

**ACCOUNTING AS A TOOL FOR DECISION MAKING: A FOCUS ON SHELL PETROLEUM
DEVELOPMENT COMPANY WARRI**

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Abstract

This study focused on the effects of accounting report on the management of the organization. The objective of the study was to determine whether accounting tools were used by management for proper accountability and the extent which report guided management in decision making in the organization, the study offered solution to the problems encountered by the management. In the implementation of the accounting tool, however, it relied mostly on primary data generated through field survey of the study population of 60 respondents of which 48 responded and 12 did not respond the data obtained were presented in tabular form and percentage analysis was applied in data analysis while chi-square X^2 distribution was used in hypothesis testing. From the questionnaire issued, it was discovered that some of the problems found included that accounting reports has a positive impact on the management decision in Shell Petroleum Development Company and there is a relationship between performance and effective use of accounting tool by management. It was recommended that one accounting department be maintained by the organization to encourage efficiency, effectiveness and economic growth of the nation thereby aiding national development. The relevant application of this accounting tool by management will aid effective and efficient decision making which has enhanced the growth and profitability of the company (Shell Petroleum Development Company Warri) and have been recommended for other companies around the world.

Keywords; Management of Organization, Accounting Report, Accounting Tools and National Development.

Introduction

According to the Petroleum Profit Tax Act (PPTA), petroleum can be defined as any oil or relative hydrocarbon and natural gas existing in it's natural condition in Nigeria excluding liquidified natural gas, coal or shell or other stratified deposit from which oil can be extracted by destructive distillation.

The history of the development of petroleum industry in Nigeria is as old as the country itself. Oil exploration in Nigeria dates back to 1908 with the appearance of oil sea pages at Araromi in the present Ondo State. A German company, Nigeria's Butmen Corporation started this pioneering effect but was short-lived as a result of the outbreak of the 1914-1918 First World War. Another exploratory activity took off in 1937 by an

Anglo-Dutch consortium that served as a fore-runner of the present day shell petroleum development company of Nigeria in 1937 after shell D' Archy has been offered the sole concession right that covered the whole territory of Nigeria.

In order to increase the pace of oil exploration and to ensure that the country was dependent on one oil company or national oil companies like Mobil, Gulf, Agip, Salrap, (Elf Tenneco and Amoseas) Texaco/Chevron) were allowed to join the explorers for oil in the onshore and off-shore of Nigeria, when Nigeria gained Independence in 1960, oil production had been established in the country, and it was exporting over 170,000 barrels per day (bpd). It was Gulf Oil Company that started the first stock off-shore oil on the okan structure of Bendel State in 1984. The licenses that was granted these companies was both offshore and on-shore with these commercial discoveries in petroleum product, the socio-economic and political development of the entity called Nigeria-began to crystalize as well as its internal dynamic ethnicity.

All crude oil produced before the mid 60's was exported because of non-availability of local refineries while domestic demand of petroleum product was met by imports. However, the need to conserve foreign exchange, created job opportunities to some extent and other benefits derivable from setting up refineries locally prompted the government of Nigeria in establishing and commissioning Port Harcourt in 1965. The refinery has a processing capacity of 35,000 barrels per day (bpd) to meet increasing domestic demand while excess fuel was exported.

The demands for oil products continued to outstrip supply made to the government to officially open the Warri refinery in 1978 with a capacity of 100,000 barrels per day, thereby giving the country it's present essential capacity of 260,000 bpd the refinery was designed to refine 50 percent of Nigeria light crude and 50 percent medium crude, expansion work is currently going on at both the Kaduna and Warri refineries with a cost of about N750 million.

It was hoped that when more refineries are built, it will increase domestic refining capacity by 150,000 barrels per day, and render unnecessary the on-shore processing arrangement by which Nigeria's crude is taken for refining and the products are imported to meet the shortfall in domestic requirement. As the output from all the refineries will then be increased to meet the demand, there will be a surplus available for export.

Shell petroleum development company limited undertakes petroleum exploration activities in both up and down stream. In these activities of refining (manufacturing, transportation, distribution and marketing accounting tools are daily employed.

