



THE IMPACT OF FINANCIAL STATEMENT ON INVESTMENT DECISION: AN EMPIRICAL STUDY OF ECOBANK NIGERIA PLC.

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The impact of financial statement on investment decision making: An empirical study of Ecobank Nigeria Plc.

submitted for the degree of: MSc in Accounting and Finance is the result of my own work and that where reference is made to the work of others, due acknowledgment is given.

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Dedication

I want to dedicate this dissertation to my parents whose support, encouragement and unconditional love made this possible.

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I want to thank God for his mercy and grace throughout my studies and my parents for their prayers, support financially, morally in making this dissertation work a reality.

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Abstract

The impact of financial statement on investment decision making: An empirical study of Ecobank Nigeria Plc.

- *Ajibowu taiwo temitope*

The importance of financial statement on investment to managers of business firms and investors of financial institutions have been undermined due to lack of proper understanding of their relationship. This study aims to assess the impact of financial statement on investment decision making in Ecobank Nigeria Plc. In order to achieve this aim, the study employed both descriptive survey research design which involve the collection of primary data and the ex-post facto research design which involved the use of secondary data in form of annual published financial statement of the bank. The primary data were sourced through the use of online questionnaire and were further analyzed using descriptive and inferential statistical method, while the secondary data were subjected to trend test using the Mann Kendall's test, and regression analysis for model establishment.

The study unraveled that all the selected profitability ratios had negative trend, while profit after tax had a very significant positive trend between 2002 and 2018; the regression model established was found to be weak in making future prediction of profit after tax based on ROE, ROA and cost to income ratio due to the low coefficient of determination and higher p-value of 0.167 than 0.05; while correlation analysis proved that all of the selected profitability ratios negatively affect the profit after tax of Ecobank, although none significantly. In addition, Chi-Square test lead to the conclusion that the component of the annually published financial statement of the bank do not significantly affect investment decision making (p-value = 0.305); and that the credibility of the

financial statement has significant impact on investment of the Ecobank Nigeria Plc (p-value = 0.009).

The study concludes that the components of the financial statement is less important than its credibility when making investment decision; while it was recommended that future studies should endeavor to employ machine learning model for establishing the non-linear relationships between investment and profitability ratios.

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List of Abbreviations

CAMA	Companies and Allied Matters Act
CAR	Capital Adequacy Ratio
CIR	Cost to Income Ratio
ETI	EcoBank Transnational Incorporated
GAAP	General Acceptable Accounting Principles
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
OLS	Ordinary Least Square
PAT	Profit After Tax
PHB	Platinum Habib Bank
ROA	Return on Asset
ROE	Return on Equity
SPSS	Statistic package for the social science
SSAP	Statement of Standard Accounting Practice

CHAPTER ONE

1.0 Overview

Provided in this chapter are conceptions of the research background, general objectives, significance of the embarked research and the general organization of the study. This chapter as well generates the roadmap for the researcher to evaluate other researchers' work in order to ascertain research cohesiveness, establish the technique for the collection of data and scientific findings, as well as to attain a sensible conclusion for the research.

1.1 Background to the study

A financial statement is an abstract of the financial position and performance of a business (Atrill & Mclaney 2015) for a certain time phase. It is an expedient tool used by investors for making investment decisions; as a result, increase in investment could be attributed to strong business performance that is properly captioned in financial statements. According to Benedict and Elliott (2011), the financial statement indicates an organization's operations data or economic standing for a period of time. Hence, it is essential to concisely and professionally document it to ease readability and comprehension.

Important information is usually integrated in financial statements, which is designed for different users, the credibility of accounting information is imperative being a decision support tool for investment. Information such as financial situation, productivity, and cash flows of an organization highlighted in financial statements, is of enormous importance to both external and internal users. Decision is the course of discovering and taking a course of action to solve a specific predicament or to make gain of an opportunity (Stoner, 2000). Investment decision entails the dedication of existing funds into long term projects for prospect profit; as a result, financial information becomes

essential to the achievement of these asset opportunities (Zayol, Agaregh and Eneji, 2017), making it a very important introductory action in forecasting an investment.

With the advent of industrialization and technological advancement, ability to benefit from finance sciences has increased (Rahmani, Ameri and Karami, 2014). Further increase of public ownership of economic entities has tremendously caused major changes in the economic sphere in recent times; therefore, corporate organizations such as financial institutions are required to fully divulge information relating to their operations in order to aid investment decisions making process by investors (Anaja and Emmanuel, 2015). Divulging of operations information by banks in Nigeria is a not only a legislating obligation, but also it serves as a means of retaining existing investors as well as means of appealing new investors, through the publication of financial statements. When analyzed, financial statement aids in the identification of strength and weakness of an organization and indicates if such organization is able to meet obligations, has a reasonable accounts receivable collection period; has an efficient policy for inventory management, and has an adequate capital structure among others (Nabil, 2014).

Furthermore, financial statement is a means of conveying economic information to stakeholders, management, shareholders, and general public, to ease judgment and decision making (Abdulkadir, Hamza and Muhammed, 2016). It entails the staging of financial and other relevant statements to show the degree to which the objectives of the firm have been attained; it is prepared by the directors of firms, thereby showing how well allocated resources have been managed (Abdulkadir et al., 2016).

Investors make decisions grounded on information from financial statements; investment decisions can be instituted as a resolve made by decision makers as to when and how much capital can be spent on investment opportunities (Suh, 2017). As a result, a falsified financial statement could

lead to wrong investment decisions making in a firm (Suh, 2017), as such ethics and standards of financial statement must be strictly adhered to.

The reason for ethics in financial accounting reporting with anticipated standards is to ensure that corporate organizations do not forget the need to abide by a code of conduct that ensures public assurance in their services (Okafor, 2006). Financial statements of an organization can be prepared in either of Generally Accepted Accounting Principles (GAAP), International financial reporting standards (IFRS) and international accounting standards (IAS), since the standards are not adoptable together.

Commercial banks are generally mandated to totally reveal information on their operations to the general public through publication of financial statement, where the capital stock is extensively in custody and its dealings are of significance to public relations (Amedu, 2012). Nonetheless, the significance of published financial statement has been under pressure due to rising public anticipation (Adesina, 2003). This is due to succession of financial failures and misery in Nigeria banking sector (Popoola, Akinsanya, Babarinde and Farinde, 2014). The existence of errors and irregularities in different published financial statements along with unethical approach made by some banks in Nigeria lead them to be disintegrated and lose their corporate identity. Examples are Oceanic bank, Afribank, Bank PHB e.t.c (Popoola et al., 2014).

Ecobank Nigeria is an associate of Ecobank Group, which happens to be one of the foremost independent pan-African banks, headquartered in East Africa and Lomé. In 1985, Ecobank Group, was established and has full-fledged to network of above 1100 branches, with a network center in 36 countries, employing above 10,000 persons. Ecobank started operating in 1986, it functions as a worldwide bank, provides retail, wholesale, investment, corporate and banking transaction

services to its clients in the Nigeria market. Ecobank separated its operations into a division of three; wholesaling banking, retail banking, financial institute and capital (Amoo, 2013).

In accordance of Ecobank Group (2017) annual report, Ecobank Transnational Incorporated (ETI), the parent group company of Ecobank, confirmed a \$182 million profit in the year 2017 contrasted to loss \$39 million in 2016. However, in 2017, ETI implemented the method of accounting equity which enables the record of un-distributable gains of its associate and subordinates in accordance with its entitled calculating interest. The group created profit quality inventors of \$179,000,000 and weak earnings per share of \$0.01, judge against to a quality loss of \$250,000,000 and a weak loss per share of \$0.01 in 2016. The Group made Return on Equity ('ROE') of 11.6%. Its cost cutback inventiveness maintains to increase momentum, which is leading to a constructive operational influence. More so, income prior to impairment losses amplified by 3% in continuous currency to \$755,000,000 and brings an improvement of 61 8% in the cost-to-income ratio contrast to 62.7% at year-end 2016.

This study seeks to unravel how financial statement of Ecobank Nigeria Plc influences investors in making investment decisions. The illustration and discussions of this research work is based on major key performance index in financial statements of Ecobank Group annual reports. This study further seeks to establish appropriate decision support tool for suitable agencies to enhance adequate investment decisions.

1.2 Aim and Objectives

The aim of this study is to assess the impact of financial statement on investment decision making in Ecobank Nigeria Plc. While the objectives of the study are to:

- a. Assess the trend of selected key performance indices and investment decision component in financial statement of Ecobank Nigeria Plc,
- b. Determine the relationship between key performance indices and investment decision,
- c. Determine the impact of the components of the financial statement on investment decision making,
- d. Assess the relationship between credibility of financial statement and investment decision making.

1.3 Statement of the Problem

Due to lack of proper understanding of the relationship between investors and financial institutions in Nigeria; the roles of financial statement on investment to managers of business firms and investors of these institutions have been undermined (Anaja and Emmanuel, 2015).

The alarming rates of corporate failures in recent times have been found to significantly corroborate problems with financial statement, which leads to weak strategy formulation and low investors. For instance, Enron Corporation and World and other accounting scandals documented by the global energy, food and financial crisis, has led to credit constrict worldwide; as a result of financial statement manipulations (Anaja and Emmanuel, 2015).

As a result of high accounting related frauds, the banking sector in Nigeria has experienced many corporate failures and distress. Now, investors, financial analysts and other users of financial statements severely audit them before making decisions, consequently, many investment processes have become lengthy.

The relevance of key performance index in financial statement to investment decision making cannot be overemphasized in the banking sector of Nigeria; this is because informed investment

decision making is critical in order to reduce risks related with loss of invested money (Zayol, Agaregh and Eneji, 2017). According to Zayol et al. (2017) some investment errors have been as a result of lack of proper understanding of financial implication of unfruitful investment opportunities, from prioritizing non-financial factors such as social-political, climatic, demographic, face value or mere share prices over financial factors. On the other hand, some investors might have overlooked the need leverage on financial experts for proper financial statement scrutiny before investment decision making (Zayol et al., 2017).

Despite the fact that there is a mounting interest and labor by regulatory agencies to fix and regulate the quality of financial statements in Nigeria, extremely high misplay in financial statement is still a major problem faced by major investors (Popoola, 2014).

In light of this, this study seeks to solve the problems identified by increasing the awareness of the expediency of well-prepared financial statements and their relationships with investment decision factor documented in Ecobank Group annual reports.

1.4 Research Questions

The following research questions were driven by the aim of the study, which is to investigate the relationship financial statement and investment decision in Ecobank Nigeria Plc., specifically the study will provide answer to the following research questions:

- i. What is the trend of key performance index and investment decision component in financial statement of Ecobank Nigeria Plc?
- ii. What is the relationship between key performance indices and investment decision making?

- iii. What is the relationship between the components of financial statement and investment decision making?
- iv. What is the relationship between credibility of financial statement and investment decision making?

1.5 Significant of the Study

The manner by which investors perceive the performance of an organization influences how decisions are made on investment by the investors. Financial data are useful when they are concise, as such; documented published financial statements are the main source of information that is of optimum importance to the interest of existing and potential investors (Zayol et al., 2017).

The outcome of this study is significant to diverse stakeholders because it fosters the need to improve organizational performance, stakeholders such as financial analysts, investors and other financial organization are expected to use this study as a means of widening their knowledge on the adoption of the financial statement in investment decision making. The outcome of the study is further expected to enhance the appreciation of organization in making sure that good financial ethics and standards are ensured in order to maintain the interest of existing and potential investors.

This research is advantageous and tends to give financial institutions improvement and equality information presented in the financial statement, also give knowledge in investment on the financial decision and of use to investors. However, this study will as well provide references to students and gives more understanding on financial statement.

1.6 Dissertation Layout

The purpose of this face is to give description and introduction to the research, the aims of the research, research questions and its importance. The further surface of the research is divided into 4 chapters.

Chapter 2: The chapter entails analytical review of past peer-reviewed articles from numerous scholars on present findings involving the research topic. These articles give a huge knowledge to the researcher on the current discovery on the financial tools, shareholders decisions and financial statement credibility. The literature review immensely gives the researcher more understanding on the relationship between credibility and selected financial statement profitability ratio components, and investment decision. The literature review conferred the relationship between the variables of the supported tools used by investors and creditors to decide whether to invest their limited resources in an exacting business or not. The conceptual model adopted by the researcher entails the relationship between investment decision making item such as profit after tax, which serves as dependent variable and three financial statement ratio items such as cost to income ratio, return on equity (ROE) and return on asset (ROA) of Ecobank Nigeria Plc.

