 23.75}$$

$$n = \frac{9500}{24.75}$$

n = 383.84

n = 384

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Table 3.2 Distribution of Sample Size Respondents

S/NO	Name of each state	Estimate population selected workers	Percentage %	% of Sample size respondent	* 384
1	Oyo	1,500	16%	61.44	61
2.	Ogun	2,000	21%	80.64	81
3.	Ondo	1,000	10.5%	38.32	40
4.	Osun	1,000	10.5%	38.32	40
5.	Ekiti	1,500	16%	61.44	61
6.	Lagos	2,500	26%	99.84	101
		9,500	100%		384

Source: Researcher Compilation, 2024.

The sample size was determined by the use of slovin's formular, therefore a sample size of 384 respondent were randomly selected Oyo State 61, Ogun State 81, Ondo State 40, Osun State 40 Ekiti State 61, and Lagos State 101. The total sample size for the study was 384.

3.4 Description of Research Instrument

The main research instrument used by the researcher is the questionnaire. This was carefully designed for collection of data in accordance with the specific research question. It also contained a form of set question to be answered by the respondents.

The questions from the researcher were very simple that the respondent could easily comprehend fully. This questionnaire was designed to collect quantitative data. The researcher considered this tool i.e. questionnaire for collection of data because it was convenient whereby the respondents could choose answer to the research question without difficulty.

The use of questionnaires is also relevant since the facilities for collection of feedback is based on the perspective and opinion of the respondents.

Questionnaire also helps the researcher to generate adequate and valid information that accounted for the success of this study. The questionnaire contained two sections: A and section B. Section A is for the introduction while section B is for demographic variable of respondents. However section B also contain questions pertaining to the objective of the study.

In other to test the objective of the study chi-square method was used for hypothesis testing.

3.5 Validity of the Research Instrument

The supervisor and professionals in the field of business Administration were given the instrument for input and adjustment where necessary. This become necessary to ensure item consistency, easy of understanding and question sequence appropriate.

Furthermore, the final draft was measured using chi-square method to do the testing after corrections were made so as to determine the research work accuracy, consistency and the Reliability.

3.6 Administration of the Instrument

The research instrument i.e. questionnaire was self-administered to four hundred (400) staff in different locations. And three hundred and eighty copies (384) questionnaire was returned.

3.7 Method of Data Analysis

The study opted for the description and analytical research design to examine the information gathered from the Construction firms in south west, under investigation.

Chi-square method was used to analyze the respondent's demographic information concerning the estimates, frequency, distribution and percentage about the results of the research work.

Furthermore, techniques used to test the hypothesis is chi-square method to determine the relationship between the FAI and decision making in Construction firms in south west, Nigeria

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Chapter Four

Results and Discussion of Findings

This chapter presents the analysis of the data collected through questionnaire and the discussion of findings. The aim of this Study was to examine the roles of Financial Accounting Information and Decision Making in Construction Firms in South West Nigeria. A structured questionnaire was distributed physically and online to different construction company in different industries and utilized as the data source. The collected data was entered into SPSS (Statistical Package for Social Science) and analyzed using percentages, means, and standard deviation. The results were presented using descriptive statistics.

4.1 Demographic Data Analysis

4.1.1 Characteristics of the Respondents

In line with the plan of study, this chapter provides a statistical data, and analysis of the data gathered in the course of this study. The data were obtained through the administration of questionnaire. A total of 400 questionnaires were administered on the respondents and intensive effort was made to ensure that 384 were filled and submitted. These responses were good for the purpose of this study.

A great deal of importance is usually attached to data analysis: this is because conclusions drawn will be based on the data analyzed. Therefore, to make the study easier to understand, the analysis of the data in respect of a particular question was immediately followed by the

presentation of findings. This would enable any reader to understand better the results arrived at. The analysis and presentation of data also gave meaning to the data collected¹.

4.1.2 Demographic Characteristic of the Respondents

The demographic characteristics of the respondents are of great important in any survey research. It allows for the characteristic, quality and relevant of the respondents in the study to be assessed. To this end. The current study collected selective and relevant demographic characteristics of the respondents which include; gender, age, marital status, years and education level. In this case, study validates the quality and relevance of the respondents to the study. The analysis of demographic characteristics of the respondents are shown in tables below.

