



# The Use of Accounting Information in Decision Making for Sustainable Development in Nigeria: A Study of Selected Tertiary Institutions in Imo State

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## Abstract

Despite the huge information provided to the management of the selected tertiary institutions, management deviates from the set objectives. The purpose of this research work is to find out the impact of the use of accounting information in decision making in the tertiary institutions and to identify the cause of failures in education sector in the selected tertiary institutions in Imo State and to provide possible solutions. This paper also considered the following recommendation necessary: Government incentives, grants and encouragement to enhance educational sector, release of more funds so that the required computerized system should be put in place. Government should introduce policies that every personnel should have basic knowledge in information communication technology (ICT), management sciences and basic accounting procedure. Accountants should be selected to be among the governing body of tertiary institutions.

**Keywords:** Accounting information, Decision making, sustainable development, Tertiary institutions, government.

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## **INTRODUCTION**

In most third world countries, budget execution and accounting processes are either manual or supported by very old and inadequately maintained software applications. This has had deleterious effects on the functioning of their public expenditure management (PEM) systems, which are often not adequately appreciated (Diamond & Khemani, 2006).

Globally however, management practices are faced with the problem of choosing among alternatives in order to make decision effectively. Considering the fact that resources are relatively scarce and limited, chief executives do not only face the problem of achieving co-operate goal or accruing loss at various stages in the process of providing products and services but also to organize, forecast, control, direct and make appropriate decisions (Clinton & van der Merwe, 2006).. These processes are facilitated by the utilization of adequate accounting information (Abiogwu, 2008; Diamond & Khemani, 2006).

Management decision is one of the most important facets that pervade all organization and constitute its progress and/or failure in actualization of pre-determined goals and objectives. For this reason, for management decision to have a “fair view”, qualitative this is attributable to inadequate and inappropriate use of accounting information (Clinton, Matuszewski & Tidrick, 2011).

This study examined the use of accounting information in selected tertiary institutions in Imo State. It looked into the constraints affecting the utilization of data and factors that affecting the use of accounting information by institutional managers in their decision making process. This study also review related literature that discussed the sources, usefulness of accounting information and accounting information as decision making tool,. This study also give a brief description the need for ICT in accounting information process. This study therefore concentrate on the impact of accounting information in decision making in selected tertiary institutions in Imo State.

## **REVIEW OF RELATED LITERATURE**

Accounting information has made a tremendous contribution over decision making functions. This can be attested by the numerous writers on accounting information in textbooks, magazines, journals and projects. The principal point of discussion is the minimization of the risk and insecurity by the proper use of accurate accounting information in the planning, these enough evidence that have an ever increasing demand for accounting information due to changing of environmental factors, with a corresponding increase in the scope of accounting information. To see clearly, the contribution of some other writers in this particular topic, different aspect of the topic shall be discussed.

## **SOURCES OF ACCOUNTING INFORMATION**

The major sources of accounting information in an organization is the accounting unit, which is charged with responsibility of systematically recording, analyzing, interpreting summarizing accounting information as the result of a process involving the preparation of source documents, the entry of basic data into subsidiary records to ledger, which is the formal record of data” Glantter and Underdown (1981, p. 91). Accounting data therefore originates from financial transactions within the organization and source documents are the medium through which these transactions are recorded. The source documents commonly used are sales and purchases invoice, Local Purchase Order (LPC) cheque, cash receipt, cash book, test, etc.

The accountant is the major supplier of accounting information required by the management in their planning and decision making processes. Users of this information can acquire them through the primary or secondary sources.

## **USERS OF ACCOUNTING INFORMATION**

Accounting information serves as bases for planning and decision making, it provides the various users the necessary data and assistance. The users are:

- Management
- Education/Curriculum planners

## **MANAGEMENT**

One cannot conceive of any organization that does not have objectives. The primary struggle for any organization is to actualize corporate goal and this responsibility rest solely on the management. Although the environmental factors may modify the degree of targeted objective, it must be realized that adequate profit is necessary for survival and growth of the business. To achieve this objective, management must be able to plan, control and coordinate all the activities of the organization. This could only be possible through the use of accounting information in virtually all their management decisions.