Chapter 3 Research Methodology and Design: this chapter conversed the design and methodology to give answers to the research questions also shows the core research paradigms. the researcher has chosen to utilize a deductive methodology and give explanation on how the data will be address and analyses the research question.

Chapter 4 Data analysis and interpretations: This chapter presents the analysis of the obtained data from published financial statement of EcoBank and the ones gotten from the administration of the online questionnaire. As emphasised in previous chapters, the data collection with be tested and

analysed in line with the hypothesis formulated. this chapter presents detailed research findings and the method used to address the research questions.

Chapter 5 Concluding Thoughts on the Contribution of this Research and its Limitations, suggestions for further Research: This chapter presents a comprehension of the concluding thoughts of the researcher, limitations of the study, implications of the findings and as well presents suggestions for further studies.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This section presents the review of relevant literatures on financial statement and investment decision making.

2.2 Financial Statements

Financial statements have been generally specified in the existing literatures by scholars and experts (Anaja and Emmanuel, 2015). Companies and Allied Matters Act (CAMA) (1990) asserted that financial statements constitute the basic declaration of financial records of an organization employed for conveying the quantitative information of a business financial status and history to shareholders, creditors and the general public who are fascinated by the organization's financial state, operations and sources of funds. They have been defined as trustworthy financial information regarding the economic status of a firm (Nwoha, 1998); and communicate to management and other fascinated persons a summarizing portrait of the success and financial status of a business (Duru, 2012).

Better (1998) and Meigns (1998) also posited that financial statements are tools whose absence hinders the decision-making process of operations of a firm, particularly those decisions that affect investment, expenditure and assets management. Financial statement constitutes the preparation and presentation of financial and non-financial data of a business for efficient scheduling and consistent decision making (Abdulkadir, Hamza, and Muhammed, 2016). Conversely, the definitive goal of financial statement is to make available information that may be useful for assessing management efficiency in the use of resources under its control to gratify its users' needs (Abdulkadir et al., 2016). Financial statements are decision support tools used by investors and

creditors to decide whether to invest their limited resources in an exacting business or not (Akintoye, 2002). Nevertheless, in order to have an efficient financial statement for planning and decision-making, financial analyst must have an investigative knowledge of the indices used in making decision (Peter, 2013). Furthermore, Patrick, Tavershima and Eje (2017) asserted that that the root of financial planning analysis and decision making is the financial information, However, the financial information is required to evaluate, compare and forecast a businesses' strength and earning ability.

2.3 Basic Contents of a Financial Statement

The basic content of a financial statement could be summarized as:

2.3.1 Balance Sheet

The balance sheet is a statement that presents the financial position of an organization by through the concise display of assets, liabilities and shareholders' equity for a given period (Abdulkadir et al., 2016). It shows the status of an organization's balances, and frequently described as a picture of an organization's financial situation. The assets, liabilities and shareholders' equity segments of the balance sheet bestow investors a scheme of what the organization owns and owes, as well as the quantity of investment owned by shareholders. The balance sheet is the only component of a financial statement that pertains to a single period of time (Supid, 2010). The main summary of assets is usually scheduled first in a balance sheet and thereafter followed by the liabilities. The equity is simply the difference between the assets and the liabilities, it is also known as the net assets or the net worth or capital of the organization. The balance sheet got its name from the act of balancing out the two sides (Supid, 2010).

2.3.2 Profit and Loss

The profit and loss component of a financial statement, which is also called the income statement, presents an organization's revenue and expenditure for a product. It also presents the profit or loss yielded from production for a particular period of time, which is usually a quarter or year (Abdulkadir et al., 2016). These proceedings make available information that reveals the capability of an organization to engender profit by rising revenue and reducing costs (Supid, 2010). The essential thing to bear in mind about an income statement is that it constitutes a period of time, which is contrasts with the balance sheet that constitutes a single phase in time (Supid, 2010).

2.3.3 Cash Flow Statement

The cash flow statement illustrates activities or dynamics of cash or its equivalent for a given period of time (Popoola et al., 2014). This statement is normally primed at the end of an economic epoch to disclose how money was influenced by business operating, investing and financing behavior for the period of the bookkeeping (Amedu, 2012). Most of the time, this statement is primed from income statement and dynamics in the working capital. Cash can be inflow or outflow; the inflows of cash mainly amplify position of cash in an organization while the outflows of cash generally put the position of cash in an organization at disadvantage (Martin, 2006; Amedu, 2012). The net consequence of cash flow statement is to authenticate that the closing cash balances after aligning all the items of cash inflows with opening balance and all items of cash outflow (Amedu, 2012).

2.3.4 Value Added Statement

This component of the financial statement highlights the partnership's productivity in creating wealth of an organization (Popoola et al., 2014); it reports the wealth obtainable by the organization employees, and the allocation of such wealth in paying for all expenses incurred by

organization during the period under review (Supid, 2010). The significance of value-added statement depends lengthily upon its value to a prospective user. It renders a sound base for more sensible decision making (Akinsoyime, 1990).

2.4 Historical Financial Summary

The historical financial summary component of the financial statement is also known as the five-year financial summary. It makes possible an instantaneous evaluation of a five years period (Supid, 2010). It renders important information of a business with regard to its turnover, profit before and after taxation, dividends, asset employed, issued and paid-up capital and reserves (Meigns, Williams, Haka and Better, 2001). It is also referred to as an extract of financial data in the balance sheet and the profit and loss component of the financial statement (Akinadewo, 2012). Financial summary presents the advantage of knowing the trend of the financial analysis of an organization, which aids an investor in order to decide whether to invest on a short- or long-term basis (Popoola, 2014). Popoola (2014) further posited that it is important to evaluate the process of generating the information published in financial statements to aid efficient decision making of investors, for the time being when many financial systems are falling.

2.5 Financial Statements Credibility

According to Anaja and Emmanuel (2015), credibility of information is the degree to which information is trusted with regard to on where it comes from. Therefore, the credibility of a financial statement is dependent on the degree of the users' appreciation and acceptance of the financial statement, which is ultimately influenced by on the users' discernment of the source (Anaja and Emmanuel, 2015). Acceptance of information and ideas of any person is based on who said it and those connected with it. As a result, for any published financial statement to be convincing for recognition, it must be certified by a trustworthy audit firm. Source credibility

financial statement is very essential to investor's reaction to the published statement since the legitimacy of the financial statement is implicit to the confidence of the investors (Anaja and Emmanuel, 2015).

2.6 Problems of Published Financial Statement

The application of accounting information by investor is dependent on their competence of making evenhanded judgment from such statement and the level of their awareness of the accounting information (Anaja and Emmanuel, 2015). Accounting concepts is not based on universal principle or general laws. For that reason, conclusion derived from sound elucidation of economic and social actions and the skewed character of these values means that measurement procedure in accounting is not fixed and there is occasion for disagreement as regard to the best way of measuring proceedings (Anaja and Emmanuel, 2015). Furthermore, financial statements do not imitate many other factors that influence financial state for the reason that they cannot be declared in financial expressions (Anaja and Emmanuel, 2015). Such factors comprise the standing and reputation of the organization with the public, the credit rating of the organization, the effectiveness, fidelity and truthfulness of management.

More so, the balance sheet and the income statement mutually imitate business that involves naira worth of many dates. It is evident that naira has declined extremely in purchasing power, and the bottlenecks here now are how the published financial statement has taken care of these alterations in price level. The published statement is significantly primed by chronological cost system which depicts fictions paper turnover. Amazingly, Statement of Standard Accounting Practice (S.S.A.P) 7 or International Accounting Standard (I.A.S) protrudes that financial statement ought to imitate the influence of changes in price level, however, in present time published financial statements, the application of this standard is still in doubt (Anaja and Emmanuel, 2015).

In addition to this, the difficulty and technicality of documented information coupled with highly technical language of accounting emerge to create the qualitative aspect of an organization and other information inappropriate source of facts for a distinctive individual investor who does not have the skill to make the best use of the information. This perpetually places a significant premium on the financial analyst upon whom the secretive investors may principally rely in their investment decision making (Anaja and Emmanuel, 2015). Similarly, Umeaka (2003) states that there is setback in the standardization of accounting practices of different counties of the world, so that a universal set of ethics will be used in the preparation and the revelation of financial statement. This synchronization is necessitated because of the fact that managers and investors found it complicated to understand the perspective in which financial information from other nations is created. Some of the reason for divergences in application includes (Anaja and Emmanuel, 2015):

- i. Some counties adopt growing revaluation of asset which causes distortion in downgrading charges while others do not.
- ii. Asset capitalization policies among different counties of the worlds are not consistent with each other.
- iii. Some nations allow the adoption of optional provisions and assets in order to smooth documented profit while others do not.

All these have been found to significantly affect how asset values and income are reported (Umeaka, 2003).

2.7 Tools of Financial Statement Analysis

Diverse tools are employed to assess financial statements. The analysis of financial statement consists of the application analytical tools and techniques to financial statements and other relevant

data in order to obtain useful information (Javkhlant, 2010). Horizontal analysis, vertical analysis and ratio analysis are the three most widely used analysis tools (Wild, 2008). Horizontal tools are known as trend analysis tool and are used for evaluating series of financial statement data (Weygandt, Keiso and Kimmel, 2001), vertical tools are single financial statement that involves the expression of items as a percentage of a significant total (Javkhlant, 2010), while ratio tools are future oriented and expresses mathematical relation between two financial statement items (Javkhlant, 2010).

2.8 Investment Decision

Puska, Beganovic and Sadie (2018) highlighted that before making an investment decision, an investor must have had different options and needs to choose one investment that will be paramount to the accomplishment of the objectives of the investment project. Vividly, when making an investment decision of which is the most significant elementary act in planning, it is necessary to identify the investment opinions and examine the best option to acquire this investment. Therefore, a critical evaluation of past and financial position has to be analyzed. The main tool for investment decision is the ratio analysis.

2.9 The impact of financial statement on investment decisions

The financial statement has a huge impact on investment decisions in helping the users to find the way towards full planning structure, forecasting and avoids some specific risks. The detailed information in the report can be helpful by interpreting the analysis acquired from the data reported. The decision, however, reviews the importance of the financial statement as the main guardian of financial information needed for investment decisions.

2.10 Conceptual Framework

This study will focus on the relationship between credibility and selected financial statement profitability ratio components, and investment decision. As shown in figure 2.1, the conceptual model adopted by the study entails the relationship between investment decision making item such as profit after tax, which serves as dependent variable and three financial statement ratio items such as cost to income ratio, return on equity (ROE) and return on asset (ROA) of Ecobank Nigeria Plc.