Oil and gas industry play a very vital role in the Nigerian economy through revenue generation to federal government, employment generation and being the major contributor to the growth of the Gross Domestic Product. Oil and Gas Companies, like other entities, are required to prepare and present their financial statements in accordance with Generally Accepted Accounting Practices and/or International Accounting Standards. Such financials are expected to be relevant, reliable and faithfully representing the financial position and performance of the affairs of the reporting entity at any particular point in time. Financial performance of companies can be measured by use of accounting information or stock market values in a financial accounting practices context. When accounting information is used, accounting ratios are employed. Among the common accounting ratios used to measure profitability are: return on assets (ROA) and return on capital employed (ROCE). Return on assets is an indicator of how profitable a company is relative to its total assets. It gives an idea as to how efficient management is at using its assets to generate earnings.

These are the outputs of the decisions made by the company's management while harnessing the accounting information gathered by the relevant tools at their disposal.

The cost incurred by the oil companies usually are classified as: minerals rights acquisition costs, exploration and drilling cost, development costs, production costs, support equipment and facilities costs and general costs.

The company has also been faced with the problem of scanty accounting standards guiding the environmental cost management like its peers in the industry. The external reporting of environmental cost data has also suffered a lacuna which has hindered the cost management of the company.

The discovery of crude oil in commercial quantity is not always the result of all drilling and explorations. The accountant therefore, employs amortization of these costs which will depend on the accounting system adopted by the company involved, two methods of accounting.

System Prescribed by SAS 14 are:

i. Full Cost Method

ii. Successful Effort Method

Under the full cost method, costs incurred on mineral rights acquisition, exploration, appraisal and development activities should be capitalized. While, cost incurred on mineral rights acquisition, exploration, appraisal and development activities under the successful effort method should be capitalized on the basis of wells field or exploration cost centers, pending determination. Cost incurred prior to acquisition of mineral rights and other exploration cost centers, pending determination. Cost incurred prior to acquisition of mineral rights and other exploration activities not specifically directed to an identifiable structure should be expensed in the period they are incurred. (Aderiye, 1991).

Using successful effort method, costs incurred prior to acquisition of mineral rights and other exploration activities not specifically directed to an identifiable structure should be written-off in the period they are incurred. All costs incurred on mineral rights acquisition, exploration, appraisal and development activities should be capitalized initially on the basis of wells field or exploration cost centers pending determination such costs should be written off when it is determined that the well is dry mineral right acquisition costs that have not been allocated should be amortized over the remaining life of the license, amortization of exploration and drilling costs, incurred costs, incurred on each well, field or property should be on a unit of production basis, using proven developed reserves, the use of ceiling test is not mandatory under this method. According to A. Adekunle Owojori and C.S Ola (2002),

“both FC and SE are methods of accounting principles” the fundamental difference between FC and SE is the size of the cost center used in taking capital or expenses decision for exploration costs. Under FC all cost of finding oil and gas reserves would be capitalized regardless of whether a specific local effort is successful. While in SE, the smallest possible cost center is the property, reservoir or field, all costs on any of this will be expensed. Here, only the exploration cost that results in producing well are capitalized and those that resulted in dry holes expensed immediately. A company may use either the full cost method or the successful efforts method. The method used should be consistently applied and disclosed.

Companies in the downstream sector of the industry are also expected to state in their financial statement all significant accounting policies adopted in the preparation of those statements, these policies should be prominently disclosed under one caption rather than as note to individual items in the financial statements.

The Oil Industry is sensitive and complicated industry; enormous sums of money are incurred in exploration for which no revenue may be generated for quite a while. Multi-national companies are engaged in Oil production with the Federal Government participating under Joint Venture arrangement; all these had over years made accountancy witness a gathering momentum in the imposition of requirements and regulations concerning presentation, disclosure and measurement of accounting information. Ayo, M. Oni (1990) in his introductory speech to Mark ICAN’s 25th Anniversary Lamented that “Oil companies solve their accounting problems in different ways which makes comparison and understanding considerably difficult. Therefore a statement of recommended accounting practice for the Oil industry should be developed.