## **EDUCATION/CURRICULUM PLANNERS**

Curriculum planners either participate in the process of classroom curriculum planning, or the means through which school boards coordinate the various curricula being used in order to achieve uniform goals. On its own, curriculum is basically a lesson plan that functions as a map for learning and school business administration. Careful planning is required to ensure first that the lessons actually touch on all required topics, and also that they meet school or governmental standards of fundamental education (Halverson, 1954). The curriculum planners also make use of accounting information to know the available fund in order to know the type of curriculum to embark upon.

Educational planning, human resources (HR) training and development have evolved as disciplines to guide the allocation and utilization of educational resources in the school system. This is required to arrest areas of waste of resources to make educational production more effective. In this regard, educational planning have become indispensable tools in the management of the school system in order to achieve the desired goals of education systems around the world (Ololube, 2013a,b).

## **ACCOUNTING ACTIVITIES AND ENTREPRENEURSHIP DRIVE**

According to Nwaigburu and Eneogwe (2013), accounting can be seen as the systematic recording, reporting and analysis of financial transactions of a business accounting is a professional discipline that empowers trainees to be able to communicate financial information/ Statements about the performance of business organization to information users such as shareholders of public quoted companies and the management.

Accounting information when properly prepared has a number of characteristics which include reliability, objectivity, understandability, consistency and comparability. Teaching accounting effectively requires one- on one interaction between learners and instructors in order to gain skills and basic accounting knowledge.

## **THE MAIN FIELDS OF ACCOUNTING**

There are basically two main filed of accounting viz:

- a) Micro- accounting
- b) Macro- accounting

**Micro- Accounting:** This covers business accounting (financial managerial and cost accounting), governmental accounting and household accounting (Akukwe & Uzoma, 2004).

**Macro- Accounting:** This covers the fields of national income, input- output, balance of payments and money flow accounting (Akukwe & Uzoma, 2004).

From the above definition of main field of accounting, it implies that the wide scope of economic entity which cuts across sizes and boundaries reference it. Be it sole trader, partnership, religious organizations, government, tertiary institution, private individual needs accounting information for proper harmonization and effective decision.

Okereke (2000) stated that accounting is a reporting activity that forms part of a much wider management information system. It provided among other things to generate useful economic data, specifically financial information about organization, which is needed for making good judgment are provided by the accountant. To this extent, accounting generally facilitate the managerial planning and control process by providing “a true and fair” basis for decision making. Hence management’s needs for accounting information may be said to resolve around the purposes of:

- Planning and controlling the affairs of the organization they manage;
- Making policy decision that will regulate the routine operations within their organization;
- Making choices among other alternatives under circumstances which are mostly unexpected and therefore, not repeat themselves in the future.

## **USEFULNESS OF ACCOUNTING INFORMATION**

It is obvious that quality decision is derived from quality of information received. Accounting information has been the guiding principle in formulating policy and criteria for selected among alternatives. However, in every organization including tertiary institutions, accounting information has been a guide in the acquisition of materials and equipment into the resource center for learning purposes. Osuji (2009) stated that fund provided for media centre collected should be sufficient to enable the school instructional media programme to meet accepted standard, instructional materials and equipment needed for changing curricular and student population must maintain the collection satisfactory conditions. It is ethically believed that all these conditions to be met in acquisition of educational materials are in response to accounting standard. Take for instance, materials and equipments to be purchased must be budgeted. The chief executive and ruling council of various institutions can only know their internally generated revenue and total recurrent expenditure through the use of accounting information.

According to Ezegebe (2000), the management interpret stated of account and data in particular reference to what it have done with what have provided in financial management and justifiable reasons for decision and actions. This is respect of ethic of accountability. To this end, adequate keeping of record of account encourage effective administration of school plants. By school plants here, we mean the totality of the belongings of the educational institution (Hope & Alice, 2004). Accounting information helps management to know the dilapidated facilities in the school that need to be renovated. Adherence to accounting information by the chief executive of tertiary institutions will ensure survival, curriculum development and implementations.

In tertiary institutions, the following financial records are kept for smooth running of the institution and accountability purposes. Some of the records are:

- Student record
- Curricular record
- Evaluation records
- Financial records: relates to income and expenditure and include receipt for purchase, vouchers, retirement, contracts, donations and budgets. All these are recorded in the appropriate financial record for smooth running of an institution.