Table 4.1 Gender Distribution of the Respondent

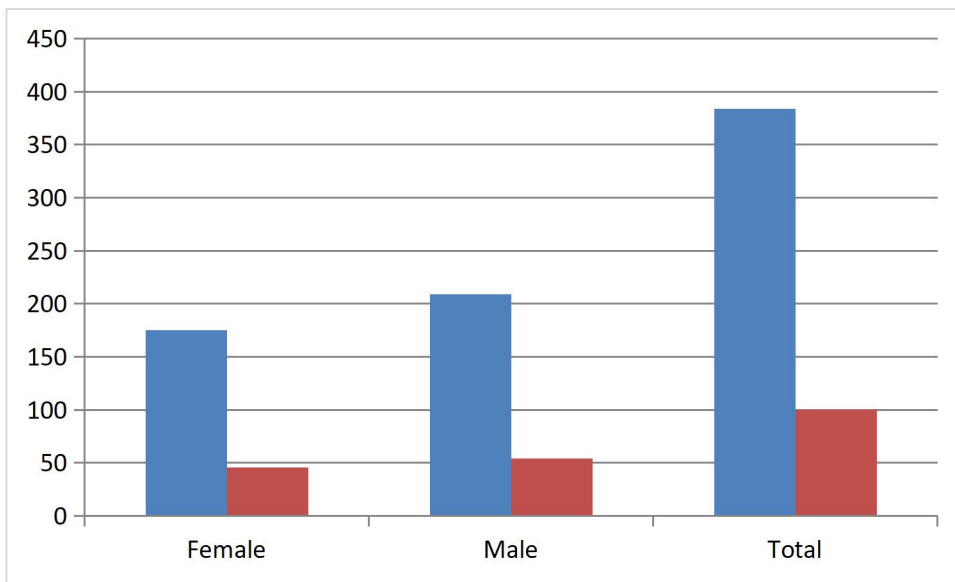
GENDER	FREQUENCY	PERCENT (%)
Female	175	45.5
Male	209	54.5
Total	384	100.0

Source: Research Survey. 2024

From the table 4.1 above, it is observed that 175 of the respondents which represent about 45.5 % of the respondent analyzed in the study were females while 209 of the respondents

which represent about 54.5% of the respondents were males. This implies that the study captures more males than females as represented graphically below

Graphical Distribution of the Respondent



Source: Survey Research, 2024

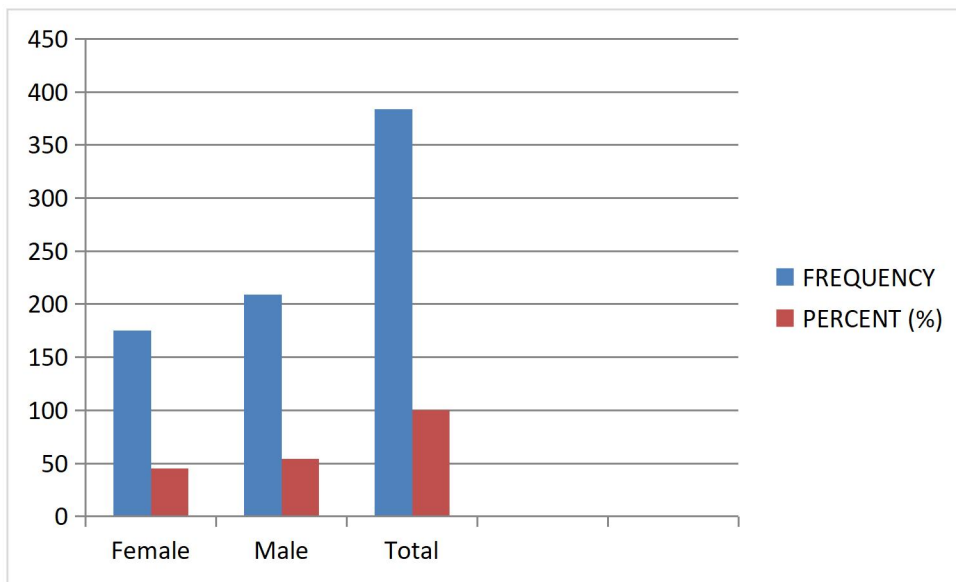
Table 4.2 Age distribution of the Respondents