The purpose of this section is to give a general and precise rules and regulations which currently govern the accounting profession and its practitioners. The work produces a result that will be in the interest of the users of accounting information and the firms in the oil and gas sector of the economy

Statement of the Problem

The researcher found out that improper application of quality accounting tools in decision making is a major problem, also that the quality of accounting data by management for sound effective decision making is not efficient. They include;

1. Lack of accountability from constituent departments
2. Lack of proper accounting information for external users like (investors, creditors, shareholders, government and the public).
3. Lack of proper financial management

Statement of Hypothesis

Hypothesis may be defined as a proposition specifying some form of relationship between variables that are represented by Null and alternative statements. The null hypotheses are stated as follows;

- Ho₁: Accounting is not a significant tool to ensure accountability in management operation
- Ho₂: Proper accounting information is not significantly relevant for external users
- Ho₃: Accounting is not a significant tool which helps management in proper financial management

Concept of Accounting

Wawn, Reeve, and fess (2005) defined accounting as information system that produces reports to the interesting parties about economic activities and company's condition the primary objective of accounting is to provide information that is useful for decision making purposes. It means that accounting is an information providing activity. Wamen et al (2005) also stated that the objective of accounting is simply to produce information used by managers to run company's operation. Accounting also gives information used by managers to run the affairs of the organization and also to interesting parties about economic performance and company's condition. According to Considine et al (2005) also stated that the objective of accounting is simply to provide a means for the data's storage and to gather data about a business activities, provide a means for the data's storage and processing, and then convert those data into useful information. An accounting system consists of the personnel, procedures, technology, and records used by an organization (1) to develop accounting information and (2) to communicate this information to decision makers (Williams, Hack, Bettner and Cercello, 2008), Accounting information is raw data concerning transactions that have been transformed into financial numbers that can be used by economic decision makers. According to Williams et al. (2008), the types of accounting information that a company develops vary with such factors as the size of the organization, whether it is publicly owned, and the information needs of management.

The types of accounting information required depend on the types of business decision made by management. It means that the role of accounting information is to assist manager in making business decisions. Fiorelli, Zifaro (2008) in Handayani (2011), classified accounting information into three different types according to the benefits for the users.

1. Statutory Accounting information: Is the information that will be prepared in accordance with existing regulations.
2. Budgetary Information: Is the accounting information presented in the form of budget that is useful for internal planning, assessment and decision making.
3. Additional Accounting Information: Is the accounting Information prepared by the company to increase effectiveness of decision.

ACCOUNTING TOOLS FOR BUSINESS DECISION MAKING

Accounting is the business function of recording, reporting and analyzing financial information. However, accounting can help owners make smart decision through the careful analysis of financial information relating to current operations and new business opportunities.

TYPES OF ACCOUNTING TOOLS FOR BUSINESS DECISION MAKING

There are several types of accounting tools available for business owners to analyze and assess the strength of their companies/operations.

1. **Financial Statement:** The common accounting tool used for business decisions are financial statements: These statements usually include the income statement, balance sheet and statement of cash flows, these statements provide business owners with specific information about sales made, expenses, assets, liabilities and positive or negative cash flow functions. Business owners often review their information to ensure they are not spending too much money or using too much debt while generating profit. Financial statements may also help business owners develop budgets for planning future expenditures.
2. **Financial Ratios:** Financial ratios measures the company's ability to pay short term liabilities, the use of assets to generate revenues, long term cash flow sustainability and the amount of leverage used to finance business resources. Financial ratios make use of mathematical expression used to compare with other business on how they operates.
3. **Fore Casting:** Forecasting is an internal or external analysis method used to determine the potential production output or sales of the company's products. Internal forecasting determines the amount of economic resources that small business need to produce the highest amount of output at the lowest production cost. External forecasting uses basic economic analysis to determine at what price political consumers will be most willing to purchase the maximum amount of goods.
4. **Investment Analysis:** Investment analysis may include analyzing new business opportunities that will maximized the company's profitability, selecting equity securities to generate passive income streams or securing debit financing for business funding, business owners often use these methods to ensure that they do not select investments that create a drain on their company's financial resources.
5. **Management Accounting:** Business owners use management accounting to ensure that they recoup all production costs when selling goods or services in the economic market place. Management accounting may also be used to create break-even analysis, cost-volume-profit reports or other financial information to determine the minimum amount of money a company must generate to pay for fixed and variable expenses.