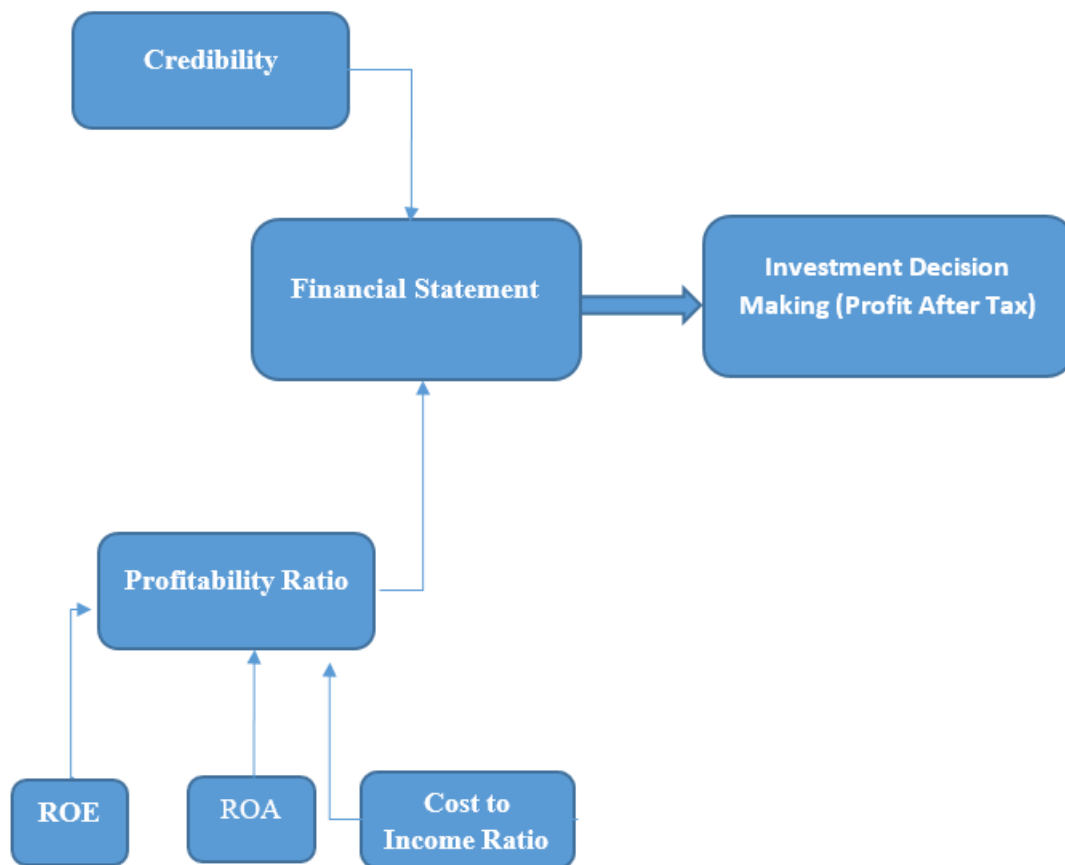


Figure 1: *Conceptual Model of the Study*

2.11 Theoretical Framework

The theoretical framework of the study seeks to support the research work, which involves the relationship between financial statement and investment decision making in Ecobank Nigeria Plc. as a result, the sequential decision-making theory would be adopted for the study.

2.11.1 Sequential decision-making Theory

Sequential decision-making theory entails prudence step by step decisions making procedure, in this framework Drury (2000), asserted that a decision model can be adopted for decision making that includes seven phases that follow each other. The first five phase of this model captions the decision-making process also referred to as the planning process described as “making choices between alternative”. At the end of the decision-making process he further explained the other two phases called the control process that should measure and correct the concrete performance of the substitute chosen (In investment context, the control and correction phases may record losses or low return on investments). The phases are illustrated in figure 2 (Drury, 2001):

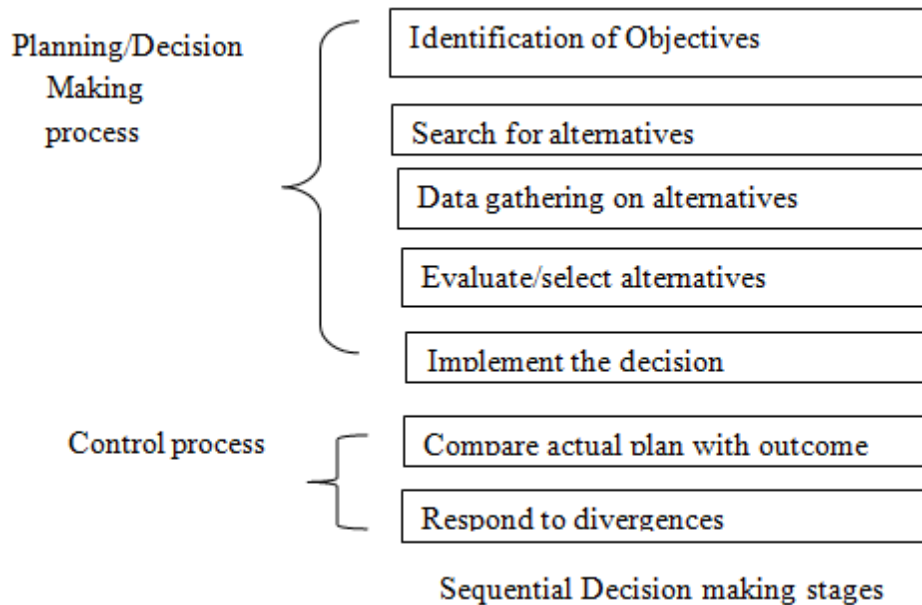


Figure 2: *Phases of Sequential Decision Making (Adapted from Drury, 2000)*

2.12 Empirical Framework

Existing researches on value significance of accounting information have lately pinched concentration of both the academia and practitioners, precisely, during the global financial crisis of 2007-2009 (Jagan, Chan and Qian, 2013; Nassar, Uwuigbe, Uwuigbe and Daramola, 2014). Previous research from significant literatures confirms that the significance financial statement on investment decision making is indispensable.

For instance, Michael (2013) investigated the extent of reliance of the documented financial statements by shareholders, by employing survey research design where data were generated by means of administration of questionnaires to one hundred and fifty shareholders and senior level staff of the selected banks. The descriptive statistics and percentage analysis were employed analyze data while hypotheses were tested using t-test statistic. The findings of the study unraveled that investors rely greatly on the credibility of financial analyst endorsement of financial statement before making investment decisions.

Popoola et al. (2014) investigated the relationship between financial statement and investment decision of shareholders in commercial banks of Nigeria using Pearson correlation and regression. The study unraveled that, balance sheet was found to negatively affect investment decision, while income statement, notes on the account, cash flow statement, value added statement and five-year financial summary positively influence investment decision making.

Zayol et al. (2017) empirically assessed the consequence of financial information on investment decision of investors Nigerian banks. Financial data were explored from available annual reports some selected from 2009 to 2015. Correlation matrix and regression analysis were employed to establish the relationship between the variables. The results showed a positive significant

relationship between dividend per share and investment decision of shareholders of banks in Nigeria.

GODSPOWER IFEANYI (2018) investigated the reliance of information obtained from financial statement in making decision on investment using questionnaire and survey research design to gather detailed information. He adopted chi-Square and simple percentage to analysis and discovered from the testing of the hypotheses that the financial statement is relied upon in making decision on investments. The population totaled 70 respondents with the sample size of 60 employing Taro Yamane's formula.

Blessing and Onoja (2015) opined in their research "*the role of financial statements on investment decision making: a case of united bank for Africa plc (2004-2013)*" that investors depend heavily on the credibility of financial expert and auditor's approval on the financial statement to make investment decisions. The study adopted an Ordinary least squares (OLS) regression method of analysis in the testing of the hypotheses of the study. A survey method was also used to acquiring information through questionnaire. Although the study used secondary data for ten years between (2004 to 2013), yet the finding between those periods suggested that the financial statement is an important tool for investors in making decisions even though there is a saddled responsibility on management to prepare a standardized financial statement.

Kapellas and Siougle (2017) investigated the relationship between financial reporting practice and investment decision using multiple review of literatures. The study summarized evidences on literatures on effect of the contents in the financial statement on the decisions of investors. The study which covered areas of earning management, accounting quality, investment efficiency and cash flow sensitivity showed that there are contents in the financial statement needed by investors

to make decisions. Hence, the study of the study indicated that there is a relationship between financial statement and investment decision.

However, Suh (2017) in his research “*the role of financial statement in the investment decisions of micro finance institution*” opined that most organizations do not use financial statement to make investment decision. The data was obtained using both primary and secondary source and it was analyzed using a descriptive statistic. The financial statement of the micro finance institution comprises of income statement and the balance sheet, which could be influenced by managers, accountants and other overseers of the financial statement. Hence, shareholders do not use these financial statements in making decisions.

Also, Hussein (2017) in his study suggested that using financial statement in making investment decision is very risky and uncertain for investors as to whether the profit gain can be forecasted. The study “*the relationship between investments and financial performance of commercial banks in Kenya*” adopted correlation, regression and descriptive statistical techniques in analyzing the data. The survey targeted 42 commercial banks in Kenya and secondary data was used for the purpose of the study. The finding of the study concluded that the relationship between investment and financial statement of commercial banks in Kenya is negatively correlated and insignificant.

CHAPTER THREE

RESEARCH METHODOLOGY AND DESIGN

3.1 Overview

An overview of the procedure adopted for the research in order to answer the research questions is presented in this chapter. Before the methodology adopted for the study was chosen, numerous closely related works were consulted to examine how past researchers approached the study problems before now. A careful examination of these studies unraveled that, the association of investment decision making and financial statement of a financial institution such as banks, was either tackled using descriptive survey research design as found in the work of Merika (2008); Easley, Hrickjaer, & O'Hara (2010) and Michael (2013); or by using ex-post facto research design which relies on the descriptive and inferential statistics of annual financial data, as found in the work of Anaja and Emmanuel (2015); Nwaobia et al. (2016); Adebisi (2017) and Zayol et al. (2017). As a result, the discussion of the study pattern as well as how it will help in data collection, result analysis and interpretation of results will be presented in this chapter.

3.2 Research Paradigm and Overall Approach

Every investor commits to any particular financial institution that has shown high probability of having high rate of returns in the future. While financial statements of a firm are available to shareholders, it is generally expected that potential investors heavily rely on the data presented in the financial statement in order to generate insight for decision making with regard to investing their own hard earned money. Although, it has also been established that data presented in financial statements are not the only factors that inform decision making (Duru, 2012), credibility of financial statement also impacts how investors decide on whether to invest or not (Michael, 2013). This study will adopt data published in the annual report of Ecobank Nigeria Plc as well as on the

responses of investors, which will further serve as a driver to the fact that is observable, based on the experience of these investors, which is believed to be independent of their emotion.

It is on this basis that the researcher adopts the positivist paradigm, which is embedded in physical science, being a technical and an organized research procedure (Research Methodology, 2019).

The positivism paradigm characterized by objectivism epistemology is a methodological philosophy under quantitative research where all the methods of natural science are applied to discover social science (Crotty, 1998, p8-9). The methodological philosophy is “an articulated, theoretically informed approach to the production of data” (Ellen, 1984, p. 9) and “is pertained to the dialogue of how a peculiar quantity of investigation ought to be undertaken” (Grix, 2004, p. 32).

In such manner, getting a reasonable comprehension of the circumstance will require estimation which will be upheld by proof (Hammersley, 2013, p22-23). The association between at least one response variable and an autonomous factor will be clarified by causal derivations because of the use of trial structure and will at last be dictated by the manner in which the scientist uses the impact of the autonomous variable on the response variable (Cohen, Manion and Marison, 2011).

This depicts that results given by the positivist analyst may have a higher level of value in standard as far as unwavering quality and legitimacy (Cohen, 2007), and consequently can be received in summing up a huge size of the populace (Johnson and Onwuegbuzie, 2004). A positivism way to deal with this study considers the world as being founded on all-inclusive law which is unaltered and subsequently arrives at the resolution that everything that happens can be clarified by perception and recording occasions around us in a deliberate manner to work out the basic rule that made the occasion happen (Research Methodology, 2019).

The author of this research has chosen to use positivism as a research paradigm because of its features of generalization, validity, prediction, reliability, parsimony. It also helps the author to carry the research to reach a general conclusion from a population sample.

In accordance with utilizing a positivist worldview approach, the researcher has chosen to utilize a deductive methodology in getting to the current hypothesis on the elements that prompts settling on investment choices by investors. A deductive methodology comprises of building up a suspicion which depends on speculations that are present and testing the supposition by utilizing research plans (Wilson, 2010). Wilson (2010) sets that deductive methodology includes inferring results for the premises, in this manner, if the premises are acknowledged, the conclusion should no doubt be acknowledged. Wilson likewise expressed that the choice to the premises are as of now expressed in the premises making it a non-ampliative contention, despite the fact that another reason is included; the conclusion based on findings remains as before. Hypotheses are based on contentions and lead to the making of new suspicions which is then tried against the perception which would either be acknowledged or dismissed (Sneider and Lerner, 2009). Pelissier (2008) included that the deductive methodology utilizes a thinking procedure that moves from general to explicit while inductive methodology works the contrary way. The deductive methodology by and large has to do with creating presumptions and testing them with the utilization of research process while inductive methodology doesn't do anything with suppositions. As a result, this utilizes a deductive way to deal with this exploration work since it permits the chance to define a lot of hypotheses that should be tested utilizing an applicable technique.

3.2 Research Strategy

Research design is principally the chronological arrangement, outline and progression adopted in carrying out the research. It is a guide to the researcher, starting with the problem definition, the

design of research methods, design of sampling, design of measurement and scaling, and design of data collection, design of analysis, design of presentation or research results, and lastly referencing of the cited works (Asika, 2004).