AGE	FREQUENCY	PERCENT (%)
18-30 years	98	25.5

31-43 years	204	53.1
44-56 years	72	18.7
57 years and above	10	2.7
Total	384	100,0

Source: Research Survey, 2024

As observed in Table 4.2, 98 of the respondents which represent about 25.5% of the respondents were within the age range of 15 years to 30 years old while 204 of the respondents which represent about 53.1% of the respondents were between 31 years of age and 43 years old, 72 is 18.7% of the respondents were between 44 age and 56 years old and 10 is 2.7% of the respondents were of the age 57 years and above. The implication of this result is that majority of the respondents captured in the study were of young generation



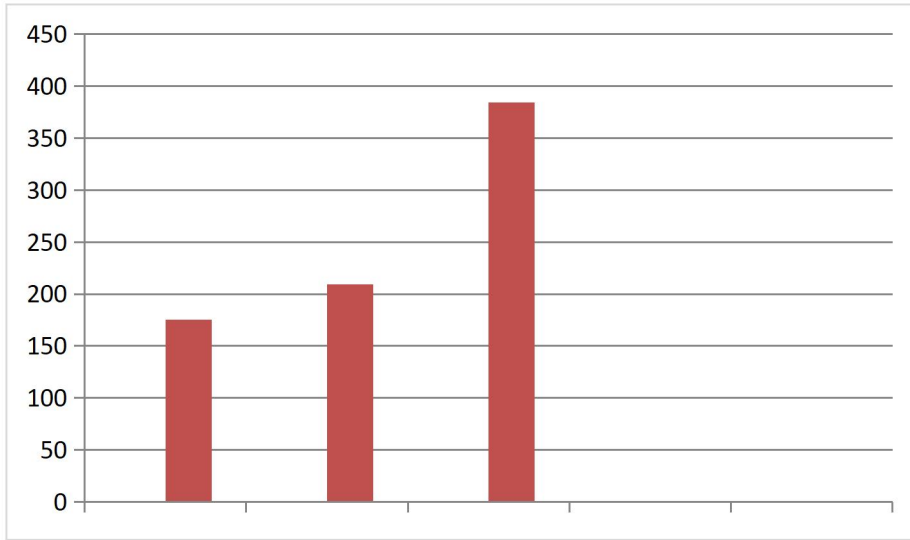
Source: Research Survey 2024

Table 4.3 Level of Academic Qualification of respondent

Qualification	Frequency	Percent (%)
Primary	46	11.9
ND/HND	171	44.6
B.SC	141	36.8
MSC	26	6.7
Total	384	100.0

Source: Research Survey 2024

As observed in Table 4.3 46 of respondents which represent about 11.9% of the respondents possessed primary education, 171 (44.6%) of the respondents possessed Ordinary National Diploma or Higher National Diploma (HND); 141 (36.8%) of the respondents had a Bachelor of Science (B.Sc) degree, 26 (6.7%) of the respondents had a Master degree. From these results, it implies that majority of the respondents who are owners of the business ventures are having ND/HND 171 (44.6%), followed by respondents having BSC 141 (36.8%) while the least MSc holders had the least number of respondents 26 (6.7%). The implication of this analysis shows that most of the respondents were educated and can fully understand the contents of the questionnaire and be able to give objective opinion as much as possible. This analysis is represented in the graph below.



Source: Research Survey 2024

Table 4.4 Showing the Marital Status of the Respondents

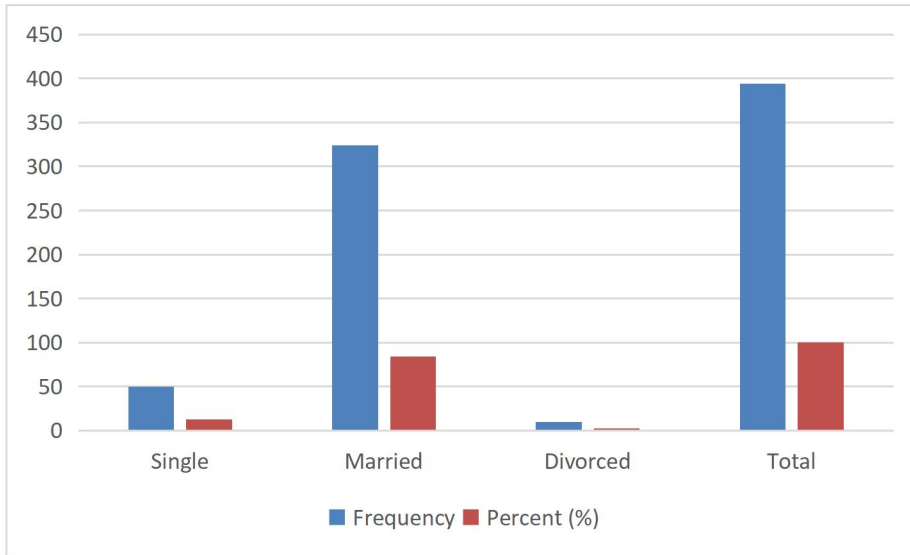
Status	Frequency	Percent (%)
Single	50	13.0
Married	324	84.4
Divorced	10	2.6
Total	394	100.0