SOURCES OF ACCOUNTING INFORMATION

The sources of accounting information are internal although there may be several departments that furnish the information depending on the types of business. The accounts department is central. Accountants are the major suppliers of accounting information. They provide management with the needed information used in conducting the affairs of the business.

As already noted accounting information is indispensable in the management activities of any organization. It provides quantitative information about economic entities. The information is primarily financial in nature and intended to be useful in making economic decisions. Harson (2009) Accounting information is needed not only by management in directing the affair of the co-operation but also by shareholders, who require financial statement in order to appraise management performance. It plays on important role in all economic and social system. It helps in checking irregularities and misappropriations. Accounting is the live wire of any organization without which it is likely to remain static or in worse case die. Accounting provides management with the needed information for use in conducting the affairs of the business and reporting to the owners.

IMPORTANCE OF ACCOUNTING

Accounting has many importance which include letting people and organization to know:

1. If the business is making profit or loss and it suggest ways of improving it.
2. Accounting enables the organization to know the worth of the business they are dealing on.
3. It helps both individual and organization to estimate how much cash they have.
4. It helps to describe what a transaction worth to them etc.

Performance Effects of Accounting Information In Management Decision Making

The need for information is basic for concrete and explicit management decision to ensure the success and survival of an organization and since the aim of any business organization is profitability” accounting information is indispensable to achieving this goal. It is pertinent to look at the important of good accounting information as it relates to maximizing the profitability target of an organization. However, a business manager can assess the business performance using accounting information. Costs, prices, sales volume, profits and return on investment are all counting measurement (Williams et al 2008) Ratio analysis is one of the best tools of business performance assessment. According to Jackson (2004), each ratio provides a certain kind of information when assessing a company. Ratio analysis involves method of calculating and interpreting financial ratios to analyze and monitor the firm’s performance (Gitman and Zutter 2012), the four categories of rations to be covered are:

1. Liquidity ratios measures a firm’s ability to meet its current obligations (Gibson, 2011) according to white, Sondhiand fixed (2003), liquidity analysis measures the adequacy of a firm’s cash resources to meet its near-term cash obligations.
 - Leverage ratios measure the extent of a firm’s financing with debt relative to equity and its ability to cover interest and other fixed charges (fraser and Ormiston, 2001).

According to white et all (2003), long term debt and solvency analysis, examines the firm’s capital structure, including the mix of its financing sources and the ability of the firms to satisfy its longer term debt and investment obligations.

- Activity ratios measures the speed with which various account are converted into sales or cash inflows or outflows. In a sense, activity ratios measure how efficiently a firm operates along a variety of dimension such as inventory management, disbursement and collections (Gitman and Zutter, 2012) according to white et al (2003), activity analysis evaluates revenue and output generated by the firm’s assets.
- Profitability ratios measures the earning ability of a firm (Gibson, 2011) according to white et al (2003), profitability analysis measures the income of the firm relative to it’s revenues and invested capital.

Decision is a reasoned choice among alternatives (Turban and Aronson, 2001), according to Jones and George (2011) decision making is the process by which managers respond to opportunities and threats that confront them by analyzing options and making determinations about specific organizational goals and courses of action. Thuts, it can be said that business decision is a reasoned choice among alternatives respond to opportunities and threats that confront them by analyzing options and making determination about business goals and courses of action.

According to Rommey and Steinbart(2012), business engage in a variety of activities, each activity requires different type of information. Business decision related to what activities will be accomplished as well as what information is needed. Roomeyand Steinbart (2012), stated that there is variation in the degree of structure used to make decision:

1. Structured Decision are repetitive, routine and could be delegated to lower level employees.
2. Semi structured decision are characterized by incomplete decision making rules and the need for subjective assessments and judgments to supplement formal data analysis.
3. Unstructured Decision are non-recurring and non-routine decision

Challenges of Shell Petroleum Development Company Ltd Warri (SPDC)

The key factors facing SPDC presently and beyond focuses on the following areas Continue to raise awareness at long term sustainable development, effective environmental management thinking across the company while reaching out to their stake holder responses to difficult political, social and economic challenges in Nigeria taking a leading role in the vision 2010 economic programme including participating in economic summits initiatives aimed at open and transparent environmental management and community development programmes.