## **ACCOUNTING INFORMATION AS MANAGEMENT DECISION TOOLS**

Nobody is quite sure where accounting in its narrowest sense started. It is agreed upon that any accounting that is not helpful in some way should be scrapped. In all its phase, accounting information is useful to some sort to management whether it is the officers, sub- officers of the educational institutions, the lecturers and potential workers, the creditors and potential creditors one or more government tertiary institutions, Each of these users of accounting data manages its relationship with the enterprises at least on the basis of accounting reports.

The use of accounting within educational sector as a tool of management decision has numerous functions. Three general interdependent areas of concern can be distinguished as follows:

- Estimating future cost, revenue and cash flows, controlling current expenses and inventory holdings;
- Planning the internal consistency of the project.

### **HYPOTHESIS:**

Hypotheses was formulated and tested at 0.05 level of significance:

H0: Use of accounting information will not significantly has any impact in decision making

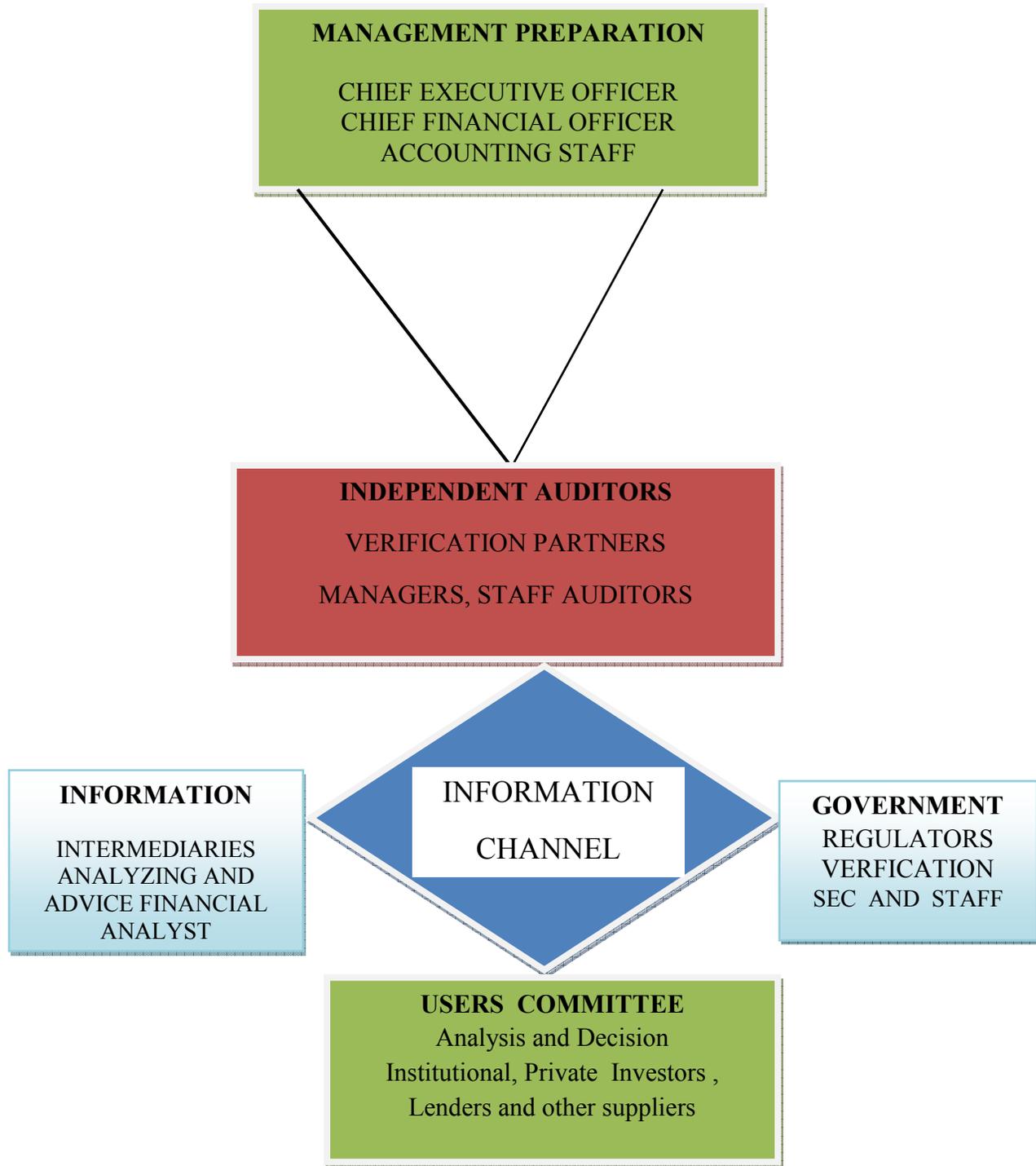
H1: Use of accounting information will significantly has impact in decision making.

