FINANCIAL ACCOUNTING INFORMATION AS AN AID IN MANAGEMENT DECISION MAKING OF FIRST BANK NIGERIA PLC

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ABSTRACT

Institutions and organizations have the responsibility of disclosing issues regarding their operations so as to aid managers in making decisions since management decision makers depend and count on information gained from financial accounting information to forecast future rates of return. There will always be a problem of how to determine the profit of a company, and evaluation of performance of a company without. This study therefore investigates the financial accounting information as an aid to management decision making of first bank Nigeria PLC. The general objective is to ascertain the role of financial accounting information on management decision making. To achieve the objective of this research work, A correlational survey research design was employed for the study and purposive and accidental sampling technique was used to obtain a sample of 400 First bank staff in South-South Geographical Zone of Nigeria. Data for analysis was collected using instrument designed by the researchers. The reliability coefficient value of sub-scales of the instruments range from .78 to .85. The research hypotheses were subsequently tested using Pearson Product Moment Correlation at .05 level of Significance. We discovered from the test of hypotheses that financial accounting information was relied upon in management decision making and financial accounting information is useful for forecasting company's performance. Conclusions were drawn based on the findings that financial accounting information plays a vital role on management decision making and it was recommended that no management decision should be taken without the consideration of a company's financial accounting information.

Introduction

Corporate bodies and financial institutions have obligation to completely reveal matters concerning their tasks to help financial backers in pursuing venture choices. Both enormous and little associations as well as fulfilling the enacting prerequisite will quite often hold existing financial backers and to draw in expected ones through the distribution of their budget reports where the capital load of a partnership is broadly held and its undertakings are important to overall population relations. (Akinsoyime, A. B. 2020) The conversations and outlines of the review will be focused on the fiscal report introduced to investors and furthermore accessible for likely financial backers, investors and exchange lenders as a device of data for speculation choice. Financial statement in light of result on past exercises are examined and deciphered as a reason for anticipating future pace of profits and evaluation of chance (Ezeamama, M. C. 2015)

Financial accounting information gives significant data to a wide assortment of choice, financial backers draw data from the assertion of the firm in whose security they mull over money management (Adebiyi, K. A. et al. 2016). Chiefs who examine procuring aggregate or fractional responsibility for big business hope to get profits from their speculation, for example, profits and expansion in the worth of their venture. The two profits and expansion in the worth of portions of organization relies upon the future productivity of the venture. In this way, financial backers are keen on future productivity. Past pay profit information are utilized to figure gets back from profit and expansion in share costs.

Statement of the problem

It is observed that the role of financial accounting informationas an aid to management decision making in First Bank, Nigeria has some problems to both investors and managers of business organizations who are either not aware of the importance of interdependence relationship that exist between investors and business organizations. Such problems include;

i. How analytical tools are set to aid prospective managers in accessing the financial position of the corporate organization.

ii. Evaluation of performance of a company in management decision making.

iii. How to determine the profitability of a company?

The aforementioned issues are the problems to look into in this research work. The issues examined will quite often drive off both existing and expected financial backers. The explanation of this study is to enough investigate the above issues and recommend conceivable answer for any of them. By this examination will find conceivable key elements to tackling these issues on the grounds that budget summary in venture dynamic in Nigeria is the existence blood of each and every association to the possible financial backer.

Purpose of the study

The general objective is to ascertain the role of financial accounting in management decision making. The specific objective is as follows;

i. To examine how a set of analytical tools will aid prospective investors in assessing the financial p osition of the corporate organization.

ii. To evaluate the performance of a co mpany for management decision making.

iii. To determine the profitability of the company.

iv. To appraise the fundamental use of f inancial accounting information, this is to provide information for management decision making.

Research hypothesis

Hypothesis as per the English word reference is an unproved hypothesis, suggestion sent forward as a clarification of something, frequently as the reason for additional examination. Speculation is the aides for the agents in the whole course of examination try and they keep the analyst on the fundamental

line of the review, in this exploration, the accompanying speculation are figured out for the review; Ho; budget summaries are not used to be depended upon in venture dynamic in an organization.