The challenges in the coming years are to fully integrate and embodied sustainable development principles in the business, which receives the commitment and involvement of management and staff.

- Vandalization of pipelines
- Kidnapping of top officers of the company
- Terrorist of youth (militant)
- Political instability if the company is not stable it affect the company.
- Government policy affect the companies through (NNPC), Nigeria national and petroleum company (NAPIMS) National Petroleum Investment and Management Services.

Classification of Respondent According to their Gender

Table 1 showing respondents response rate

Response	Frequency	Percentage (%)
Male	30	62.5%
Female	18	37.5%
Total	48	100%

Source: Field Survey 2017

From the table above, it shows that shell petroleum company (Warri) have more of male staff than female staff given a percentage of male as 62.5% over 37.5% of female.

Table 2

Age Range of Respondents

Response	Frequency	Percentage (%)
Under 20	Nil	Nil
21 – 30	9	18.8%
31 – 40	28	58%
Over 40	11	22.9%
Total	48	100%

Source: Field Survey 2017

In table 4.3.1 which shows the age range of the respondents reveals that the majority of the respondents are within the working and active population.

Table 3 showing categories of staff

Categories of Staff

Response	Frequency	Percentage (%)
Junior Staff	10	20.8%
Middle Staff	27	56.3%
Top Management	11	22.9%
Total	48	100%

Source: Field Survey 2017

Majority of staff of shell Petroleum Company are within the middle.

Table 4

Academic Qualification of Respondent

Response	Frequency	Percentage (%)
O'level	4	8%
OND	6	12.5%
HND	7	14.6%
B.Sc	11	22.9%
MBA	20	41.7%
Total	48	100%

Source: Field Survey 2017

This table shows that majority of the staff members of shell petroleum company Warri are mainly those with MBA qualification followed by B.Sc, HND, OND and O' Level with various percentage rate given.

Table 5
Working Experience of the Study

Response	Frequency	Percentage (%)
1 – 2 Years	5	10%
5 - 10 Years	12	25%
11 – 20 Years	10	20.8%
21 & above	21	43.8%
Total	48	100%

Source: Field Survey 2017

This table shows that staff of shell Petroleum Company must have a working experience about the oil sector from 21 and above which gives the highest percentage rate.

Table 6
Marital Status Distribution

Response	Frequency	Percentage (%)
Single	15	31.3%
Married	30	62.5%
Divorce	3	6.3%
Total	48	100%

Source: Field Survey 2017

From the above table, it shows that majority of the staff are married with a percentage of 62.5% followed by the single staff with 31% and Divorce of 6% given a total of 100%.

SECTION B

Is accounting an important tool used by management in decision making and to improve company's profitability?

Table 7

Response	Frequency	Percentage (%)
Agreed	35	72.9%
Disagreed	13	27.1%
Total	48	100%

Source: Field Survey 2017

From the above table it shows that majority of the respondents says yes with a percentage of 72.9% over the people that says no to accounting as an important tool used by management in decision making and to improve company's profitability.

Is accounting relevant to management in their day to day operations?

Table 8 Showing responses from question

Response	Frequency	Percentage (%)
Agreed	42	87.5%
Disagreed	6	12.5%
Total	48	100%

Source: Field Survey 2017

In table 4.3.7, it shows that accounting is relevant to management in their day to day operations with a percentage rate of 87.5% over 12.5% that said No.

Is accounting a relevant tool which helps management in proper accountability for business ventures?

Table 9 showing responses from question

Response	Frequency	Percentage (%)
Agreed	31	73.5%
Disagreed	17	26.5%
Total	48	100%

Source: Field Survey 2017

From the data collected above the staff of shell petroleum development Warri says that accounting is an important tool with a percentage rate of 75% over 25% who says No.

Has shell contributed immensely to the nation's debt settlement?

Table 10 showing responses from question

Response	Frequency	Percentage (%)
Agreed	40	93.3%
Disagreed	8	16.7%
Total	48	100%

Source: Field Survey 2017

From the above it shows that shell has contributed immensely to National debt by providing a medium for balance of payment to be made possible with a percentage of 83.3% over 16.6%

Does shell petroleum Development Company make any positive contribution to the federation account?