## **THE NEED OF INFORMATION COMMUNICATION TECHNOLOGY (ICT) IN ACCOUNTING INFORMATION PROCESS**

The is to review how organization create value through accounting information technology, describe the relationship between students management and accounting information processes, and also describe three ways accounting professionals can increase their value and also to identify reasons for changing the nature of accounting and how the use of information technology (IT) can enable such a change.

According to Burns, Quinn, Warren, and Oliveira (2013), many forward-looking members of the accounting profession are all too aware that the world in which we live is rapidly changing in profound ways. They realized the need to proactively prepare for the future and convince other tertiary institution personnel of their preparation and ability to provide valuable services to aid management decisions.

Figure 1: Models and theories relevant to the research the accounting communication process



Source: Libby, Libby and Short (1998, p. 237)

Information may be obtained by direct observation or by communication. Managers normally obtain information by communication because it is not possible for them to observe all activities taking place, which are under their responsibility. Instead, managers rely on information from conversations with their subordinates (ad hoc information) or the contents of formally transmitted reports some of which will be prepared by the accountants

Accountants should aim to provide the right information to the right people in the right quality at the right time, and at minimum cost. This raises the question as to what is optional quality, content, accuracy bear in mind when collecting and presenting accounting information. For example, better quality of planning and decision might be made by postponing a decision until more information of great accuracy is available. Plans and decision, however, must often be made prompt if they are to have maximum influence on future events

## METHODOLOGY

The design used in carrying out this research is the descriptive survey. Since all the tertiary institutions in Imo State would not be reached due to some prevailing factors, the researcher therefore, selected Alvan Ikoku Federal College of Education, Imo State University and Federal Polytechnic Nekede as the area of study.

Data were collected from a sample of selected areas to determine the impact of accounting information decision making in Imo State. Primary method of data collection was used in this study. It consists of structured questionnaire that was administered, completed and returned by the respondents. Data collected were analyzed with the use of chi-square. The chi-square test was chosen because the study involved the comparison of observed data.

### CHI- SQUARE COMPUTATION OF HYPOTHESIS

FO	Fe	Fo-Fe	$\frac{(Fo- fe)^2}{fe}$
45	50	-5	0.5
55	50	5	0.5
60	50	10	2.0
58	50	8	1.3
48	50	-2	0.1
52	50	2	0.1
54	50	4	0.3

$$X^2 = 4.8$$

Degree of freedom  $df = 2$

Significant level = 0.5

Calculated  $X^2 = 4.8$

Decision: Table value = 2.0031

We reject  $H_0$  and accept the  $H_1$ , hence we conclude that the use of accounting information as a create impact in decision making.

## CONCLUSION

The sufficient supply and proper use of accounting information had gone a long way in helping the management in making efficient and effective decision in tertiary institutions and for this, there is a significant impact of the use of accounting information as an aid to management decision making in the institutions.

The accounting is also of maximum importance to the various users such as the curriculum planners, government, and public. It gives them the confidence of planning effectively. The soundness of the management decisions are its ability to know what the state of the organization is at any time depends on the accuracy and completeness of the records.

Apart from the fact that so many factors are responsible for the failure of management, analyzed data shows that lack of managerial ability due to inadequate book-keeping and accounting procedure is one of the major causes of educational management failure.

## Recommendations

In order to resolve the problems arising from this study, some recommendations are hereby proffered:

In as much as the government has been making genuine efforts towards encouraging the development of the educational sector by granting various forms of incentives, it should be in line with such development that encouraged the use of proper accounting standards. This can be achieved by formulating standards to be kept.

In setting high accounting policies, the government should also ensure that the decision makers of the tertiary institutions are well resourceful personnel so as to be able to interpret as well and easily make use of the accounting information delivered to them.

The government can achieve this by setting out a long term educational development programme which should aim at providing at least a basic knowledge on accounting procedures. The government can as well formulate policies that will ensure that only those individuals that possess these educational requirements would be given the opportunity of being education heads/chief executives. Also, the decision makers in tertiary institutions are advised to always solicit for professional accounting services.

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