1. Financial accounting information are used to be depended upon in inv estment decision making in a company.
2. Financial accounting information are useful for forecasting company's performance.
3. Financial accounting information does not determine the profitability of a company.
4. Financial accounting information determines the profitability of a company.

Research Questions

According to Uzoagulu (2018), research questions guide the researcher in constructing the questionnaires. Therefore, the researcher raised the following research questions to guide her in constructing her questionnaire which are instruments in the study. The questions are as follows;

i. To what extent is financial statements used in the investment decision making in a company?

ii. Is financial accounting information useful for forecasting company's performance?

iii. Does financial accounting information determine the profitability of an organization?

iv. Do financial statement projects new investors?

Significance of the study

This study will be of immense benefit to banks by improving the banking performance financial analysts, managers, companies and financial organizations. This is on the grounds that the review expects to help these managers in navigation. The review will help in augmenting information fiscal summary in speculation direction, it will likewise make the association to see the value in the significance of sound budget report in the arrangement of data fundamental for navigation. It will survey the improvement in the association taking care of the budget report and show similarly the routes through which improvement could be achieved at long last this examination will similarly act as a kind of perspective to understudies in this respectable organization and other school who might be intrigued to set out on a further examination investigation of this nature or more all, report of this review will add to existing information in research technique.

Scope of the Study

This study will be limited to a geographical entity known as Nigeria and specifically first bank plc.

Limitation of the study

i. There are some limitations encountered by the researcher in the process of this research which limited the scope to only first bank plc. Some of the limitations are as follows; Time constraints; despite the time provided, it was not still enough for the researcher to go all the relevant places like banks and company etc to get relevant information and due to the combination of project and academics work.

ii. Uncooperative attitudes of the respondents; the researcher could not get some necessary information from the respondents because of their negative attitude in their response to the oral interview with the bank officials and the questionnaires.

Conceptual review

Financial information: planning analysis and decision making is the financial information. Financial information is expected to foresee, look at and assess a company's procuring skill. It is additionally expected to support monetary dynamic speculation and funding direction. The monetary data of an endeavor is contained in the budget summaries.

Financial statement as per Gavtam (2015) is characterized as financial which is the information connecting with monetary place of any firm in a case structure. For Ohison (2019), financial is defined as a written report that sums up the monetary or financial status of an establishment or organization for an expressed timeframe. It incorporates a pay articulation and asset report or explanation of the monetary position depicting the progression of assets, benefit and misfortune and the conveyance or maintenance of benefit. Financial statement is a document which sets out the assets, income, expenses and debts of a company to allow a third person to assess that company's health.

Financial statements according to Nigeria accounting standard Board (NABS) are the areas of communicating to interested parties information on the resource obligations and performances of the reporting entity.

Financial statement can also be defined as the process whereby information relating to the organization as a whole is reported to the outside world. They are reports on management and not to management. It deals with most external financial transactions of the organization.

Financial statements are source documents of accounting information. They are referred to as the final accounts.

Features of Financial Accounting Information

The basic features of financial accounting information are;

i. Financial accounting information always relate to past period and hence there are called historical document.

ii. Financial accounting informationis expressed in monetary terms.

iii. Financial accounting information indicate profitability of the business through income statement and financial position through the statement of financial position.

Functions of financial accounting information

i. Financial accounting information provide various facts of a business organization. The accounting department in an organization plays important and vital role in the business management. As the primary aim of a business is maximization of profit, such profit can only be determined through accurate records of income and expenses which is shown in the financial statement.

ii. Accounting for the scare resources of our society, under any form of economics arrangement, decisions as to where capital should

iii. be invested are made on the basis of information contained in the financial statement.

iv. Financial accounting information helps the management to make decisions that are necessary for the continuity of the business. It also provides information about the financial strength, performance and changes in information position of an enterprise that is useful to wide range of users in making economic decisions.

Objectives of Financial Accounting Information

The basic objective of financial accounting information is to assist in decision making. The other objectives are;

i. To provide reliable financial information about economic resources and obligations of a business enterprise.

ii. To provide reliable information about changes in the net reserves (resource obligation) of the business.

iii. To provide information that assist in estimating the earning potential of enterprise.

iv. To disclose to the extent possible, other information related to the financial statements that are relevant to the statement users.