Table 11 showing responses from question

Response	Frequency	Percentage (%)
Agreed	45	93.8%
Disagreed	3	6.3%
Total	48	100%

Source: Field Survey 2017

The table shows that shell petroleum Development Company has contributed immensely to the federation account with the respondent rate of 93.7% over 6.3% who says No.

Does accounting report the result of past experience and predicts future decision?

Table 12 showing responses from question

Response	Frequency	Percentage (%)
Agreed	19	39.6%
Disagreed	29	60.4%
Total	48	100%

Source: Field Survey 2017

From the above, the respondent rate to the question accounting report the results of past experience and predicts future decision is 19 with a percentage rate of 39.6% while disagreed are 29 with a percentage rate of 60.4%

Does ignorance of accounting records, affect every other industrial operation in both government and public sector?

Table 13 showing responses from question

Response	Frequency	Percentage (%)
Agreed	43	89.6%
Disagreed	5	10.4%
Total	48	100%

Source: Field Survey 2017

From the table, it shows that the ignorance of accounting affect every other industrial operation in both government and public sector with a respondent rate of 43 over 5.

Are the roles of accounting important to the management of this organization in decision making?

Table 14 showing responses from question

Response	Frequency	Percentage (%)
Agreed	15	31.3%
Disagreed	13	27.1%
Total	48	100%

Source: Field Survey 2017

From here, it shows that accounting plays important role in decision making of managers.

Is accounting report helpful to various department of shell and the management of this organization?

Table 15 showing responses from question

Response	Frequency	Percentage (%)
Agreed	42	87.5%
Disagreed	6	12.5%
Total	48	100%

Source: Field Survey 2017

It shows from the above that accounting report is helpful to various department of shell and the management of the organization.

Does accounting information provide adequate information in your business organization?

Table 16 showing responses from question

Response	Frequency	Percentage (%)
Agreed	35	9.2%
Disagreed	13	7.9%
Total	48	100%

Source: Field Survey 2017

From the above, it shows that accounting information provide adequate information to a business organization.

Does accounting highlight the information need of the management, investors, creditors and shareholders?

Table 17 Showing responses from question

Response	Frequency	Percentage (%)
Agreed	38	95.5%
Disagreed	10	4.5%
Total	48	100

Source: Field Survey 2017

From the above, it is seen that accounting highlights the information need of the management, investors, creditors and shareholders.

To what extent, do you think accounting has improved managers decision making?

Table 18 Showing responses from question

Response	Frequency	Percentage (%)
Agreed	40	98.0%
Disagreed	8	2.00%
Total	48	100%

Source: Field Survey 2017

From the above it is seen that accounting has improved managers decision making in a very high extent with 40, response over 8.

Does accounting information have any effect on the company's performance?

Table 19 Showing responses from question

Response	Frequency	Percentage (%)
Agreed	30	91.1%
Disagreed	18	8.9%
Total	48	100%

Source: Field Survey 2017

From the table it is seen that accounting information have an effect on the company's performance.

Do you consider accounting as an efficient and reliable tool for decision making?

Table 20 Showing responses from question

Response	Frequency	Percentage (%)
Agreed	43	89.6%
Disagreed	5	10.4%
Total	48	100%

Source: Field Survey 2017

From the above, it is seen that accounting as an efficient and reliable tool for decision making. With a percentage of 89.6 over 10.4 percent of people that says No.

Test of Hypotheses

Hypothesis is a testable proposition which is used to connect and relate two variables that can be dependent and independent variables and they can be represented with H_0 null and H_1 alternative.

In applying the chi-square distribution, the following decision rule were used.

Reject H_0 If $\chi^2 > \chi^2_t$

That is reject the null hypothesis where the calculated chi-square is greater than the critical value of chi-square; the researcher used the following chi-square distribution formular.

$$\chi^2_c = \frac{\sum (O_i - E_i)^2}{E_i}$$

Where,

X^2c = Calculated chi-square

O_i = Observed frequencies in the distribution

ΣI = Expected frequencies in the distribution

The degree of freedom was gotten using the formular

C = Number of column

R = Number of rows

The level of significance used was 0.05

$$(C - 1) (r - 1)$$

Test of Hypothesis 1

H_0 : Accounting is not an important tool used by management for decision making and to improve company's profitability.