The research design adopted for this study will be the ex-post facto and descriptive survey research design. Ex-post facto research is an investigative method to determine the extent to which a variable (event) which occurred in the past has impacted on the occurrence of another event (Agburu, 2001). The selection of ex-post facto research design for this research is as a result of its efficiency as it is widely used available design for research that uses secondary sources of data. The design will be used to establish the relationship between financial statement and investment decision making in Ecobank Nigeria Plc. On the hand, Boyd (2007) asserted that descriptive surveys ensure complete description of a study and ensures that there is minimum bias during the collection of data and reduce errors when interpreting the collected data. According to Fox and Bayat (2007), it is effective to analyze non-quantified topics and issues. It also enhances the possibility to observe the phenomenon in a completely natural and unchanged natural environment. Similarly, the opportunity to integrate the qualitative and quantitative methods of data collection is enriched. With this regard, the descriptive survey in form of questionnaires will be used to further access how investment decisions are informed as a result of published financial statements of Ecobank Group annual report.

3.3 Method of Data Collection

Both primary and secondary data will be used for the study. The primary data will be collected by the means of an online questionnaire. Close-ended questions will be used for this process to minimize the role of delusion and permits easier tabulation. The online questionnaire will be

created using Google form, which will enable the researcher to reach a wide variety of audience; while secondary data will be downloaded from the website of Ecobank Group's website.

3.4 Sources of Data

The link to the online questionnaires that will be structured for this study will be distributed to at least 50 respondents. The questionnaire will have two sections, i.e. A and B; section A consists of the personal data of the respondent. It will have requirements for sex, age group, religion, educational background, marital status etc. Section B will consist of items systematically structured to assess the research questions which aim to assess the relationship between financial statement and investment decision of Ecobank Nigeria Plc.

In addition, the study will adopt secondary data which will be obtained from the annual reports of Ecobank Group annual report between 2009 and 2018. More attention would be placed on the items of ratio analysis tools, where dependent variable of financial statement that include cost to income ratio, return on equity, return on asset and profit ratio. On the other hand, profit after tax would be used as dependent variable being an item used for investment decision.

3.5 Nature of data

To achieve the research objective presented in the study, questionnaires will be designed, which will be customized towards giving responses to the research questions. In inferring a thought of the sort of inquiries to pose, the research questions formulated for the study are presented below:

- v. What is the trend of selected key performance index and investment decision component in financial statement of Ecobank Plc?
- vi. What is the relationship between profit after tax (PAT) and cost to income ratio (CIR), return on equity (ROE) and return on asset (ROA)?

- vii. Does financial statement the components influence decision making of investment?
- viii. Does the credibility of financial statement affect investment decision making by investors?

Questions one and two above will be tackled from analysis of data presented in the annual reports of Ecobank Nigeria Plc; while the answers to the last two questions will be sources through the administration of questionnaires to investors. In order to answer research questions 3 and 4, the researcher must model the questionnaire to make available answers to them. Some sample question which the author might choose to ask includes:

1. Do you rely on published annual reports of Ecobank Nigeria Plc in order to invest in the bank?
2. Have you ever bought shares in other banks other than Ecobank Nigeria Plc?
3. Do you consult financial professionals on the credibility of Ecobank's financial statement?
4. What are the other factors you consider before making investment decisions?
5. Can you predict the future of the financial stand of Ecobank Nigeria Plc based on annual financial reports?
6. Can you deduce insights from the annual published financial report of Ecobank?

A portion of these inquiries will be pursued with alternatives for the respondent to pick from, which will involve closed case questions, where the respondents should choose the appropriate responses from the choices gave in the inquiry.

3.6 Hypotheses Development

Mourougan and Sethuraman (2017) states that “a research hypothesis is the declaration fashioned by a scientist when speculating the result of an experiment or a research”. Based on the

consultation of previous literature, the research questions formed for the study and presented in section 3.5 of this chapters were created achieve the four objectives of the study presented in chapter one of this dissertation.

First, concerning the dependencies of financial statement component on time. Akinwumi (2015) stated that trend analysis of profitability ratios is useful for identifying deterioration and improvement of performance over time. While other works presented by Khan, Jain (1993), Henry et al. (2011), Kotane and Kuzmina-Merlino (2012) further expatiated the importance of trend analysis of financial statement components. To achieve the first objective, the research question has been formed:

Research Question (RQ₁): What is the trend of selected key performance index and investment decision component in financial statement of Ecobank Plc?

The first hypothesis was developed in order to determine if there is a significant trend in the selected key performance index presented as:

Research Hypothesis (H₁): There is no significant trend in the selected key performance index of Ecobank

The second objective is to determine the relationship between key performance indices and investment decision, based on published financial statement component. Has shown in the literature review, Popoola et al. (2014) empirically correlate the components of the financial statement with investment decision in form of income earnings of selected commercial banks in Lagos and Ibadan and discovered that balance sheet was found to negatively affect investment decision, while income statement, notes on the account, cash flow statement, value added statement and five-year financial summary positively influence investment decision making.

However, the impact of CIR, ROE and ROA on PAT of Ecobank has not been published. Hence, to achieve the second objective, the second research question was formed and presented as:

Research Question (RQ₂): What is the relationship between profit after tax (PAT) and cost to income ratio (CIR), return on equity (ROE) and return on asset (ROA)?

The second hypothesis was then developed to answer the second research question presented as:

Research Hypothesis (H₂): there is no is the relationship between profit after tax (PAT) and Profitability Ratios

Concerning the third objective, which is to establish the impact of the components of the financial statement on investment decision making. Previous literatures, such as Zayol et al. (2017) empirically assessed the consequence of financial information on investment decision of investors Nigerian banks, while others such as Nabil (2014), Akinwunmi (2015), and Makarim and Noveria (2014) who buttressed the fact that financial statement components impact investment decision making.

To achieve the third objective, the following research question was formed:

Research Question (RQ₃): Does financial statement the components influence decision making of investment?

In order to answer the third research question, the following research hypothesis was established

Research Hypothesis (H₃): There is no significant relationship between the credibility of financial statement and investment decision making

As unraveled in past closely related studies, the importance of financial statement's credibility on investment decision making have gotten a reliable attention. For instance, Michael (2013) show that investors rely greatly on the credibility of financial statement before making investment decisions after a financial analyst has endorsed its credibility. However, the level of dependency

of the credibility of the financial statement of Ecobank with regard to investment has not been assessed. Accordingly, to meet the fourth objective of this study, the following research question was formed:

Research Question (RQ₄): Does the credibility of financial statement affect investment decision making by investors?

To answer the fourth research question, the following research hypothesis has been framed:

Research Hypothesis (H₄): There is no significant relationship between the credibility of financial statement and investment decision making

3.7 Method of Data Analysis

3.7.1 Descriptive Statistics

Several descriptive statistics comprising the mean, standard deviation, range will be used for descriptions of financial statement and investment decision items based on the data retrieved from the online questionnaire and the published financial statement. The descriptive statistics will be adopted because of it is concerned with the organization and presentation of data in order to provide concise information to make their analysis easier.

3.7.2 Mann Kendall's Test

The trend of obtained data would be tested by a powerful and nonparametric Mann Kendall Statistics (S) (1987) developed by Mann (1945) and Kendall (1976). The test will adopt the ranking of all the values to ascertain whether there are more increasing or decreasing values in historical records. In the Mann-Kendall every assessment value $x_1 \dots x_n$, are compared by means of all obtainable values. For a positive difference between the data points the so-called S-statistics increases with +1 while it decreases with -1 for a negative difference.

Thus, a large positive value of S indicates a strong positive (increasing) trend while a large negative value of S implies a negative (decreasing) trend. The nonparametric assumption of Mann-Kendall's test when used for a time series with a large number of values is documented to allow the use of a regular z-test to determine whether a trend is significant or not:

$$Z = \begin{cases} \frac{s-1}{\sqrt{\frac{n(n-1)(2n+5) - \sum_{j=1}^q t_j(t_j-1)(2t_j+5)}{18}}}, & \text{if } s > 0 \\ \frac{s+1}{\sqrt{\frac{n(n-1)(2n+5) - \sum_{j=1}^q t_j(t_j-1)(2t_j+5)}{18}}}, & \text{if } s < 0 \end{cases}$$

where n = sample size; q= number of tied groups in the data set; and t_j = number of data points in the jth tied group. In this study the Mann kendall test will be used to test the hypothesis that there is no significant trend in the series of the financial statement and investment decision item from 2008 to 2018.

3.7.3 Model Specialization

The multiple regression model maps the relationship between one variable that is taken as dependent variable and two or more independent variables known as predictors, thereby making it possible to investigate the cause and effect relationship between them (Supriya et al., 2015). Multiple regression analysis will be used in this study to establish the statistical relationship between profit after tax (PAT) which is the dependent variable and independent variable such as cost to income ratio (CIR), return on equity (ROE), return on asset (ROA) represented as:

$$PAT = \beta_0 + \beta_1 CR + \beta_2 ROE + \beta_3 ROA + \beta_4 PR$$

where $\beta_1, \beta_2, \beta_3, \beta_4, \dots, \beta_0$ represent the coefficient of the independent variables

Furthermore, statistical test for the measurement of the parameter estimate will include co-efficient of determination r^2 , t-test and f-test.

3.7.4 Chi-Square Inferential Statistics

The hypotheses formulated for the study would be tested using inferential statistics of Chi-Square, because of its robustness in assessing the relationships between independent variables. In this case, data retrieved from the online questionnaire would be used test the formulated hypotheses.

3.7.5 Correlation Analysis

Correlation analysis which investigates the co-linear relationship between variables will be used in this study to ascertain the relationship between investment decision making and the profitability ratios of Ecobank. The overall data collected for the study will be analyzed using Statistical Package for the Social Sciences (SPSS).

3.8 Valuable Identification

One approach to identifying a valuable research is through systematic review. According to the Campbell collaborative website;” the purpose of a systematic review is to sum up the best available research on specific questions. A systematic review uses transparent procedures to find, evaluate and synthesize the result of the relevant research”. In this note, the researcher will review relevant literatures in order to identify and construct the variables used for the instrument used for data collection.

3.9 Ethical Consideration

The study will depend on secondary data of the financial statement of Ecobank Group, which is freely available for the general public, permission for further use and analysis is oblique, therefore

the researcher would forward a letter of intent to human resources department of the bank. Moreover, ownership of the original data will be acknowledged in report of the research project.

However, with regards to the ethical issues relating to primary data that will be collected using online questionnaire, the researcher will seek the approval of each respondent, and ensure them of researcher's intention of making their information anonymous. This would be done in line with the Griffith College's ethical guidelines.

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATION

4.1 Introduction

This chapter presents the analysis of the sourced data from published financial statement of EcoBank and those sourced from the administration of the online questionnaire. As highlighted in previous chapters the collected data will be analyzed and tested in line with the formulated hypotheses.

4.2 Descriptive Statistics of Selected Performance Indicators

Table 4.1 shows the descriptive statistics of the selected the performance indicators of the annually published financial statement of EcoBank from 2002 to 2018. As highlighted in the table 4.1 Return on Equity (ROE) was found to range from 4.20 % to 26.90% with a deviation of 7.05% from the mean of 15.88%, Return on Assets (ROA) was found to range from 0.4 % to 3% with a deviation of 0.77% from the mean of 1.59%. In addition, cost to income ratio was found to range from 59% to 72.4% with a deviation of 4.13% from the mean of 65.34%, while profit after tax was found to deviate largely from its mean of \$157,886,941.

Table 4.1: *Statistical Summary of Selected Performance Indicators (2002-2018)*

	Minimum	Maximum	Mean	Std. Deviation
ROE	4.20	26.90	15.8765	7.05412
ROA	0.40	3.00	1.5871	0.77163
Cost to Income Ratio	59.00	72.40	65.3412	4.12857
Profit (\$)	16,567,000	436,000,000	157,886,941	122,693,104

Figure 3 shows the trend of variations of the selected performance index of EcoBank. The figure shows that cost to income ratio also known as the efficiency ratio increases in those years when ROE, ROA and profit after tax increase.