Analysis of Financial Accounting Information

Users of financial statements can get further insight about financial strength and weakness of a company if they properly analyze information reported in these statements.

Therefore, financial analysis is the process of identifying financial strength and weakness of a company by properly establishing relationships between the items in the balance sheet or statement of financial position and income statement.

Financial analysis can be undertaken by the management of the company or by parties outside the company e.g. shareholders, creditors, investors and others. The nature of the analysis will differ depending on the purpose of the analyst.

Definition and Nature of Management

decisions

According to Pandey (2015) management decisions or analysis has to do with an efficient allocation of capital. It involves decision to commit the firm's funds to the long-term assets. Such decisions are of considerable importance to the firm since they tend to determine its value size by influencing its growths, profitability and risk

Investment decision of a firm is one which is expected to produce benefits to the firm over a long period of time and it can pass both tangible and intangible assets.

The management decisions of a firm are generally known as the capital budgeting decision may be defined as the firm's decision to invest its current funds most efficiently in the long-term assets in anticipated of an expected flow of benefits over a series of years. Situation where capital expenditure decisions are made or taken, they are based primary with measurement of capital productivity which provides an objective means of measuring the economic worth of individual investment proposals in order to have a realistic basis for choosing among the firm's long run property. (Pandey 2015). The long-term asset is those which affect the firm's operation beyond the year period. The firm's investment decision would generally include expansion acquisition, modernization and replacements of the long-term assets. Sales of division or business divestment are also analyzed as an investment decision. Activities such as change in the methods of sales distribution or undertaking an advertisement campaign or a research and development programmes have long-term implications for the firms expenditures and benefits, and therefore, they may also be evaluated as investment decisions. It is important to note that investment in long-term assets invariably requires funds to be tied up in the current assets such as inventories and receivables, some of the features of investment decisions are as follows;

i. The exchange of current funds for future benefits

ii. The funds are invested in long-term assets

iii. The benefits will occur to the firm over a series of years

The two importance aspects of investment decisions are;

i. The evaluation of the prospective profitability of new investments.

ii. The measurement of a cut-off rate against that the prospective return of new investment could be compared.

Future benefits of investment are difficult to measure and cannot be predicted with certainty. Risk in investment arises because of the uncertain returns. Investment proposals should therefore, be evaluated in terms of expected return and risk. Beside the decision to commit funds in new investment proposals, capital budgeting also involves replacement decisions that are decision of recommitting funds when an asset becomes less productive or non-profitable. The correct cut-off rate in investments is the opportunity cost of capital which is the expected rate of return that an investor could earn by investing in financial assets of equivalent risk.

It is significant to emphasize that expenditures and benefits or an investment should be measured in cash. In an investment analysis, it is cash flow which is important, not the accounting profit. It may also be pointed out that investment decisions affect the firm's value. The firm's value will increase if investments are profitable and add to the shareholder's wealth. These increases are reflected in the financial statement of the firm, which invariably are used as tool for investment decisions owing to certain analysis inherent in them.

Importance of Management Decision

Investment decisions require special attention because of the following reasons;

i. They influence the firm's growth in the long-term

ii. They affect the disk of the firm

iii. They involve commitment large amount of funds

iv. They are irreversible or reversible at substantial loss

v. They are among the most difficult decisions to make. (Quirin, 2017)

Growth: the effects of investment decisions extend into the future and have to be endured for a longer period than the consequences of the current operating expenditures. A firm's decision to invest in longterm assets has a decisive influence on the rate and directions of its growth. A wrong decision can prove disastrous for the firm. On the other hand, inadequate investment in assets would make it difficult for the firm to complete successfully and maintain its market share.

Risk: A long-term commitment of funds may also change the risk complexity of the firm. Risk arises in investment clue to the inability to anticipate the occurrence of the possible future events with certainty and consequently, cannot make any adoption of an investment increase average gain but causes frequent fluctuations in its earnings, the firm will become riskier. Thus, investment decisions shape the basic character of a firm.

Funding: Investment decision generally involve large amount of funds which make it imperative for the firm to plan investment programmes very carefully and make an advance arrangement for procuring financial internally or externally.