H_1 : Is Accounting is an important tool used by management for decision making and to improve company's profitability.

Table 21: Showing Options Distribution

Options	V1	V2	V3	V4	V5	Total
Agreed	8a	10b	6c	3d	8e	35
Disagreed	3f	3g	2h	3i	2j	13
Total	11	13	8	6	10	48

Source: Field survey 2017

Computation of expected frequency

$$E_i = \frac{RM \times CM}{N}$$

Where

ΣI^2 = Expected frequency

RM = The row marginal of the cell

CM = The column marginal of the cell

N = The total number

$$\text{Cell a} = \frac{11 \times 35}{48} = 8.0$$

$$\text{Cell b} = \frac{13 \times 35}{48} = 9.4$$

$$\text{Cell c} = \frac{8 \times 35}{48} = 5.8$$

$$\text{Cell d} = \frac{6 \times 35}{48} = 4.3$$

$$\text{Cell e} = \frac{10 \times 35}{48} = 7.2$$

$$\text{Cell f} = \frac{11 \times 13}{48} = 2.9$$

$$\text{Cell g} = \frac{13 \times 13}{48} = 3.5$$

$$\text{Cell h} = \frac{8 \times 13}{48} = 2.1$$

$$\text{Cell i} = \frac{6 \times 13}{48} = 1.6$$

$$\text{Cell j} = \frac{10 \times 13}{48} = 2.7$$

Table 22 Chi-square computation
Calculative chi-square for test One

OI	Σi	$(oi - \Sigma i)$	$(oi - \Sigma i)^2$	$\frac{(oi - \Sigma i)^2}{Ei}$
8	8.0	0	0	0
10	9.4	0.6	0.36	0.03
6	5.8	0.2	0.04	6.89
3	4.3	-1.3	1.69	0.39
8	7.2	0.8	0.64	0.08
3	2.9	0.1	0.01	3.44
3	3.5	-0.5	0.25	0.07
2	2.1	-0.1	0.01	4.76
3	1.6	1.4	1.96	1.22
2	2.7	-0.7	0.49	0.18
Total				17.06

Source: Field survey 2017

Using Degree of Freedom $df = (r - 1) (c - 1)$

Where,

R = 2 (Row)

C = 5 (Column)

Df = $(2 - 1) (5 - 1)$

1 x 4

Df = 4

Using 0.05 level of significance at 4 degrees of freedom the critical x^2 value is 9.488. Since the calculated value of x^2 is greater than the critical value i.e. $(17.06 < 9.488)$ the null hypothesis is rejected and the alternative hypothesis is accepted which states that accounting is an important tool used by management in decision making and to improve company's profitability.

Test of Hypothesis 2

H₀: Accounting information is not relevant to management in their day to day operations.

H₁: Accounting information is relevant to management in their day to day operations.

Table 23: Showing Options Distribution

Options	V1	V2	V3	V4	V5	Total
Agreed	8a	10b	6c	9d	9e	42
Disagreed	1f	2g	1h	1i	1j	6
Total	9	12	7	10	10	48

Source: Field survey 2017

$$\text{Cell a} = \frac{9 \times 42}{48} = 7.8$$

$$\text{Cell b} = \frac{12 \times 42}{48} = 10.5$$

$$\text{Cell c} = \frac{7 \times 42}{48} = 6.1$$

$$\text{Cell d} = \frac{10 \times 42}{48} = 8.7$$

$$\text{Cell e} = \frac{10 \times 42}{48} = 8.7$$

$$\text{Cell f} = \frac{9 \times 6}{48} = 1.1$$

$$\text{Cell g} = \frac{12 \times 6}{48} = 0.5$$

$$\text{Cell h} = \frac{7 \times 6}{48} = 0.8$$

$$\text{Cell i} = \frac{10 \times 6}{48} = 1.2$$

$$\text{Cell j} = \frac{10 \times 6}{48} = 1.2$$

Table 24 Chi-square computation
Calculative chi-square for test Two

OI	Σi	$(oi - \Sigma i)$	$(oi - \Sigma i)^2$	$\frac{(oi - \Sigma i)^2}{Ei}$
8	7.8	0.2	0.04	5.12
10	10.5	-0.5	-0.25	0.02
6	6.1	-0.1	-0.01	1.63
9	8.7	0.3	0.09	0.01
9	8.7	0.3	0.09	0.01
1	1.1	-0.1	-0.01	9.09
2	1.5	0.5	0.25	0.16
1	0.8	0.2	0.04	0.05
1	1.2	-0.2	0.04	0.03
1	1.2	-0.2	0.04	0.03
Total				16.15

Source: Field survey 2017

The tabulated χ^2 at 4df at 0.05 significant level is 9.488.

Decision Rule

Using 0.05 level of significant at 4 degree of freedom the critical value is 9.488, since the calculated value of χ^2 is greater than the critical value i.e (16.15 < 9.488), it follows that the null hypothesis should be rejected while the alternative hypothesis should be accepted.

Testing of Hypothesis 3

H₀: Accounting is a relevant tool which helps management in proper Accountability for business ventures.

H₁: Accounting is not a relevant tool which helps management in proper Accountability for business ventures.

Table 25: Showing Options Distribution

Options	V1	V2	V3	V4	V5	Total
Agreed	11a	3b	6c	9d	2e	31
Disagreed	2f	1g	3h	1i	10j	17
Total	13	4	9	10	12	48

Source: Field survey 2017

$$\text{Cell a} = \frac{13 \times 31}{48} = 8.3$$

$$\text{Cell b} = \frac{4 \times 31}{48} = 2.5$$

$$\text{Cell c} = \frac{9 \times 31}{48} = 5.8$$

$$\text{Cell d} = \frac{10 \times 31}{48} = 6.4$$

$$\text{Cell e} = \frac{12 \times 31}{48} = 7.7$$

$$\text{Cell f} = \frac{13 \times 17}{48} = 4.6$$

48

$$\text{Cell g} = \frac{4 \times 17}{48} = 1.4$$

$$\text{Cell h} = \frac{9 \times 17}{48} = 3.1$$

$$\text{Cell i} = \frac{10 \times 17}{48} = 3.5$$

$$\text{Cell j} = \frac{12 \times 17}{48} = 1.4$$

Table 26 Chi-square computation

O	Σi	$(oi - \Sigma i)$	$(oi - \Sigma i)^2$	$\frac{(oi - \Sigma i)^2}{Ei}$
11	8.3	2.7	7.29	6.87
3	2.5	0.5	0.25	0.1
6	5.8	0.2	0.04	6.89
9	6.4	2.6	6.76	1.05
2	7.7	-5.7	32.49	4.21
2	4.6	-2.6	6.76	1.46
1	1.4	-0.4	0.16	0.11
3	3.1	-0.1	0.01	3.22
1	3.5	-2.5	6.25	1.78
10	4.2	5.8	33.64	8.00
Total				27.69

Source: Field survey 2017

$$X^2_c = 21.27$$

Using degree of freedom $df = (r - 1)(c - 1)$

Where,

$$c = 5 - 1 = 4$$

$$r = 2 - 1 = 1$$

$$1 \times 4$$

$$Df = 4$$

The tabulated x^2 at 4df at 0.05 significant level is 9.488.

Decision Rule

Using 0.05 level of significant at 4 degrees of freedom, the critical value is 9.488, since the calculated value of x^2 is greater than the critical value i.e (27.69 > 9.488), it follows that the null hypothesis should be rejected while the alternative hypothesis should be accepted.

Conclusion

Accounting helps in economic development of the petroleum industry in taking the right decision, it makes the company to live above board by proper planning and controlling of both human and material resources and

proper evaluation and appraisal performance. Shell was a key sponsor to Niger Delta. Environmental Surveys (NDEs) that was established to help government in achieving economic social development.

The above role shows that accounting department is an inevitable instrument in the process of management decision making. Hence there is no business decision, which would not require some form of accounting information.

Recommendations

Recommendations by the researcher are information generated to improve a given situation, on the appreciation of the importance of accounting reports to the management, the following recommendations were made.

1. Management should recognize its role in the organization and the organizational objectives. It is out to pursue.
2. Management should properly determine the present state of its organization and the directives to take.
3. The information should be interpreted by management to enable useful relationship on data items to be recovered.

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