Source: Research survey, 2024

The above table revealed the marital status of the respondents. From the Table 4.4 above, it is observed that 50 of the respondents which represent about 13% of the respondent analyzed in the study were Single while 324 of the respondents which represent about 84.4% of the

respondents were married and 10 (2.6%) of the respondents were divorced. This implies that the study captured more married as represented in the graph below.

Showing the Marital Status of the Respondents



Source: Research Survey 2024

Section B

Analysis of the Respondent towards research Question

Question 1: how do construction firms in south west Nigeria considered financial accounting information relevant and adequately prepared for discussion making

Response	Respondent	Percentage (%)
Yes	300	78.1
No	84	21.9

Total	384	100%
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Source : Field survey 2024

From the above table it is very glaring that 78.1 % accept that FAI I relevant and adequately prepared for discussion making in construction firms while 21.9% did not accept

Question 2: what are the common challenges and relationship in financial accounting information and decision making in construction firm in south west, Nigeria.

Response	Respondent	Percentage (%)
Yes	6	2
No	378	98
Total	384	100%

Source: Field survey 2024

The table above shows that most of the respondent said that there is challenges while little said there is not.

Question 3: How do effective financial accounting information and decision making help to control fraud, financial mismanagement and manipulations of accounting figures in south west Nigeria

Response	Respondent	Percentage (%)
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Yes	383	99
No	01	1
Total	384	100

Source : Field survey 2024

As it can be observed from the above table majority of the respondent agree while only 1% disagree

Question 4: Does the financial accounting information and decision made satisfy the need of internal and external users in construction firms in south west

Response	Respondent	Percentage (%)
Yes	300	78
No	74	19
Undecided	10	3
Total	384	100%

Source : Field survey 2024

The above table shows that the majority believe that FAI and decision making satisfy the need of external and internal users in construction firms and minority did not believe

Hypotheses Testing

This chapter explains the procedure to carry out hypothesis or significant Testing. Hypothesis is also the process by which the belief is tested by statistical means, one fact about hypothesis is that result of hypothesis would be either be accepted or rejected.

The chi-square(X^2), formular is an important and useful for hypothesis testing when it necessary to compare the actual, observed distribution with hypothesized or expected frequency. It is often referred as a food nets of fit test.

The formular is as follows:-

$$X^2 = \frac{(O - E)^2}{E}$$

where

X^2 = chi-square

observed frequency (O)

expected frequency (E)

Data Analysis According to the test of Hypothesis

The result of the investigation were presented in line with research hypothesis that this study shall be testing as follows.

Hypothesis One

H₀1: The Financial Accounting Information is not relevant the decision making.

Option	O _i	E _i	O _i -E _i	(O _i -E _i) ²	(O _i -E _i) ²
					2
Yes	0	0	0	0	0
NO	384	192	192	36,864	18,432
	384				18,432

O_i = observe frequency

E_i = Expected Frequency

E_i = $\frac{\text{sum of respondent}}{\text{no of categories}}$

E_i = $\frac{384}{2}$

E_i = 192

Degree of freedom = n-1

where n is the number of category

DF (Degree of Freedom) = 3-1 =2

Level of significance = 0.05

Critical value = 5,990

Decision Rule

Since the critical value (5,990) is less than chi-square calculated I.e. 18, 432 we can now reject the null hypothesis and accept alternative which states that Financial Accounting Information is relevant to decision making. This is in line with the researchers' opinion that all organization should adopt and use Financial Accounting Information since it is capable of making decision easier.

Hypothesis Two

H₀₂: there is no relationship between Financial Accounting Information and to decision making.

Option	O _i	E _i	O _i -E _i	(O _i -E _i) ²	(O _i -E _i) ²
					2
Yes	300	150	150	22,500	11, 250
NO	80	40	40	16,000	8,000

No Answer	4	2	2	2
Total	384			19,250

O_i = observe frequency

E_i = Expected Frequency

E_i = $\frac{\text{sum of respondent}}{\text{no of categories}}$

E_i = $\frac{300}{2}$

2

E_i = 150

Degree of freedom = $n-1$

where n is the number of category

DF (Degree of Freedom) = $3-1 = 2$

Level of significance = 0.05

Critical value = 5,990

Decision Rule

Since the critical value (5,990) is less than chi-square calculated is 19, 250 we can now reject the null hypothesis and accept alternative which states that there is relationship between Financial Accounting Information and to decision making.

Hypothesis Three

H₀₃: Financial Accounting Information and decision making cannot be used to control fraud, mismanagement and irregularities in the system.

Option	O _i	E _i	O _i -E _i	(O _i -E _i) ²	(O _i -E _i) ² 2
Yes	344	172	172	29,584	14,792
NO	30	15	15	225	113
No Answer	10	5	5	25	133
Total	384				14,918

O_i = observe frequency

E_i = Expected Frequency

$$E_i = \frac{\text{sum of respondent}}{\text{no of categories}}$$

$$E_i = \frac{344}{2}$$

$$E_i = 172$$

Degree of freedom = n-1

where n is the number of category

DF (Degree of Freedom) = 3-1 =2

Level of significance = 0.05

Critical value = 5,990

Decision Rule

Since the critical value (5,990) is less than chi-square calculated I.e. 18, 432 we can now reject the null hypothesis and accept alternative which states that Financial Accounting Information and decision making can be used to control fraud, mismanagement and irregularities in the system.

Hypothesis Four

H₀₄: Financial Accounting Information and decision making can not satisfy the need of the management and other users.

Option	O _i	E _i	O _i -E _i	(O _i -E _i) ²	(O _i -E _i) ²
Yes	50	25	25	625	313
NO	330	165	165	27,225	13, 613
No Answer	4	2	2		2
Total	384				13,928

O_i = observe frequency

E_i = Expected Frequency

$$E_i = \frac{\text{sum of respondent}}{\text{no of categories}}$$

$$E_i = \frac{330}{2}$$

$$E_i = 165$$

Degree of freedom = $n-1$

where n is the number of category

$$\text{DF (Degree of Freedom)} = 3-1 = 2$$

Level of significance = 0.05

Critical value = 9500

Decision Rule

Since the critical value (5,990) is less than chi-square calculated is 19, 250 we can now reject the null hypothesis and accept alternative which states that Financial Accounting Information and decision making can satisfy the need of the management and other users.

4.4 Discursion of Findings

This section presents the discussion of findings based on conceptual, theoretical, empirical submissions in the past literature within the result of the current study

The result were presented using demographic data analysis and the graphical distribution of respondents. Demographic characteristics characteristic of the respondent provides characteristics qualities and relevant of the respondent in the study, the analysis of the demographic characteristics of the respondent collected includes gender, age, marital status year and educational level and the results of the test observed was stated to understand what the tables revealed

The conceptual findings suggests that lack of competent hands constitute one of the constraints in preparation of reliable and accurate financial accounting information. Scholars identified failure in using relevant accounting concept and standards in their disclosure. All the accounting concepts communicate different ideas towards the preparation of financial statements and so on the concepts can nor be ignored so as to provide a very sound advice that could be useful when making decision it was also observed that in the past research work accounting concepts facilitates better improvement in preparations of financial accounting information. It was discovered that the concepts of financial accounting is not a modern intervention but has been in practice long time ago. It started with methods of we see today. Without doubt accounting concept is not a modern day intervention because it roles has broadened in preparations of financial statements even with the evolution of financial accounting , the use of financial accounting concept cannot be overlooked to provide a better service by professional and besides financial accounting concepts keep the activities of the organization on yearly basis and to the organization on yearly basis and to do the comparism to know thr areas of weakness for improvement.

It was also observed from past research that accounting concepts are principles that must be followed by the accountants in recording of business transactions and the transactions and event that cannot be expressed in monetary value must be excluded from the financial statement. As concept in financial accounting is so significant in preparation of financial statement it has its limitations.

Going by the theoretical review, the theories were used to explain and predict the effect of the decisions and also to challenge an existing knowledge within the limit of critical boundary assumptions. Different theories are in place in making decisions but the contributors of these theories are not same but all the theories are working towards making it right option so that the organization can achieve its goals and objectives. With the findings from the researchers financial accounting information plays a role in the operation of construction firms in south west, Nigeria, providing essential data for budgeting, forecasting and resource allocation.

Also financial statement keep the stakeholders to access the financial health of the firm facilitating better decision making. In the same way, study disclosed that with the availability of various theories that could be used to make the best decision, limitations still exist. Many construction firms face challenges related to inaccurate financial reporting, lack of skilled accountants and inconsistent application of accounting standards. Many of the firms in south west, Nigeria rely on Traditional manual accounting method which result in errors and hinder effective decisions.

The empirical findings reviewed works of other researcher on financial accounting information and the decision making. The researcher also look at the different methodologies used by various studies and their findings. Consequently, submission was made on how

previous studies recognized and measure each of the variable under each study the mathematical model as provided by the underpinning theory was presented and the summary of gaps in the literature. Another findings from the researcher was that FAI and decision making could be used to control or reduce fraud, misappropriation in organization

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Chapter Five

Conclusion

5.1 Summary of Findings

This chapter present summary of findings, conclusion and recommendation from the result of the finding where the following were emerged.

It shows that the financial accounting information is relevant to decision making. With the information provided it serves as a guide and basis for making decisions.

Financial Accounting Information and decision making are related because Financial Accounting Information is conscious of the past while the decision making focused on future.

As a Matter of fact financial accounting information could be made available through the financial accounting but financial accounting faced challenges when making decision such challenges is that users must conscious of when making decision such challenges that Automation and Artificial Intelligence Cyber Security, Cloud Based Accounting technique and Block Chain.

Furthermore the result shows that a positive relationship exist between the Financial Accounting Information and decision making, this mean that if Financial Accounting Information is neglected, it may lead to ineffective decision.

Financial Accounting Information is also adaptable in decision making to address challenges in practice. Many occasions, where there is need to take decision especially in a complex

situations in practice demands are made for Financial Accounting Information before decision².

Financial Accounting Information can also be used to prevent irregularities, misappropriation and to improve on internal control arrangement. As Financial Accounting Information help to provide past records as a basis and guide when taking decisions³.

5.2 Conclusion

The researcher revealed that construction firms in the south west applies Financial Accounting Information in their decision making as observed in their performances. The effectiveness however was supported by the facts collected from their Accountant on how the Financial Accounting Information has been provided when taking decision for the construction firm. This is to say that the use of Financial Accounting Information is very vital in taking decision. It must be noted that in construction firms the management staff make use of the Financial Accounting Information day to day and for the internal control when in practice.

Therefore Financial Accounting Information is useful in the construction firm in south west to control fraud, irregularities and resources especially when taking decision. Also relationship between Financial Accounting Information and decision making facilitates better organization performances and improvement in the system⁴.

5.3 Recommendation

The following recommendations are made available on the basis of research findings;

Financial Accounting Information can only be useful if it is relevant and timely. Management in construction firms in South west should therefore try to install modern computers for people to work with so as to help the production of accurate Financial Accounting Information, this will go a long way enhancing the effectiveness and efficiency of the firms.

Construction firms need to use financial and project accounting package software. This should be provided enhance better performance and will allow improvement in financial department.

Managers should be trained so as to have knowledge of computer to enable them understand the use of the system and for staff in Account section, qualified people should be engage, many of the construction firms are not using competent hands.

Management in construction in south west should ensure that jobs are allocated to staff that are qualified for quality and timely jobs to be delivered. This is because the management need the Financial Accounting Information to take decision

Furthermore, the study recommend that construction firms should provide facilities and tools to work with. And those to be deployed to account section should be accountant be people with knowledge of accounting and not an Engineer to act in the capacity of an accountant. The management should be conscious of the need of personnel allocation policy so as to avoid delay in staff performance and lastly the construction firm should try to motivate their staff and be allowed to further their studies.