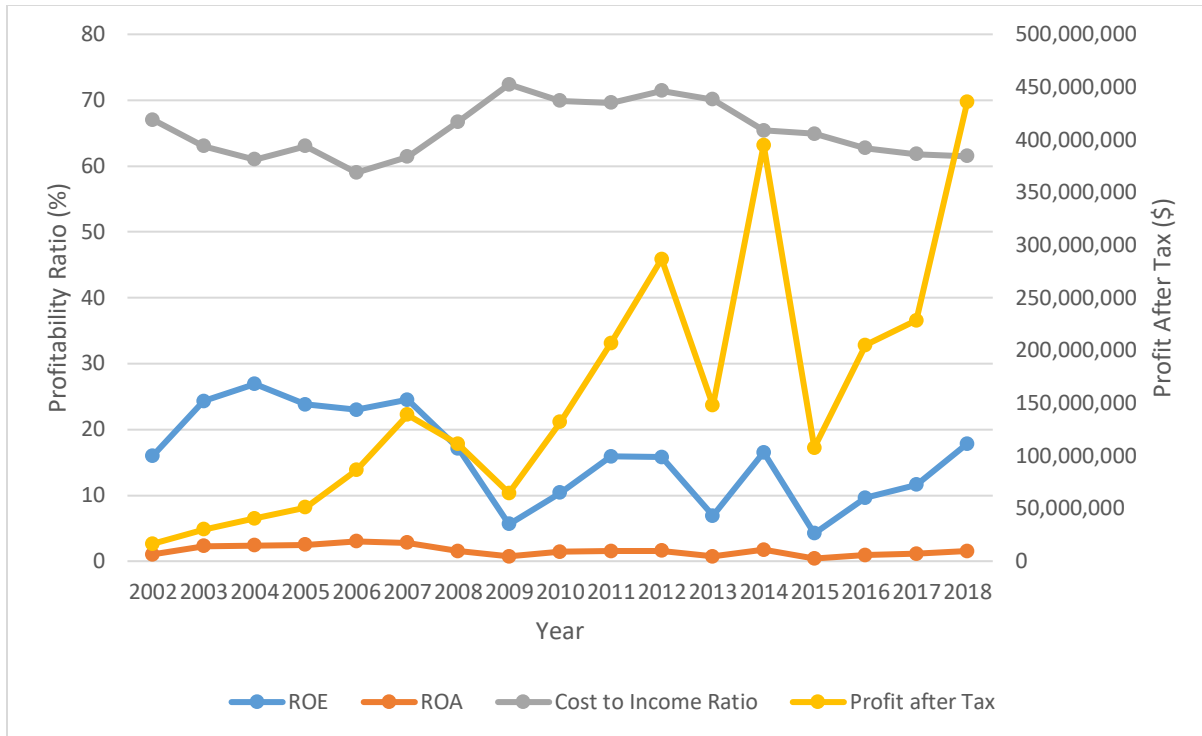


Figure 3: Trend of Variations of ROE, ROA, Cost to Income Ratio and Profit after Tax

4.3 Establishment of Regression Model

In order to assess the relationship between investment decision indicator, which was represented by the profit after tax of Ecobank between 2002 and 2018 and the selected performance indicators, an ordinary least square regression model was developed. The model is represented in equation 4.1 as presented below:

$$PAT = \beta_0 + \beta_1 CIR + \beta_2 ROE + \beta_3 ROA + \beta_4 PR \quad 4.1$$

where PAT is profit after tax, β is intercept of the fit, CIR is cost to income ratio, ROE is return on equity, ROA is return on asset.

After fitting the selected performance index and profit after tax in an ordinary least square regression and having derived their respective coefficient. The relationship is summarized as equation 4.2 presented below:

$$PAT = 486531236.3 - 1678976.8X_1 - 23389390.9X_2 - 4053611X_3$$

4.2

It can be observed in table 4.2 that based on the established model, high residual standard error of over 133 million dollars was computed, while the weak coefficient of determination of 0.037, implies that the established model cannot explain more than 2% of the variation in profit of Ecobank based on ROE, ROA and Cost to Income ratio. Table 4.3 further shows the analysis of variance of profit after tax with regards to the selected performance index. It could be seen in table 4.3 that for the degrees of freedom of 3 and 13, F-statistic of 0.167 and p-value of 0.92 was computed. Since the p-value of 0.92 is greater than 0.05, it can be deduced that the variation in profit cannot be explained by ROE, ROA and Cost to Income ratio.

Table 4.2: *Regression Model Summary*

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.192 ^a	0.037	-0.185	133,570,662

a. Predictors: (Constant), Efficiency, ROA, ROE

Table 4.3: *Summary of Analysis of Variance (ANOVA)*

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	8922979988987940.000	3	2974326662995980.000	0.167	0.917 ^b
Residual	231934583797953248.000	13	17841121830611788.000		
Total	240857563786941184.000	16			

a. Dependent Variable: Profit after Tax

b. Predictors: (Constant), Income to Cost Ratio, ROA, ROE

The coefficients of the model's variables which are the values for approximating profit after tax are presented in table 4.4. The table shows that coefficient of ROE is -1678976.795, which implies that there is a unit decrease in profit after tax for every increase in ROE, while holding the other variables constant. Since it could be observed that the coefficient of the ROA is -23389390.868, there is a unit decrease in profit after tax for every increase in ROA, while holding the other variables constant. Furthermore, the table shows that the coefficient of cost to income ratio is -

4053611.285, implying that there is also a unit decrease in profit after tax for every increase in cost to income ratio, while holding the other variables constant.

Table 4.4: *Summary of Coefficients of Model Independent Variables*

Mode	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
	B	Std. Error	Beta			Lower Bound	Upper Bound
(Constant)	486531236.33 8	717862318. 6		.678	0.510	-1064316016.630	2037378489.305
ROE	-1678976.795	12626170.2	-.097	-.133	0.896	-28956159.161	25598205.570
ROA	-23389390.868	114480166. 9	-.147	-.204	0.841	-270708755.409	223929973.674
Income to Cost Ratio	-4053611.285	10074556.0	-.136	-.402	0.694	-25818366.508	17711143.939

While it could be observed in the table that the intercept which represent other variables that were not included in the relationship has a positive relationship with profit after tax. The p values for the coefficient shows that the coefficients are not statistically significantly different from zero since all the values is greater than 0.05. F test in table 4.3 is also used to test the null hypothesis that all the model coefficients are equal to Zero. Since the p value for the f test is equal to 0.92 which is greater than 0.05, it can be concluded that all the coefficients are not equal to zero, which means the relationship that exit between the profit after tax and ROE, ROA and Cost to Income ratio cannot be employed for predicting profit of Ecobank in the future.

4.4 Frequencies and Percentages of Data Collected from Administered Questionnaires

4.4.1 Demographic Information of Respondents

Table 4.5: *Age of Respondents*

	Frequency	Percent
20-30 years	20	37.0
31-50 years	21	38.9
Above 50 years	13	24.1

Total	54	100.0
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Table 4.5 shows the frequency of percentage of the respondents' age categories. The table shows that about 20 respondents, which represent 37% are between 20 and 30 years of age, 38.9 percent of the them are between 31 and 50 years of age, while the remaining 13 respondents, which represents about 24.1% of the total distribution were above 50 years of age.

Table 4.6: *Gender Distribution of Respondents*

	Frequency	Percent
Female	14	25.9
Male	40	74.1
Total	54	100.0

Table 4.6 shows the gender distribution of the respondents. The table shows that the female gender constituted about 25.9% while the male gender constituted about 74.1%. It must, however, be emphasized that the reason for inequality in the gender of respondents in the sample was not farfetched from the fact that not until recently the main duty of the female gender was to keep the home front.

Table 4.7: *Highest Educational Qualification of Respondents*

	Frequency	Percent
Graduate	27	50.0
Others	1	1.9
Post-graduate	21	38.9
Professional	5	9.3
Total	54	100.0

Table 4.7 shows the highest educational qualifications of the respondents. The table shows that about 27 respondents, which represented 50% of the sample size had graduate qualification, about 1.9% had other qualification, about 38.9% had postgraduate qualification, while the remaining respondents had professional qualifications. This goes to show that majority of the respondents had graduate level as being their highest educational qualifications. This is advantageous to the study since majority of them are expected to be well informed about investment decision making with respect to financial statement.

Table 4.8: *Respondents' Categories of Shareholder*

	Frequency	Percent
No Response	3	5.6
Debenture Holder	15	27.8

Preference Shareholder	36	66.7
Total	54	100.0

Table 4.8 shows the categories of the shareholders. The table shows that 3 respondents, which is about 5.6% of the sample size did not respond to the question, about 27.8% of the respondents claimed to be a debenture shareholder, while the remaining 66.7% of the respondents were preference shareholders. This shows that majority of the respondent were preferences shareholders; this is expected because of the preference shares have higher expected returns than the debenture.

Table 4.9: *Manager of Respondents' Investment in EcoBank Nigeria Plc*

	Frequency	Percent
Brokers	15	27.8
Financial Analyst	7	13.0
Others	5	9.3
Self	27	50.0
Total	54	100.0

Table 4.9 shows who manages the respondents' investment in Ecobank Nigeria Plc. The table shows that 27.8% of the respondents' stated that their investment is being managed by brokers, about 13% of the respondents claimed that their investment is being managed by financial analysts, 9.3% percent stated that other categories of people not mentioned managed their investment, while the remaining 50% of the respondents managed their investment by themselves. This goes to show that majority of the respondents personally manages their investment in Ecobank Nigeria Plc.

4.4.2 Level of Proficiency of Investors on Annual Financial Statement Publishing

Table 4.10: *Published Annual Financial Statement Impacts Respondents' Ability to buy more Shares*

	Frequency	Percent
May be	9	16.7
No	6	11.1
Yes	39	72.2

Total	54	100.0
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Table 4.10 shows the respondents' view on their ability to buy more shares of EcoBank Nigeria Plc based on the published annual financial statement. The table shows that about 16.7% of the respondent are undecided about their ability to buy more shared because the Ecobank's financial statement, about 11.1% claimed that their ability to buy more shares is not dependent on the financial statement, while the remaining 72.2% of the respondents acknowledged that the annual published financial statement affect their ability to buy more shares. This shows that the published financial statement of EcoBank impact investment decision making of the shareholders of EcoBank.

Table 4.11: *Advice from Consultants May Compliments Investment Decision Making Despite Assessing Annual Financial Statement of EcoBank*

	Frequency	Percent
Maybe	3	5.6
No	18	33.3
Yes	33	61.1
Total	54	100.0

Table 4.11 shows the respondents view on the need of getting advice from consultant for investment decision after assessing the financial statement of EcoBank. The table shows that about 5.6% of the respondents were not certain about consulting investment analysts for investment decision making, 33.3% of the respondents stated that advice from consultants need not to compliment the assessment of annual financial statement, while the remaining 61% of the respondents stated that advice from consultants may compliments investment decision making despite assessing annual financial statement of EcoBank. Implying that investment decision making should not be based on financial statement alone.

Table 4.12: *Factors Considered to be Most Important When Making an Investment Decision*

	Frequency	Percent
Comparison of financial reports of banks	12	22.2
Financial consultant's input	13	24.1
Financial statement credibility	25	46.3
Standard of published financial statement	4	7.4
Total	54	100.0

Table 4.12 shows some factors that were considered to be most important when making investment decision at EcoBank Nigeria Plc. The table shows that 22.2% of the respondents stated that

comparison of financial reports of banks is considered most important in making investment decisions, 24.1% of the respondents considered the input of financial consultants as being most important, 46.3% of the respondents considered the credibility of financial statement as being most important factor for investment decision making, while remaining 7.4% of the respondents considered the standard of published financial statement as being most important. This goes to show that credibility of financial statement is considered to be most important when making investment decisions.

Table 13: *Respondents' Level of Competence in the Use of Financial Statement for Investment Decision Making*

	Frequency	Percent
High	18	33.3
Low	1	1.9
Moderate	22	40.7
Very high	13	24.1
Total	54	100.0

Table 4.13 shows respondents' level of competence in the use of financial statement for investment decision making. Table shows that 33.3% of the respondents had high level of competency in the use of financial statement of investment decision making, 1.9 % of the respondents had low competence, 40.7% of the respondents had moderate competence in the use of financial statement for decision making, while the remaining 24.1% of the respondents had very high level of competence. This is shows that majority of the respondents had moderate competence in the use of financial statement of investment decision making.