Irreversibility: Most investment decision is irreversible. It is difficult to find a market for such capital items once they have been acquired. The firm will incur heavy losses if such assets are scrapped.

Complexity: Investment decisions are among the firms most difficult decisions. They are an assessment of future event which are difficult to predict. It is really a complex problem to correctly estimate the future cash flow of an investment. The uncertainty in cash flow is caused by economic, political, social and technological forces.

Methodology

The design that was adopted for this study is the correlational survey research design. Correlation design is an approach that attempts to discover the nature of relationship between a set of variables. The rationale for adopting this design is based on the fact that this study is geared towards collecting data to describe and summarize events being studied, and to establish the link between variables and make predictions about the study population based on the data derived from the sample

The population of the study comprised of all First banks in Nigeria but using South-South Geographical Zone, Nigeria as a case study. Purposive and accidental technique was adopted for the study. The researchers use their judgment and empirical knowledge to select First bank staff as the sample who would best serve the purpose of the study. Accidental sampling technique was also applied by choosing the nearest First bank staff as respondents to supplement the process to get the desired sample size. The sample for the study consisted of 400 First bank staff South-South Geographical Zone, Nigeria. The 400 staff were drawn from South-South Geographical Zone, Nigeria. The sample represents twenty-two (23.84%) of the study population which was derived from Taro Yamane's formular. The researchers used questionnaire as instrument for collection of data for the study. The questionnaire for staff consisted of three sections; A, B and C. Section A focused on the personal data of the bank staff such as the name of bank, and religious affiliation, sex, academic qualification, age while section B had twenty-four items designed to measure investment decision making, forecasting company's performance, company's profitability and new investment projection, and Section C elicited responses on social adjustment. All the items in section B and C were arranged on the 4 points Likert-type scale ranging from Strongly Agree (SA=4points), Agree (A=3 points), Disagree (D=2 points), and Strongly Disagree (SD=1point). The instrument was subjected to face validity by one expert in Business Education and two experts in

measurement and evaluation in the Department of Educational Foundations, Faculty of Education, University of Calabar, Calabar who made necessary suggestions. Their suggestions were used in producing the final copies of the instrument. The instrument was judged to have good face validity. The reliability of the instrument was established using Cronbach alpha reliability technique. In achieving this, a pilot study was conducted using 50 bank staff from the banks that were not part of the main study.

Result

Hypothesis One

Financial accounting information no significant relationship with investment decision making. The independent variable in this hypothesis is investment decision making and dependent variable is financial statement

Table 1 shows that management decision making has an average positive relationship with financial accounting information in First bank as r = .573. Also, when this was tested at 0.05 significance, (r = .573, p = .001<.050), it shows that this has an average positive significant relationship. The null hypothesis of no significant relationship between financial investment and investment decision of making of First Bank Nigeria especially in South-South Zone of Nigeria is therefore rejected. This means that as the financial statement plays a vital role in decision making.

Table 1

Pearson Product Moment Correlation analysis of the relationship between financial accounting information and accounting information decision making in First bank PLC (N= 400)

Variables	N	X	Sd	R	Df	p-value
Investment decision making	400	19.11	2.37			
				.573*	398	.001
Financial statement	400	32.49	3.27			

**Significant at .05, df = 398.*

Hypothesis two

Forecasting company's performance has significant relationship with financial accounting information. The independent variable in this hypothesis is forecasting company's performance and the dependent variable is financial statement.

Table 2 shows that forecasting company's performance has an average positive relationship with financial statement as r = .581. Also, when this was tested at 0.05 significance, (r = .581, P= .000<.050), it shows that this has an average positive significant relationship. The null hypothesis of no significant relationship between forecasting company's performance and financial statement. This implies that the role of financial statement on forecasting company's performance increases. On the other hand, if there is deficiency in financial statement, there will be deficiency in forecasting in company's performance and vice visa.

Table 2

Pearson Product Moment Correlation analysis of the relationship between forecasting company's performance and financial accounting information of First bank Nigeria (N= 400)

Variables	N	X	Sd	R	df	p-value
Forecasting company's performance	400	18.43	2.30			
				.581*	398	.000
Financial accounting informationt	400	32.49	3.27			

**Significant at .05, df = 398.*

Hypothesis Three

Proficiency of a company has significant relationship with financial statement of Frist bank. The independent variable in this hypothesis is Proficiency of a company and financial accounting information of First bank.

Table 3 shows that proficiency of a company has a low positive relationship with financial statement of First bank as r = .488. Also, when this was tested at 0.05 significance, (r = .488, p = .000<.050), it shows that this has a low positive significant relationship. The null hypothesis of no significant relationship between proficiency of a company and financial accounting information of First bank is therefore rejected. This means when the rate of proficiency of a company is increasing, something is wrong with the financial statement.

Table 3

Pearson Product Moment Correlation analysis of the proficiency of a company and financial accounting information of First bank Nigeria (N= 400)

Variables	N	x	Sd	r	df	p-value
Proficiency of a company	400	19.50	2.37			
				.488*	398	.000
Financial accounting information	400	32.49	3.27			

**Significant at .05, df = 398.*

Hypothesis four

Projection of new investors has no significant relationship with financial statementof First bank PLC. The independent variable in this hypothesis is projection of new investors and dependent variable is financial statement.

Table 4 shows that projection of new investors has a high positive relationship with financial statement of First bank PLC as r = .619. Also, when this was tested at 0.05 significance, (r = .619 P =0.000< .050), it shows that there is a significant relationship. The null hypothesis of projection of new investors has no significant relationship with financial accounting information of First bank is therefore rejected. This implies that there is always a role played by financial statement on the projection of new managers.

Table 4

Pearson Product Moment Correlation analysis of the relationship between projection of new investors and financial accounting information of First bank Nigeria (N= 400)

Variables	N	x	Sd	R	df	p-value
Projection of new investment	400	19.32	1.93			
				.619*	398	.000
financial statement	400	32.49	3.27			

**Significant at .05; df = 398.*

Findings of the study

It is quite imperative to still maintain that this work set to manager the role of financial accounting informationin management decision making with a particular attention in First Bank of Nigeria PLC.

From the test of hypotheses above, the following findings were made. Financial accounting information is used to be relied upon in management decision making, it is useful for forecasting company's performance. The study revealed that there is a positive and significant relationship between financial accounting information and accounting information decision making. Financial accounting information provide various facts of a business such as, accurate records of its income and expenses and also its assets and liabilities. Jenfa, B. L. (2020). The respondents agree that the financial statement plays an important role in management decision making.

At last, the main aim of this study is to determine the role of financial accounting information in investment decision making. This is because prospective investor's uses financial statement of concerns as a major parameter for assessing the profitability and the risk of managing in such ventures and the aim of financial accounting information is to provide financial information about an entity to interested parties.

The information can become meaningful through financial interpretations and decisions unveil the essence of financial accounting information as the major custodian of financial information necessary for any accounting information decision. Investment is not made on a vacuum hence, there are bedrocks on which they will stand.

Conclusion

This work concludes that financial accounting information plays a vital role in investment decision making; for instance, where companies invest hundreds of billions of naira annually in fixed assets. By their nature, these investment decisions have the potential to affect the firm's fortunes over many years. For a good decision can boost earning sharply and dramatically increase the value of the firm. This financial information can be subjected to various scrutiny and analysis depending on the investors before making their investment decisions. This is quickly appreciated in the banking sector as one of the major criteria's the demand from their borrowers at the financial accounting information of the concern for various years. This is subjected to their analysis and interpretations before they can go ahead in the loan negotiation concerning any company. Hence it is opined that companies should try as much as possible to posit financial accounting information that reflects a true and fair view of what is propose to represent as a way of appreciating their companies the more.

Recommendations

From the findings of this research, the researchers therefore recommended that:

1. Every company should adhere to the demand of subjecting their financial statements to statutory audit as a way of authenticating their contents

2. Every company should ensure that all material fact is reflected in their financial accounting information.

3. These should be prompt provision of the financial accounting information at the end of each financial year.

4. No investment decisions on a company should be taken without the consideration of a company's financial accounting information.

5. Investment decision should not be on a vacuum or rule of thumb rather, the financial accounting information should be used as bedrock.

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