5.4 Contribution to Knowledge

This thesis contributes to the existing body of knowledge by providing valuable insights into the role of Financial Accounting Information (FAI) in decision-making within the context of construction firms in the South West region. While much of the literature on financial accounting focuses on its general role in business, this study specifically examines its application within the construction industry, an area often overlooked in accounting research.

One of the key contributions of this study is its demonstration of the direct relationship between financial accounting information and decision-making. By analyzing how construction firms rely on past financial data to guide their strategic and operational decisions, the research underscores the importance of FAI in helping firms navigate the complexities of project management, resource allocation, and internal control. It reveals that timely and relevant financial data not only informs day-to-day operations but also enhances long-term planning, ultimately improving overall organizational performance.

Furthermore, the thesis highlights the challenges that construction firms face in utilizing financial accounting information, particularly in light of emerging technologies such as automation, artificial intelligence, blockchain, and cloud-based accounting systems. These technological advancements are changing how financial data is processed and analyzed, and this study offers important insights into how firms can adapt to these developments while still relying on traditional accounting practices. The findings stress the need for competent staff and adequate infrastructure to ensure that financial accounting information remains accurate, timely, and relevant in the face of these challenges.

Another important contribution of the study is its emphasis on the adaptability of financial accounting information in addressing practical challenges. In situations where decisions need

to be made quickly, especially in complex or high-stakes projects, FAI serves as a critical tool for decision-makers, helping them manage risks, control fraud, and ensure the proper allocation of resources. By providing a comprehensive overview of how financial data can be used to prevent irregularities and improve internal controls, this study deepens our understanding of the broader functions of financial accounting beyond simple financial reporting.

5.5 Suggest for Further Studies

While this research provides valuable insights into the role of financial accounting information in decision-making within construction firms, there are several areas that warrant further exploration. Future studies could delve deeper into the impact of emerging technologies such as blockchain, artificial intelligence, and cloud computing on financial accounting practices in the construction industry. These technologies are transforming the way financial data is collected, processed, and analyzed, and understanding their full impact on decision-making in construction firms could offer significant practical and theoretical benefits.

Additionally, future research could examine the long-term effects of using financial accounting information in decision-making, particularly in relation to sustainability and strategic planning. While this study primarily focused on operational and short-term decision-making, exploring how financial accounting supports long-term decision-making, such as in project sustainability or corporate strategy, could provide a more comprehensive understanding of its role in the industry.

Another interesting area for future research would be to investigate the cultural and organizational factors that influence the use of financial accounting information in decision-making. Construction firms, particularly those in different regions or with different management structures, may face unique challenges in integrating financial data into their operations. Understanding these challenges could lead to more tailored recommendations for improving financial decision-making processes across diverse organizational settings.

Finally, research could explore the comparative use of financial accounting information across different sectors of the construction industry, such as residential versus commercial construction, or large-scale infrastructure projects versus smaller, localized developments. This would provide a more nuanced view of how financial accounting information is utilized in various contexts, potentially leading to sector-specific recommendations and practices.

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Lead City University Iba

APPENDIX

Questionnaire

Lead City University Ibadan

Department of Management and Accounting

Oyo State.

SECTION A: INTRODUCTION

Dear Respondent,

Research Questionnaire

I Sunday OlalereDosumu am conducting a research topic on Financial Accounting Information and Decision Making in Construction Firms in Southwest. The information will be used for the purpose of the research only and also be treated with outmost confidentiality.

SECTION B:

BIO-DATA RESPONDENT

Please tick (&) option that best describe your opinion or responds

Sex: (a) male () (b) female ()

Age: (a) below 30 years (b) below 50 years () (c) below 60 years () (d) above 60 years ()

Marital Status: (a) single () (b) married () (c) Divorced () (d) other ()

Education Qualification: (a) N.C.E () (b) OND/NCE () (c) HND/B.Sc. () (d) Post Graduate () (e) Professional ()

Length of Service: (a) 0-5 yrs (b) 6-10 yrs (c) 11-15 yrs (d) 15 yrs above ()

Section C: Question Items

INSTRUCTION: The question contain response alternatives; you are expected to tick against alternatives of your choice

Who are uses of accounting information?

- a) Management ()
- b) Users with direct financial interest ()
- c) Users with indirect financial interest ()
- d) All of the above ()

Does Financial Accounting Information prevent frauds, mismanagement and irregularities

- a) No ()
- b) Yes ()
- c) Uncertain ()

Is Financial Accounting Information relevant in decision making in construction firms

- a) No ()
- b) Yes ()
- c) Uncertain ()

Is relationship exist between Financial Accounting Information and decision making in construction firms

- a) No ()

- b) Yes ()
- c) Uncertain ()

Is Financial Accounting Information useful to the users in making decision in construction firms?

- a) No ()
- b) Yes ()
- c) Uncertain ()

Is Financial Accounting Information generated and utilized by construction firms necessary for decision making

- a) No ()
- b) Yes ()
- c) Uncertain ()

Without the use Financial Accounting Information in Construction Firms it will be difficult to survive.

- a) No ()
- b) Yes ()
- c) Uncertain ()

Is Financial Accounting Information in an organization facilitates growth and development through the decision made

- a) No ()

- b) Yes ()
- c) Uncertain ()

Is Financial Accounting Information is a guide and basic for basic for decision making

- a) No ()
- b) Yes ()
- c) Uncertain ()

Is Financial Accounting Information influenced performance after the decision making in construction firms

- a) No ()
- b) Yes ()
- c) Uncertain ()

Is there any difference between the Financial Accounting and Decision Making

- a) No ()
- b) Yes ()
- c) Uncertain ()

Can Financial Accounting Information generated be used as Decision Making in Construction Firms

- a) No ()
- b) Yes ()
- c) Uncertain ()

Is it possible to use Financial Accounting Information to detect fault and correct errors in construction firms.

- a) No ()
- b) Yes ()
- c) Uncertain ()

Financial Accounting Information reports financial information regarding the economic activities in construction firms

- a) No ()
- b) Yes ()
- c) Uncertain ()

Lead

CURRICULUM VITAE

- | | |
|---|-----------------------------------|
| 1. NAME | DOSUMU, Olalere Sunday |
| 2. DATE OF BIRTH: | 9th September, 1959 |
| 3. NATIONALITY: | Nigerian |
| 4. MARITAL STATUS: | Married |
| 5. NUMBER AND AGES OF CHILDREN: | Four: 34, 31, 27 and
24 years. |
| 6. EDUCATIONAL INSTITUTIONS ATTENDED WITH DATES: | |
| i. Baptist Day School, Eruwa. | 1966-1971 |
| ii. Baptist Comm.Modern School, Eruwa | 1973-1977 |
| iii. Catholic Technical College, Ile-Ife | 1977-1980 |
| iv. The Polytechnic Ibadan, Ibadan | 1981-1983 |
| v. The Polytechnic Ibadan, Ibadan | 1986-1988 |
| vi. Kwara State Polytechnic, Ilorin | 1997 |
| vii. Ekiti State University, Ado-Ekiti | 1998-2000 |
| viii. Nigerian College of Accountancy | 2019-2020 |
| ix. Lead City University, Ibadan | 2021-2023 |
| 7. ACADEMIC/PROFESSIONAL QUALIFICATION WITH DATES: | |
| i. Primary School Leaving Certificate | 1971 |
| ii. West African School Certificate | 1980 |
| iii. R.S.A. DEC. Stage 1 | 1979 |
| iv. G C E | 1979 |

v.	National Diploma (Accountancy)	1983
vi.	Higher National Diploma (Accountancy)	1988
vii.	P G D (Public Relations)	1997
viii.	M.B.A – Masters in Business Administration	2003
ix.	Certified National Accountant	2020
x.	Mphil in Accounting/Ph.D. in Accounting	Inview

8. WORKING EXPERIENCE:

8.1 PREVIOUS EMPLOYMENT

a.	NYSC Kwara State (Teaching)	1989
b.	Crown Trust Group	1983-2006
c.	Radio Nigeria Ibadan	1980-1981
d.	Cooperative Bank	1981-1982
e.	Oyo State College of Education, Lanlate	2008 to date

DOSUMU, Olalere Sunday

NAME

SIGNATURE & DATE

Lead

The university Compliance Certification

This is to certify that the Thesis by Sunday Olalere, Dosumu with matriculation number **LCU/PG/002121** in the department of Management and Accounting, Faculty of Management and Social Sciences, Lead City University, Ibadan, is in full compliance with the University format and style of Thesis

Signature

Date

DO NOT COPY

ATTACHMENT

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