Table 4.14: *It wise to trust in the capacity of past financial reports for the bases of predicting the future outcomes of Ecobank Nigeria Plc*

	Frequency	Percent
Don't know	1	1.9
No, it is not wise to depend on only past financial reporting	25	46.3
Yes, it is wise	9	16.7
Yes, it is wise and should be supported by a report from a consultant	19	35.2
Total	54	100.0

Table 4.14 shows the respondents' opinion on whether it is wise to trust in the capacity of past financial reports for the bases of predicting the future outcomes of Ecobank Nigeria Plc. The table shows that 1.9% of the respondents were not certain about trusting past financial report for predicting future outcomes of Ecobank. 46.3% of the respondents stated it is not wise to depend on only past financial reporting, 16.7% of the respondents stated that it is wise, while the remaining 35.2% of the respondents stated that it is wise and should be supported by the consent of an investment consultant. This shows that according to majority of the respondents, it is not wise to trust in the capacity of past financial reports for the bases of predicting the future outcomes of Ecobank Nigeria Plc

Table 4.15: *Do you monitor the trends of the key performance indicators of Ecobank, published in their annual financial statement?*

	Frequency	Percent
May be	1	1.9
No	7	13.0
Yes	46	85.2
Total	54	100.0

Table 4.15 shows the respondents' assertion on monitoring of key performance indicators of published in the annual financial statement of Ecobank. The table shows that 1.9% of the respondent were not certain about monitoring of Ecobank, 13% of the respondents stated that they don't monitor the performance indicators of the bank, while the remaining 85.2% of the respondents stated that they monitor the key performance indicators published in the annual financial statement of Ecobank.

4.4.3 Impact of Components of Financial Statement on Investment Decision Making

Table 4.16: *The inability of the balance sheet to concisely summarize the total increase or decrease in an asset can discourage investment*

	Frequency	Percent
Strongly Agree	32	59.3
Agree	12	22.2
Undecided	7	13.0

Disagree	1	1.9
Strongly Disagree	2	3.7
Total	54	100.0

Table 4.16 shows the respondents' view on the statement that "the inability of the balance sheet to concisely summarize the total increase or decrease in an asset can discourage investment". The table shows that 59.3% of the respondents strongly agreed with statement, 22.2% of the respondents agreed with the statement, 13.0% of the respondents were undecided on the statement, 1.9% of the respondents disagreed with the statement, while the remaining 3.7% of the respondents strongly disagreed with statement. This shows that the inability of balance sheet to concisely summarize asset can discourage investment decision making.

Table 4.17: *Performance summary of the financial statement can be more useful in investment decision making if more than two years of performance is highlighted*

	Frequency	Percent
Strongly Agree	18	33.3
Agree	26	48.1
Undecided	7	13.0
Disagree	3	5.6
Total	54	100.0

Table 4.17 shows the respondents' view on the statement that "performance summary of the financial statement can be more useful in investment decision making if more than two years of performance is highlighted". The table shows that 33.3% of the respondents strongly agreed with statement, 48.1% of the respondents agreed with the statement, 13.0% of the respondents were undecided on the statement, while the remaining 5.6% of the respondents disagreed with the statement. This goes show that if the performance summary of financial statement highlights more than two years', it could be more useful for investment decision making.

Table 4.18: *Capital Adequacy Ratio (CAR) stated in the "Capital" section of the financial statement of Ecobank Nigeria Plc. can determine if you will invest or not in the bank*

	Frequency	Percent
Strongly Agree	28	51.9

Agree	13	24.1
Undecided	9	16.7
Disagree	3	5.6
Strongly Disagree	1	1.9
Total	54	100.0

Table 4.18 shows the respondents' view on the statement that "Capital Adequacy Ratio (CAR) stated in the "capital" section of the financial statement of Ecobank Nigeria Plc. can determine if you will invest or not in the bank". The table shows that 51.9% of the respondents strongly agreed with statement, 24.1% of the respondents agreed with the statement, 16.7% of the respondents were undecided on the statement, 5.6% of the respondent disagreed with the statement, while the remaining 1.9% of the respondents strongly disagreed with the statement. This goes show that CAR is capable of influencing the investment decision making of Ecobank investors.

Table 4.19: *A weaker operating income mix of the financial year than the previous can discourage you from making future investment*

	Frequency	Percent
Strongly Agree	13	24.1
Agree	8	14.8
Undecided	8	14.8
Disagree	23	42.6
Strongly Disagree	2	3.7
Total	54	100.0

Table 4:19 shows the respondents' view on the statement that "A weaker operating income mix of the financial year than the previous can discourage you from making future investment". The table shows that 24.1% of the respondents strongly agreed with statement, 14.8% of the respondents agreed with the statement, 14.8% of the respondents were undecided on the statement, 42.6% of the respondent disagreed with the statement, while the remaining 3.7% of the respondents strongly disagreed with the statement. This goes show that the investment decision making of Ecobank investors may not be negatively affected by a weaker operating income mix of a current year in comparison with previous year's operating income mix.

Table 4.20: *The trend of non-interest revenue growth has nothing to do with your future investment in Ecobank Nigeria Plc*

	Frequency	Percent
Strongly Agree	2	3.7
Agree	9	16.7
Undecided	10	18.5
Disagree	8	14.8
Strongly Disagree	25	46.3
Total	54	100.0

Table 4.20 shows the respondents' view on the statement that "the trend of non-interest revenue growth has nothing to do with your future investment in Ecobank Nigeria Plc". The table shows that 3.7% of the respondents strongly agreed with statement, 16.7% of the respondents agreed with the statement, 18.5% of the respondents were undecided on the statement, 14.8% of the respondent disagreed with the statement, while the remaining 46.3% of the respondents strongly disagreed with the statement. This goes show that non-interest revenue growth can affect future investment decision making of Ecobank's investors.

4.4.4 Impact of Financial Statement Credibility on Investment Decision Making

Table 4.21: *A Typographical Error in Financial Statement Reporting Can Discourage Investors from Making a Future Investment Decision*

	Frequency	Percent
Strongly Agree	27	50.0
Agree	17	31.5
Undecided	4	7.4
Disagree	6	11.1
Total	54	100.0

Table 4.21 shows the respondents' view on the statement that "A typographical error in financial statement reporting can discourage investors from making a future investment decision". The table shows that about 50% of the respondents strongly agreed with the statement, 31.5% of the respondents agreed with the statement, 7.4% of the respondents were undecided on the statement,

while the remaining 11.1% of the respondents disagreed with the statement. This goes show that not paying optimum attention details, that could lead to typo errors, before publishing the annual financial statement can affect future investment decision making of Ecobank’s investors.

Table 4.22: *Not complying with the financial statement standard does not affect the ability of investors to plan toward making future investment*

	Frequency	Percent
Strongly Agree	5	9.3
Agree	8	14.8
Undecided	6	11.1
Disagree	19	35.2
Strongly Disagree	16	29.6
Total	54	100.0

Table 4.22 shows the respondents’ view on the statement that “not complying with the financial statement standard does not affect the ability of investors to plan toward making future investment”. The table shows that 9.3% of the respondents strongly agreed with statement, 14.8% of the respondents agreed with the statement, 11.1% of the respondents were undecided on the statement, 35.2% of the respondent disagreed with the statement, while the remaining 29.6% of the respondents strongly disagreed with the statement. This goes show that adhering to the financial statement standard can affect future investment decision making of Ecobank’s investors.

Table 4.23: *The Financial Statement Must Be Endorsed by a Financial Analyst Before Its Credibility Can Be Confirmed*

	Frequency	Percent
Strongly Agree	26	48.1
Agree	9	16.7
Undecided	5	9.3
Disagree	14	25.9
Total	54	100.0

Table 4.23 shows the respondents’ view on the statement that “The financial statement must be endorsed by a financial analyst before its credibility can be confirmed”. The table shows that

48.1% of the respondents strongly agreed with statement, 16.7% of the respondents agreed with the statement, 9.3% of the respondents were undecided on the statement, while the remaining 29.6% of the respondents disagreed with the statement. This goes show that the endorsement of financial statement by financial analyst is perceived as been important for future investment decision making.

Table 4.24: *If the five-year summary of the financial statement is not well presented, it can be Rendered Non-credible*

	Frequency	Percent
Strongly Agree	25	46.3
Agree	18	33.3
Undecided	2	3.7
Disagree	8	14.8
Strongly Disagree	1	1.9
Total	54	100.0

Table 4.24 shows the respondents' view on the statement that "if the five-year summary of the financial statement is not well presented, it can be rendered non-credible". The table shows that 46.3% of the respondents strongly agreed with statement, 33.3% of the respondents agreed with the statement, 3.7% of the respondents were undecided on the statement, 14.8% of the respondent disagreed with the statement, while the remaining 1.9% of the respondents strongly disagreed with the statement. This goes to show that the credibility of financial statement can be affected by lack of proper presentation of the five-year summary of the financial statement.

4.5 Test of Hypotheses

4.5.1 Hypothesis One

H₀: there is no significant trend in the key performance index of Ecobank

H₁: there is significant trend in the key performance index of Ecobank

Table 4.25: *Summary of Trend Test of Selected Key Performance Index based on Mann Kendall's Test*

Kendall's tau_b		Time	ROE	ROA	Cost to Income Ratio	Profit
Time	Correlation Coefficient	1.000				
	Sig. (2-tailed)	.				
ROE	Correlation Coefficient	-.397*	1.000			
	Sig. (2-tailed)	.026	.			
ROA	Correlation Coefficient	-.275	.736**	1.000		
	Sig. (2-tailed)	.126	.000	.		
Cost to Income Ratio	Correlation Coefficient	-.022	-.524**	-.448*	1.000	
	Sig. (2-tailed)	.902	.003	.013	.	
Profit	Correlation Coefficient	.721**	-.118	.007	.052	1.000
	Sig. (2-tailed)	.000	.510	.967	.773	.

*. Correlation is significant at the 0.05 level (2-tailed).

** . Correlation is significant at the 0.01 level (2-tailed).

Table 4.25 shows the summary of the trend test of the selected performance indication index. The table shows the test of the hypothesis which states that “there is no significant trend in the key performance index of Ecobank” using Mann Kendall’s tau correlation with time. It can be observed in the table that ROE, ROA and Cost to Income Ratio has a negative relationship with time, while profit has a positive relationship with time.

Decision

Since Sig. (2-tailed) of ROE and profit after tax at a significance level of 0.05 is less than 0.05, the null hypothesis is accepted for ROE and profit after tax, while the null hypothesis is rejected for ROA and Cost to Income Ratio since their Sig. (2-tailed) is greater than 0.05.

Conclusion

Based on the foregoing analysis it is concluded that out of the selected key performance index of Ecobank, ROE has a significant negative trend, ROA has a non-significant negative trend, cost to income ratio has a non-significant negative trend, while profit after tax has a very significant positive trend.

4.5.2 Hypothesis Two

H₀: there is no is the relationship between profit after tax (PAT) and Profitability Ratios

H₂: there is no is the relationship between profit after tax (PAT) and Profitability Ratios

Table 4.26: *Summary of Relationship between Profit after Tax and Profitability Ratio*

		ROE	ROA	Cost to Income Ratio	Profit
ROE	Pearson Correlation Sig. (2-tailed)	1			
ROA	Pearson Correlation Sig. (2-tailed)	.925**	1		
Efficiency	Pearson Correlation Sig. (2-tailed)	-.589*	-.580*	1	
Profit	Pearson Correlation Sig. (2-tailed)	-.152	-.157	.006	1
		.560	.547	.983	

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

Table 4.26 shows the summary of the relationship between profit after tax and profitability ratios. The table shows that there is an approximately low negative correlation of -0.2 between profit after tax and ROE, and between profit after tax and ROA. Furthermore, table shows that there is an approximately low positive correlation of 0.006 between profit after tax and cost to income ratio.

Decision

Since Sig. (2-tailed) of computed for the relationship between profit after tax and ROE, ROA and cost to income ratio at a significance level of 0.05 are all greater than 0.05 the null hypothesis is

accepted, which states that “there is no significant relationship between profit after tax (PAT) and Profitability Ratios”.

Conclusion

Based on the foregoing analysis it is concluded that the relationship between profit after tax (PAT) and Profitability Ratios published in the annual financial statement of Ecobank is not significant.

4.5.3 Hypothesis Three

H₀: There is no significant relationship between the components of financial statement and investment decision making

H₃: There is significant relationship between the components of financial statement and investment decision making

Table 4.27: *Summary of Cross-tabulation of Dependency on Financial Statement for Investment Decision and Components of Financial Statement*

			Component of Financial Statement Impacts Investment Decision Making				Total
			Strongly Agree	Agree	Undecided	Disagree	
In your opinion, is it wise to trust in the capacity of past financial reports for the bases of predicting the future outcomes of Ecobank Nigeria Plc?	Don't know	Count	0	0	1	0	1
		Expected Count	.1	.4	.5	.0	1.0
	No, it is not wise to depend on only past financial reporting	Count	2	10	13	0	25
		Expected Count	1.9	8.8	13.4	.9	25.0
	Yes, it is wise	Count	2	4	2	1	9
		Expected Count	.7	3.2	4.8	.3	9.0
	Yes, it is wise and should be supported by a report from a consultant	Count	0	5	13	1	19
		Expected Count	1.4	6.7	10.2	.7	19.0

Total	Count	4	19	29	2	54
	Expected Count	4.0	19.0	29.0	2.0	54.0

Table 4.27 shows the summary of cross-tabulation of dependency on financial statement for investment decision and components of financial statement. The table shows that while majority of the respondent claimed that it is not wise to depend only on financial statement to make investment decision, majority of them along this thought were undecided on the fact that the components of the financial statement of Ecobank impact investment decision making.

Table 4.28: *Summary of Chi-Square Tests of Dependency on Financial Statement for Investment Decision and Components of Financial Statement*

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	10.582	9	0.305
Likelihood Ratio	12.305	9	0.197
N of Valid Cases	54		

Table 4.28 further shows the Chi-Square test on the null hypothesis that states that “there is no significant relationship between the components of financial statement and investment decision making”, where it could be seen that the Sig. (2-sided) of Chi-Square test is 0.305.

Decision

Since Sig. (2-tailed) of computed for the relationship between the component of financial statement of Ecobank and investment decision making at a significance level of 0.05 is greater than 0.05 the null hypothesis is accepted, which states that “there is no significant relationship between the components of financial statement and investment decision making”.

Conclusion

Based on the foregoing analysis it is concluded that the relationship investment decision making and the component of published in the annual financial statement of Ecobank is not significant.

Which implies that the component of the financial statement is not the only factors being considered when making investment decision.

4.5.4 Hypothesis Four

H₀: There is no significant relationship between the credibility of financial statement and investment decision making

H₄: There is significant relationship between the credibility of financial statement and investment decision making

Table 4.29: *Summary of Cross-tabulation of Dependency on Financial Statement for Investment Decision and Credibility of Financial Statement*

		Credibility of Financial Statement impact investment decision making			Total	
		Strongly Agree	Agree	Undecided		
	Don't know	Count	0	0	1	1
		Expected Count	.2	.7	.1	1.0
In your opinion, is it wise to trust in the capacity of past financial reports for the bases of predicting the future outcomes of Ecobank Nigeria Plc?	No, it is not wise to depend on only past financial reporting	Count	5	20	0	25
		Expected Count	4.6	18.5	1.9	25.0
	Yes, it is wise	Count	2	7	0	9
		Expected Count	1.7	6.7	.7	9.0
	Yes, it is wise and should be supported by a report from a consultant	Count	3	13	3	19
		Expected Count	3.5	14.1	1.4	19.0
Total		Count	10	40	4	54
		Expected Count	10.0	40.0	4.0	54.0

Table 4.29 shows the summary of cross-tabulation of dependency on financial statement for investment decision and credibility of financial statement. The table shows that while majority of

the respondent claimed that it is not wise to depend only on financial statement to make investment decision, majority of them along this thought agreed that the credibility of the financial statement of Ecobank impact investment decision making.

Table 4.30: *Summary of Chi-Square Tests of Dependency on Financial Statement for Investment Decision and Credibility of Financial Statement*

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	17.211	6	0.009
Likelihood Ratio	11.986	6	0.062
N of Valid Cases	54		

Table 4.30 further shows the Chi-Square test on the null hypothesis that states that “there is no significant relationship between the credibility of financial statement and investment decision making”, where it could be seen that the Sig. (2-sided) of Chi-Square test is 0.009.

Decision

Since Sig. (2-tailed) of computed for the relationship between the credibility of financial statement of Ecobank and investment decision making at a significance level of 0.05 is less than 0.05 the null hypothesis is rejected, which states that “there is no significant relationship between the components of financial statement and investment decision making”.

Conclusion

Based on the foregoing analysis it is concluded that the relationship investment decision making and the credibility of published in the annual financial statement of Ecobank is significant. Which implies that the credibility of the financial statement is an important factor being considered by investors when making investment decision.

4.6 Discussion of Findings

4.6.1 Introduction

The study is aimed at assessing the relationship between financial statement and investment decision making by shareholders of Ecobank of Nigeria Plc. This was achieved through the analysis of the results that were derived from the annual publications of the financial statement of the bank for the period of sixteen years (2002 to 2018), and through the analysis of the results derived from the administration of online questionnaires to fifty-four (54) shareholders.

4.6.2 Trend and Regression Analysis of Selected Performance Indicators

The analysis of the results revealed that profit after tax, which is an investment decision indicator (Popoola et al., 2014) and the selected profitability ratios varies independently from their means. A mean value of 15.9% ROE shows that the bank's ability to generate profit is satisfactory, being higher than 10%, mean ROA for the period was found to be less than 5%, which indicates the bank's ability to generate profit from controlled equity needs to be improved. In addition, the average cost to income ratio for the 16 years' period was found to be 65.3%, which shows that the bank is spending more on cost of running than operating income. It was also revealed in form of line plots that as profit after tax increases, the selected profitability ratios decrease (figure 4.1).

Based on Mann Kendall's trend test, all the selected profitability ratios had negative trend, while profit after tax had a very significant positive trend between 2002 and 2018.

The assessment of the relationship between investment decision and financial statement using regression analysis has been considered by previous authors, for instance, by adopting regression analysis, Popoola et al. (2014) found out there is a negative relationship between balance sheet and investment decision based on regression and correlation analysis, while Zayol et al. (2017) unraveled that dividend per share and investment decision have significant positive relationship;

but these authors did not investigate the relationship between ROE, ROA and cost to income ratio Profit after tax. Regression analysis and Pearson's correlation were also adopted by Ball et al. (2000), Soderstrom and Sun (2007), Osuala et al. (2012), and Adebayo, et al (2013); but none of them considered the relationship between profit after tax and profitability ratios.

On the contrarily, to assess the relationship between the investment decision variable Profit after tax and the profitability ratios, an ordinary least square regression model was developed for this study. The model was represented in equation 4.1. After fitting the investment decision variable, Profit after tax and the profitability ratios in an ordinary least square regression and having derived their respective coefficient. The relationship was summarized as equation 4.2.

The study shows that the coefficient of ROE is -1678976.795, which implies that there is a unit decrease in profit after tax for every increase in ROE, while holding the other variables constant. It could be observed that the coefficient of the ROA is -23389390.868, which means that there is a unit decrease in profit after tax for every increase in ROA, while holding the other variables constant. Furthermore, the study shows that the coefficient of cost to income ratio is -4053611.285, implying that there is also a unit decrease in profit after tax for every increase in cost to income ratio, while holding the other variables constant.

The residual standard error of 133,570,662 on 16 degrees of freedom, a multiple R-squared of 0.03, an adjusted R-squared of -0.185, F-statistic of 0.167 on 4 and 11 DF, and a p-value: 0.917, all points to the fact that the regression model was not sufficient in explaining the variation of investment decisions. It must be noted that the F test is used to test the null hypothesis that all the model coefficients are equal to Zero. Since the p value for the f test is equal to 0.917 which is less than 0.05, it can be concluded that all the coefficients are close to zero, which means the relationship between the investment decision and the selected profitability ratio of the financial

statement of Ecobank is not significant. In summary, the present study has shown that ROE, ROA and cost to income ratio has negative none significant impact on investment decision assessed through profit after tax. While, the correlation analysis also supports the forgone analysis, leading to the conclusion that there is no significant relationship between investment decision and profitability ratios.

4.6.3 Impacts of Financial Statement on Investment Decision

The impact of financial statement on investment decision is present in extant literature, Abdulkadir et al. (2016) probed the function of financial coverage in the process of making investments and revealed that investors relied on financial statement, because of its suitability in predicting profitability of bank, and its ability to arouse the investment decision of potential investors; Peter (2013) by studying WEMA Bank revealed that financial statement can reduce inappropriate investment decision by investors. But Ecobank has not benefited such studies, which lead to the investigation presented in this study.

The demographic information derived from the administered questionnaire showed that majority of the investors were above 31 years of age, which was advantageous to the research, because it is assumed that they were mature and would be more careful in making investment decision. Majority of the investors were male, more than fifty percent of the respondents had graduate level of educational qualification, and were preference shareholders, and majority of them managed their shares by themselves.

The level of proficiency of the investors on the annual financial statement of Ecobank Nigeria Plc was further assessed. It was unraveled that majority of the investors confirmed that published financial statement of EcoBank impacts investment decision making. Although majority of them confirmed that getting advice from financial analyst may compliment the insights derived from the

financial statement. They further stated that the credibility of the financial statement was most important when making investment decisions, although less than 2% of the investors have low level of competency of the use of the financial statement, and more than 85% monitor the trend of the financial statement, they still averred that it is not wise to solely depend on it to make prediction of future outcome of the bank. This corroborate Barber and Brad (2006) who unraveled that in Anambra, financial statements lack the ability to offer dependable insights for investors and other persons who depend on the financial statements for decision making purposes.

4.6.4 Relationship Between Components and Credibility of Financial Statement and Investment Decision

Analysis of the impact of the component of financial statement on investment decision show that the inability of balance sheet to concisely summarize asset can discourage investment decision making; the Capital Adequacy Ratio is capable of influencing the investment decision making of Ecobank investors, because about 52% of the investors strongly agreed that the Capital Adequacy Ratio (CAR) stated in the “Capital” section of the financial statement of Ecobank can determine if they will invest or not in the bank. More so, it was revealed that investment decision making of Ecobank investors may not be negatively affected by a weaker operating income mix of a current year in comparison with previous year’s operating income mix, but that non-interest revenue growth can affect future investment decision making of Ecobank’s investors.

The study further assesses the impact of the credibility of financial statement on investment decision making. This shows that not paying optimum attention to details, that could lead to typo errors, before publishing the annual financial statement can affect future investment decision making of Ecobank’s investors; adhering to the financial statement standard can affect future investment decision making of Ecobank’s investors; the endorsement of financial statement by

financial analyst is perceived as been important for future investment decision making; and that the credibility of financial statement can be affected by lack of proper presentation of the five-year summary of the financial statement.

In addition, based on the Chi-Square's Sig. (2-tailed) computed on the relationship between the component of financial statement of Ecobank and investment decision making at a significance level of 0.05 was greater than 0.05, the null hypothesis was accepted, which states that "there is no significant relationship between the components of financial statement and investment decision making". While, the fourth null hypothesis was rejected because the Sig. (2-tailed) computed for the Chi-Square test was found to be less than 0.05, leading to the conclusion that there is a significant relationship between the credibility of financial statement and investment decision making.

Michael (2013) indicated that investors significantly depend on the credibility of financial statement before making investment decisions. Duru (2012) examined the significance of financial statement on the appropriation of investment; and revealed that small firms do not adopt financial statement for making investment in Enugu. Amedu (2014) also arrived at similar findings, which shows that a manufacturing company in Nigeria does not solely depend on financial statement for investment decision. In addition, Osuala, Ugwumba, and Osuji (2012) buttressed that other factors that are not reported in the financial statement are solely considered by investors.

CHAPTER FIVE

CONCLUDING THOUGHTS ON THE CONTRIBUTION OF THIS RESEARCH, ITS LIMITATIONS AND SUGGESTIONS FOR FURTHER RESEARCH

5.1 Overview

With respect to the data collected from the annual financial statement of Ecobank and those derived from the administration of 54 samples of online survey. The relationship between financial statement and investment decision making were assessed. This chapter presents a comprehension of the concluding thoughts if the researcher and as well presents suggestions for further studies.

5.2 Implication of Findings

The implication of the findings of the study based on the stated objective and research questions is presented in this section. The main objective of the study is to assess the relationship between financial statement and investment decision making. The implication of the findings is in the order of the established research questions highlighted below.

Firstly, the trend of selected key performance index and investment decision component in financial statement of Ecobank was assessed based on the Mann Kendall's trend test. Investment decision component which was presented by the quantitative data inform of profit after tax published in the financial statement for the period of eighteen years (2002 to 2018) as well selected key performance indicators in form of profitability ratios, represented as ROE, ROA and Cost to Income ratio were considered. Statistical summary of these variables was found to have low deviation from their means expect profit after tax which varied wildly within the temporal resolution of the study. This implies profit after tax of Ecobank was found to spread over a huge range of numerical units.

The study revealed that based on the Mann Kendall's trend test, all the selected profitability ratios had negative trend, while profit after tax had a very significant positive trend between 2002 and 2018.

Secondly, the relationship between profit after tax (PAT) and selected profitability ratios was further assessed using the regression and correlation analysis. The study revealed that the regression model established is weak in making future prediction of profit after tax based on ROE, ROA and cost to income ratio due to the low coefficient of determination and high p-value of the F-test. Further analysis of the correlation analysis proved that all of the selected profitability ratios negatively affect the profit after tax of Ecobank, although none significantly. In a similar note Popoola et al. (2014) found out there is a negative relationship between balance sheet and investment decision based on regression and correlation analysis, while Zayol et al. (2017) unraveled that dividend per share and investment decision have significant positive relationship; in contrast to this, the present study has shown that ROE, ROA and cost to income ratio has negative none significant impact on investment decision assessed through profit after tax.

Thirdly, the study assessed how financial statement influence decision making for investment from the data derived from the administered questionnaires, using Chi-Square test. Since the Chi-Square's Sig. (2-tailed) computed for the relationship between the component of financial statement of Ecobank and investment decision making at a significance level of 0.05 was greater than 0.05, the null hypothesis, which states that "there is no significant relationship between the components of financial statement and investment decision making" was accepted. This result shows that there are other factors such as the brand of the bank, political and economic factors that could influence the investment decision making of an investor.

Fourthly, the credibility of financial statement was found to affect investment decision making by investors in Ecobank; this was found from the analysis of the Chi-Square test employed for the fourth hypothesis. Since Sig. (2-tailed) computed for the relationship between the credibility of financial statement of Ecobank and investment decision making at a significance level of 0.05 was found to be less than 0.05 the null hypothesis, which states that “there is no significant relationship between the components of financial statement and investment decision making” was rejected. This corroborates Michael (2013) who unraveled that investors rely greatly on the credibility of financial statement before making investment decisions after a financial analyst has endorsed its credibility.

5.3 Contribution and Limitation of the Research

Having established the fact, through past literatures, that investment decision has some dependencies on financial statement of a bank. This study took off to ascertain this fact with respect to Ecobank Nigeria Plc; on like existing closely related studies that either employed the use of questionnaires through survey or by employing the analysis of published annual financial statement. This present employed both methods, some selected key performance index of the financial statement of Ecobank was analyzed and surveys were conducted to existing shareholders of the bank. This study has contributed to the body of knowledge by showing that despite the fact that investment decision depends on financial statement, regression models are not sufficient for predicting future outcome of investment in Ecobank, which may be attributed to the limited data available to train the regression model. Also, the credibility of the financial statement was found to significantly affect investment decision, while the component of the financial statement have lesser impact, owing to the fact that political, economic and other factors can affect investment decision.

On the other hand, the study was limited to the use of few past records, only eighteen years (2002 to 2018) were available for analysis.

5.4 Recommendation for Practice

During the course of this research, it was observed that, Ecobank financial statement was not consistent with the use of a standard format in data presentation. Therefore, the bank should endeavor to maintain a particular standard for presentation in order to enhance consistency and credibility of their financial statement. In addition, similar studies should be done for other banks in Nigeria.

5.5 Recommendation for Future Research

Due to lack of sufficient data to train the regression model, future study may investigate the performance of machine learning models which are more robust for modeling non-linear relationships. This study employed the survey research method which adopts quantitative design, future study may use mixed research design where both quantitative and qualitative methods are involved. The study used only four financial statement indices, future studies may employ the use of more components of the financial statement.

5.6 Conclusion

The importance of financial statement on investment to managers of business firms and investors of financial institutions have been undermined due to lack of proper understanding of their relationship. Some facts drawn from findings presented in the present study, are that there is a negative significant trend in the profitability ratios employed in the study, ROE, ROA and Cost after tax is unable to perfectly explain the variations in profit after tax and investment decision, investors have average knowledge of the published financial statement, but do not solely depend on it for investment decision making, the components of the financial statement does not

significantly translate to investment making, while the credibility of the financial statement of Ecobank was found to powerfully drive how shareholders invest. It is therefore concluded that investment decision making and the annual financial statement of Ecobank are related.

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APPENDIX I – COVERING NOTE

Hi,

I am conducting a research on the impact of financial statement on investment decision making in Ecobank PLC, Nigeria. The main objective of this survey is to ascertain the relationship between financial statement and investment decision as well as to assess the trend of key performance index and investment decision component in financial statement of Ecobank Nigeria Plc. The link to the questionnaire is https://docs.google.com/forms/d/e/1FAIpQLSdPHoVfTQ1rw_IUdhI9UjM3mVm6d3mLEkLLHu_-LEwBxBuUYA/viewform?vc=0&c=0&w=1&usp=mail_form_link

Thanks for your willingness to participate in this survey.

Kind Regards,

Ajibowu Taiwo

Griffith College, Dublin.

APPENDIX II - QUESTIONNAIRE

I've invited you to fill out a form:

THE IMPACT OF FINANCIAL STATEMENT ON INVESTMENT DECISION MAKING IN ECOBANK NIGERIA PLC.

Section A: Demographic questions

1. What is your age?

- 20-30 years
- 36-50 years
- Above 50 years

2. What our Gender?

- Female
- Male
- Prefer not to say

- ○ Other:

3. Please provide your highest education qualification

- ○ Graduate
- ○ Post-graduate
- ○ Professional
- ○ Others

4. Which category of shareholders do you belong to?

- ○ Preference Shareholder
- ○ Debenture Holder

5. Who manages your investment in EcoBank Nigeria Plc.?

- ○ Self
- ○ Financial Analyst
- ○ Brokers
- ○ Others

Section B

Part 1: Level of Proficiency of Investors on Annual Financial Statement Publishing

6. Does the published annual financial statement of Ecobank Nigeria Plc affect your ability to buy more shares?

- ○ Yes
- ○ No
- ○ Maybe

7. Do you get advice from consultants on whether to buy Ecobank Nigeria Plc shares after assessing the annual financial statement?

- ○ Yes
- ○ No
- ○ Maybe

8. Which of these factors do you consider to be most important when making an investment decision?

- ○ Financial statement credibility
- ○ Financial consultant's input

- Standard of published financial statement
- Comparison of financial reports of banks
- Instinct
- None

9. What is your level of competence in the use of financial statements for investment decision making?

- Very high
- High
- Moderate
- Low
- Very low

10. In your opinion, is it wise to trust in the capacity of past financial reports for the bases of predicting the future outcomes of Ecobank Nigeria Plc?

- No, it is not wise to depend on only past financial reporting
- Yes, it is wise
- Yes, it is wise and should be supported by a report from a consultant
- Don't know

11. Do you monitor the trends of the key performance indicators of Ecobank, published in their annual financial statement?

- Yes
- No
- Maybe

Part B: Impact of Components of Financial Statement on Investment Decision Making

This section was constructed in five points namely; Strongly Agree (SA), Agree (A), Undecided (U), Disagree (D), Strongly Disagree (SD). Please tick to the appropriate space of the question.

12. The inability of the balance sheet highlights in concisely summarizing the total increase or decrease in an asset can discourage investment

	1	2	3	4	5	
Strongly Agree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Strongly Disagree

13. Performance summary of the financial statement can be more useful in investment decision making if more than two years of performance is highlighted

1 2 3 4 5

Strongly Agree Strongly Disagree

14. Capital Adequacy Ratio (CAR) stated in the “Capital” section of the financial statement of Ecobank Nigeria Plc. Can determine if you will invest or not in the bank

1 2 3 4 5

Strongly Agree Strongly Disagree

15. A weaker operating income mix of the financial year than the previous can discourage you from making future investment

1 2 3 4 5

Strongly Agree Strongly Disagree

16. The trend of non-interest revenue growth has nothing to do with your future investment in Ecobank Nigera Plc.

1 2 3 4 5

Strongly Agree Strongly Disagree

Part C: Impact of Financial Statement Credibility on Investment Decision Making

This section was constructed in five points namely; Agree (A), Disagree (D), Strongly Agree (SA), Undecided (U), Strongly Disagree (SD). Please tick to the appropriate space of the question.

17. A typographical error in financial statement reporting can discourage investors from making a future investment decision

1 2 3 4 5

Strongly Agree Strongly Disagree

18. Not complying with a financial statement does not affect the ability of investors to plan toward making future investment

1 2 3 4 5

Strongly Agree Strongly Disagree

19. The financial statement must be endorsed by a financial analyst before its credibility can be confirmed

1 2 3 4 5
Strongly Agree <input type="radio"/> <input type="radio"/> <input type="radio"/> <input type="radio"/> <input type="radio"/> Strongly Disagree

20. If the five year summary of the financial statement is not well presented, it can be rendered non-credible

1 2 3 4 5
Strongly Agree <input type="radio"/> <input type="radio"/> <input type="radio"/> <input type="radio"/> <input type="radio"/> Strongly Disagree

APPENDIX III – ETHICAL FORM

This form should be completed by the researcher (with the advice of the Research Supervisor), for all research which involves human participants.

Research Title	Impact of Financial statement on Investment decision making; Empirical study of ECOBANK NIGERIA PLC.
Researcher(s)/Student	Ajibowu Taiwo Temitope
Supervisor (where relevant)	George E. Iatridis
Programme of Study (where relevant)	M.SC Accounting and Finance

Checklist:

<i>Please attach to all forms:</i>	
Summary of Project Proposal (no more than 500 words)	
Participant Information Sheet	
<i>If applicable, application should also include the following:</i>	
Draft Consent Form	
Draft Research Instrument e.g. survey, interview schedule, focus group questions etc	

Part (a)

		Yes	No	N/A
1	Will you describe the main research procedures to participants?	Yes		
2	Will you tell participants that their participation is voluntary?	Yes		
3	Will you obtain written consent for participation?	Yes		
4	If the research is observational, will you ask participants for their consent to being observed?			N/A
5	Is the right to freely withdraw from the research at any time made explicit to participants?	Yes		
6	Will you tell participants that their data will be treated with full confidentiality and that, if published, it will not be identifiable as theirs?	Yes		
7	Will you debrief participants at the end of their participation?			N/A
8	Will your research involve discussion of topics which the participants might find sensitive?		No	
9	Will financial inducements (other than reasonable expenses or compensation for time) be offered to participants?		No	
10	Will your project involve deliberately misleading participants in any way?		No	
11	Is there any realistic risk of any participants experiencing either physical or psychological distress or discomfort?		No	
12	Does your research involve participants who are particularly vulnerable or who may feel unable to give informed consent e.g. prisoners; children; people for whom English is not their first language; learners in a programme you teach on?			N/A

13	Will any non-anonymised and/personalised data be generated and/stored?		No	
----	--	--	----	--

If you answered YES to any of questions 8 to 13 please complete Part (b) of this form. If there are any other ethical issues that you think the Committee should consider, please explain them in Part Two of this form. It is the researcher's obligation to bring to the attention of the Committee any ethical issues not covered on this form.

Part (b)

For each question 8 to 13 that you answered YES, please give a summary of the issue and action to be taken to address it (no more than 300 words in total):

Signed (by Researcher):

Date: 10th January 2020

To be completed by the Research Supervisor (in the case of a student application)

PLEASE TICK ONE

As the Research Supervisor of this research project, I confirm that I believe that all ethical issues relating to research have been dealt with in accordance with the College's policy on research ethics.

The application requires the attention and approval of Griffith College Ethics Committee. (In general, forms which answer 'yes' to questions 8-13, should be forwarded to Griffith College Ethics Committee).

Comments:

Signed (Supervisor):

Date: