FINANCIAL ANALYSIS AND FINANCING DECISIONS ON SELECTED QUOTED COMPANIES IN NIGERIA

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Abstract

The financial analysis choice has been an issue of great interest in the corporate finance literature. This is due to the fact that the mix of funds (leverage ratio) affects the cost and availability of capital and thus, firms' investment source. Therefore, there are many theories, which discuss it in many different ways. It basically referred to how a firm mixes debt and equity in order to finance itself or in other words, it concerns about combination of funds, in the form of debt and equity. The recent competition in the market place provides opportunities for organizations/firms to engage in such a healthy decision making that will help in image creation and hence help in the growth of the bank and thereby increase profitability, hence this research seeks to examine the extent of financial analysis and performance and how it has helped in financing decisions for organizational growth of the selected quoted firms in Nigeria Stock Market. Survey method of research was used to carry out the research. Self-designed structured questionnaires were administered to the respondents. The study showed that the respondents were majorly male within age group of 21 -30, 31 – 40 and above 40 years of age. Those aged 21 - 30 were 6, making up 6.2% of the respondents, those aged 31 - 40 were 28, making 28.9%, and those above 40 years of age were 63, making 64.9%. The results indicate that majority of the respondents were above 40 years of age. Furthermore, the result of the findings also revealed that good financial analysis will lead to good financing decision which will directly influenced sales hence increase in profit, it also revealed that a good financing decision will lead to organizational growth and that through well analysed financial analysis.

Keywords: *Financial Analysis, Financing Decision, Organizational Growth, Quoted Companies in Nigeria.*

Introduction

The process of monitoring and analyzing an organization's finances in order to project future expenses and other financial activities is described as financial analysis1. When performing financial analysis, the ratio of a company's short- and long-term debt is also taken into consideration. It is the balance that a company maintains between debt and equity. In the literature on corporate finance, the decision to use financial analysis has received significant attention. This is so because the mix of funds (leverage ratio) affects the cost and accessibility of capital, and thus, the source of investments for businesses. There are various concepts that look at it in different ways as a result. It had to do with how a business finances itself by combining debt and equity, or, to put it another way, how money is combined in the form of debt and equity. Many scientists envisioned a world without taxes, transaction costs, bankruptcy costs, development prospects, asymmetric information between insider and outsider investors, and risk differences between businesses and people. There is no ideal debt-to-equity ratio, they found, and financing has no bearing on shareholder wealth under these ideal circumstances. The debate over whether an ideal financial analysis exists and how financial analysis affects business performance and vice versa continues as a result2.

The sequence of simplifying assumptions is frequently questioned by subsequent work, though. Assessing the effectiveness and appropriateness of businesses, projects, budgets, and other financial operations is done through financial analysis. In order to determine whether a company is stable, solvent, liquid, or profitable enough to warrant a financial investment3, it is primarily used to do this. It is also used to identify investment opportunities in businesses or projects, assess economic trends, create financial policy, and create long-term plans for commercial activities. Combining financial data and figures is how this is done. It is the responsibility of a financial analyst to assess a company's income statement, balance sheet, and cash flow statement. Both corporate and investment banking can benefit from financial analysis. Comparing a company's statistics to those of other businesses or to the company's own historical performance is noted to be the most popular technique for analyzing financial data4. Fundamental analysis and technical analysis are the two categories under which financial analysis is categorized. The first method uses ratios derived from financial statement data, such as a company's Financing Decisions (EPS), to determine the value of the enterprise. The analyst can ascertain the security's intrinsic value by combining ratio analysis with a thorough analysis of the company's economic and financial situation. The goal is to arrive at a number that an investor can use to assess whether a security is undervalued or overvalued by comparing it to its current price.

The second approach uses statistical patterns derived from trading activity, like moving averages (MA), to its advantage. Technical analysis is primarily concerned with the statistical analysis of price fluctuations and is based on the premise that the price of a security already accurately reflects all information that is generally available. Technical analysis, which places more emphasis on patterns and trends than on a security's fundamental qualities, aims to understand the market sentiment underlying price developments. Commercial banks play a crucial role in economic expansion because they enable financial transactions between savers and investors, generate credit, and encourage capital accumulation. The effectiveness of the country's banking system has a significant impact on the state of the economy. By dispensing with money and certain services that make the exchange of goods and services easier, they support commerce. Since the beginning of time, banks have acted as a go-between, connecting borrowers and lenders (savers or depositors). Only through sound credit and liquidity management, prudent financial decisions, an effective governance structure, and an awareness of interest rate risk can this job be completed successfully and over an extended period of time. Financial decision-making is a crucial idea that refers to the way and manner in which financial resources available to an organization are prudently used to accomplish the organization's overall corporate objective; it keeps the organization afloat and increases the likelihood of future opportunities3. Since many of the factors that cause failure can be successfully managed through strategies and financial decisions that drive development and the bank's objectives, financial decisions play a critical role in bank performance. Lack of financial planning, limited access to capital, unforeseen developments, insufficient strategic and financial projections, excessive fixed asset investment, and capital mismanagement are among the main causes of business failure, according to independent research4. The creation and application of financial strategies by commercial banks can help overcome numerous significant causes of failure. Nevertheless, for a very long time, major firms were the sole focus of the study of financial decisions and received a lot of attention. It is necessary to examine the significance of ensuring sound financial decisions in banks given the series of events that have imperiled banks' attempts to comply with various consolidation regulations as well as the track record of some bank operators in the Nigerian banking sector. This will increase public trust and ensure the banking system's efficient and successful operation5. A set of interactions between stakeholders and a bank are developed by the governance structure of the bank.

Organizations from a variety of industries issue financial statements at the conclusion of their fiscal years almost everywhere in the globe. These financial statements are records of the activities of the fiscal year, including sales, costs of sales, distribution expenses, administrative costs, government taxes, profit distribution in the form of dividends, and retained earnings. If correctly examined, this yearly statement is critical for end users' decision-making. The researcher refers to end users as those who are not reporting entities, such as investors, corporate bodies, managements, individual investors, international investors, the government, creditors, debtors, suppliers, shareholders, workers, consumers, and rivals7.

Statement of the Problem.

Recent market rivalry gives opportunity for organizations/firms to engage in such healthy decision-making that will aid in image construction and so contribute to the bank's growth and profitability8. Despite the widely recognised and important influence financial analysis has on financial decision-making, most businesses, in contrast to their banking counterparts, have failed to capitalise on the potential. Only a few businesses employ this instrument for financial decision-making, and the majority of them have no motive to do so. Additionally, the majority of such information is not publicly available or has been doctored, implying that such poor financial decisions are inevitable.

Since MM began releasing their study on financial analysis in 2018, it has been a major emphasis point in the literature. Financial analysis is a noteworthy subject since it has been studied at both the academic and business levels, as a firm's finance decisions are critical to its running and investment operations. So far, the majority of empirical research has been conducted on publicly traded corporations. The modern theory of financial analysis evolved from the ground-breaking contributions of several researchers. Under the perfect capital market assumption, if there are no bankruptcy costs and capital markets are frictionless, if there are no taxes, and the firm's value is independent of the capital structure, debt can reduce the amount of tax payable, and thus the best financial analysis of enterprises could be 100 percent of the debt. This appears to be illogical in the actual world. The discussion over the relevance of a company's choice of financial analysis is complex, but it boils down to the effect on the company's overall market value (i.e. the sum of its debt and equity) of dividing the cash flow stream into a debt and an equity component. Historically, financial experts believed that raising a company's leverage, or the percentage of debt in its financial analysis, would improve value up to a point. In light of this, the following situations constituted the gaps in the corpus of knowledge that this study sought to fill:

1. To begin, most of the present research focuses on the elements that influence a firm's financial analysis choices and judgments11.

2. Second, research on the effects of financial analysis on financial decision-making is still scarce and has been limited to specific sectors and sizes of businesses, leaving insufficient empirical evidence to generalise the relationship between financial analysis and financial decision-making in Nigeria12.

3. Third, in addition to the shortage of empirical evidence on the subject, our study is hampered by a lack of consensus on what constitutes an optimal capital structure.

According to the Nigerian Deposit Insurance Company (NDIC), the benefits of financial analysis on organisational performance are best examined using a variety of performance metrics. Various variables have been utilised in prior research to proxy financial decisions. For instance, some employed return on asset (ROA), while others relied on return on equity (ROE). This strategy has failed to generate a consensus capable of resulting in policy development that generates the anticipated synergy and financial analysis that improves organisational performance. As a result, this study hopes to combine this with an examination of the impact of financial analysis on financial decision-making in a single analysis, thereby providing entrepreneurs with more robust policy options for reshaping their financial analysis in a way that has a significant impact on their organisations' performance. This research takes a broader view of organisational performance by examining three distinct indicators: Return on Assets (ROA), Return on Equity (ROE), and Earnings per Share (EPS). The purpose of this research is to determine the amount to which financial analysis is available and utilised, as well as the extent to which it has aided financial decision-making for organisational growth of chosen listed corporations in the Nigerian Stock Market. This would allow for a more comprehensive examination of the link between financial analysis and financial decision-making, resulting in the possibility of additional policy alternatives that will promote financial decision-making by listed enterprises in Nigeria. It was said that the regulation and regulator represent external financial analysis systems in the banking industry.

The market is the sole external governance mechanism with the ability to discipline the agent in the standard literature on financial decisions and financial analysis.
Regulation implies the existence of an extra external force capable of disciplining the agent.
This force is qualitatively distinct from the market.
This means that the regulatory authority has impacts distinct from those created by markets.
While the concerns become central to banking procedures, the conceptual issues are argued literarily.
The banking sector's difficulties following corporate financial crises have been connected to a variety of factors, including inadequate financial choices.
Bank management and prudent financial decisions play a critical part in safeguarding the banks' stability.
The financing decision pertains to the raising of cash for the purpose of financing assets6.
Funds should be sufficient to acquire the assets required for operation; but, if funds are in excess of what is required, the surplus will stay idle, contributing nothing to output but increasing the financing cost.

Objectives of the Study

The primary purpose of this study is to determine the impact of financial analysis (Trend, Profitability, Efficiency and Cash Flow Ratio Analysis) on financial decisions (Investment Decision, Funding Decision and Dividend Distribution Decision) made by publicly traded firms in Nigeria. The particular aims are to:
1. Determine the extent to which financial analysis has an effect on financial decisions publicly traded companies in Nigeria.

2. Investigate the association between financial analyses (Trend, Profitability, Efficiency and Cash Flow Ratio Analysis) and Investment Decision in Nigerian publicly traded firms.
3. Ascertain whether financial analysis (Trend, Profitability, Efficiency and Cash Flow Ratio Analysis) has a relationship with Funding Decision in Nigerian listed businesses.
4. Determine the association between financial analyses (Trend, Profitability, Efficiency and Cash Flow Ratio Analysis) and Dividend Distribution Decision in Nigerian listed firms.

Research Questions

In light of the aforementioned, the following research questions immediately spring to mind: financial analysis **(**Trend, Profitability, Efficiency and Cash Flow Ratio Analysis**)** on financial decisions **(**Investment Decision, Funding Decision and Dividend Distribution Decision**)**
1. What is the extent to which financial analysis has an effect onfinancial decisions publicly traded companies in Nigeria?
2. To what degree is there a link between financial analysis (proxies; Trend, Profitability, Efficiency and Cash Flow Ratio Analysis) and Investment Decision of listed firms in Nigeria?
3. How does financial analysis (Trend, Profitability, Efficiency and Cash Flow Ratio Analysis) relate to Funding Decision of the publicly traded firms in Nigeria?
4. Is there any correlation between financial analysis (Trend, Profitability, Efficiency and Cash Flow Ratio Analysis) and Dividend Distribution Decisionlisted firms in Nigeria

Hypotheses

The following hypotheses are formulated for the study:
HO1: Financial analysis has no significant effect on financial decisions publicly traded companies in Nigeria
HO2: there is no significant relationship between financial analysis (Trend, Profitability, Efficiency and Cash Flow Ratio Analysis) and Investment Decision in Nigerian quoted companies.
HO3: the relationship between financial analysis (Trend, Profitability, Efficiency and Cash Flow Ratio Analysis) and Funding Decision in Nigerian quoted companies is insignificant.
HO4: the relationship between financial analysis (Trend, Profitability, Efficiency and Cash Flow Ratio Analysis) and Dividend Distribution Decision in Nigerian quoted companies is not significant.

Significance of the Study

The purpose of this study is to determine the optimal degree of financial analysis at which a business may maximise its financial performance efficiently and effectively. Thus, the researcher tries to fill a void in the literature caused by the scarcity of studies undertaken in this field utilising a Nigerian setting. The effects of financial analysis or financial performance will assist us in identifying potential performance and financial analysis problems. Additionally, it will assist managers in determining the optimal level of financial leverage for a business. The outcomes of this research will help a variety of people, corporate enterprises, and government authorities. For example, understanding the suitable connection enables entrepreneurs, investors, and industry leaders to make informed judgments about the required volume of capital and the structure of that capital that will result in greater organisational performance. The anticipated benefits of this research will benefit all individuals involved in decision-making within the selected companies and other businesses in general. The study will provide an in-depth investigation of how sound financial analysis results in sound financing decisions, which in turn results in improved organisational performance. As a result, the study will contribute to knowledge by providing pertinent facts and expertise about financial analysis and decision-making. Additionally, the study will emphasise the importance of management decisions in terms of organisational productivity through financial analysis. Asides, it is hoped that it would stimulate additional research into financial analysis and financial decision-making outside the scope of this study in order to improve the performance of listed firms in Nigeria.

Literature Review.

Concept of Financial Analysis

Companies seek to identify and understand changes in their trends and relationships in order to make more successful economic decisions. Financial statement analysis (also known as financial analysis) is the process of analysing and reviewing a company's balance sheet (Statement of financial position), income statement (Profit and loss report), and other financial statements[7]. In this way, it is possible to calculate and compare a complex of indicators, as well as to construct trend lines and draw conclusions about the health and sustainability of a company's operations. Financial statement analysis can be used by a variety of people, including creditors who want to learn more about a company's creditworthiness; investors who want to determine whether a company has the ability to pay dividends; and the company's management. The following types of financial statement analysis are available: Vertical method, Horizontal method, leverage, growth, profitability, liquidity, efficiency, cash flow, rates of return, valuation, scenario and sensitivity analysis, and variance analysis, among others[10]. It is impossible to overstate the importance of capital to a company's operations. It serves as the basis upon which the company is built and operated. Costs and losses are absorbed by capital, which increases fixed assets and, as a result, promotes expansion through mergers, takeovers, and acquisitions. In certain nations, governments frequently provide financial support to businesses in order to help them start up and running, maintain their operations, and overcome some of the initial challenges they face[2]. During a recession, this type of help becomes increasingly important. People in business are increasingly looking for ways to operate their companies in a more strategic manner. Following this logic, the strategic model of the company asserts that higher firm performance happens when the firm's management establish objectives and all of the firm's operations are directed toward achieving those goals. As a result, the financial strategy of the organisation should be aligned with the organization's strategic objectives. It stated that the nature of the firm's assets forecasts the most effective methods to organise transactional activities. Assets with varying characteristics need varying degrees of optimal capital mix, which includes both loan and equity[9]. It is possible that enterprises' capacity to gain a competitive edge over their competitors may be hindered if transactions with financial service providers are not arranged in accordance with these forecasts. The consequence is that a firm's ability to manage financial policies is critical if it is to reap the benefits of its specialised resources. Poor financial analysis decisions can result in a reduction in the value obtained from strategic assets, which is undesirable.

Vertical Method
In performing this sort of financial analysis, it is necessary to look at various components of the income statement and divide them by revenue in order to express the results as a percentage of total revenue. Because of the effectiveness of this strategy, it should be used in conjunction with other firms in the same industry to determine how well the company is functioning.

Horizontal Method
In order to estimate a growth rate, numerous years of financial data must be collected and compared to one another. This assists an analyst in determining if a firm is expanding or shrinking, as well as identifying significant patterns. For the purpose of developing financial models, there will be at least three years of historical financial information and five years of predicted financial information available. This provides more than eight years of data to conduct a significant trend analysis, which can then be compared to other firms in the same sector for comparison purposes.

Leverage Analysis
In this scenario, leverage ratios are one of the most commonly used measures of evaluating a company's performance that analysts employ. A single financial statistic, such as total debt, may not be very illuminating on its own; thus, it is beneficial to compare it to a company's total equity in order to provide a more complete view of the financial analysis. The debt-to-equity ratio is the outcome of this calculation.

Profitability Analysis
Profitability analysis is a type of income statement analysis in which an assessment is made as to how attractive the economics of a business are in terms of profitability. Profitability measurements such as gross margin, EBIT margin, EBIT margin, and net profit margin are all examples of common profitability measures.

Liquidity Analysis
If it comes to financial analysis, this is one sort that focuses on the balance sheet, namely the capacity of a firm to satisfy its short-term obligations (less than a year). The current ratio, the acid test, the cash ratio, and net working capital are all examples of liquidity analysis techniques.

Efficiency Analysis
Efficiency ratios are a critical component of any sound financial analysis process. These ratios are used to evaluate how well a firm manages its assets and how well it uses them to create revenue and cash flow. The asset turnover ratio, fixed asset turnover ratio, cash conversion ratio, and inventory turnover ratio are some of the more popular efficiency ratios to calculate.

Cash Flow

Its common knowledge that cash is king in the financial world, so companies' abilities to generate cash flow are given a great deal of consideration. Analysis across a wide range of finance careers devotes a significant amount of time to examining the cash flow profiles of companies. Cash flow analysis includes the following types of calculations: operating cash flow, free cash flow, free cash flow to the firm, and free cash flow to equity[25].

Rates of Return

Investment experts such as hedge fund managers, bankers, and other financial professionals are concerned with the sort of risk-adjusted rate of return they might expect to receive on their money. Assessing rates of return on investment (ROI) in the sector is therefore crucial. There are several common rates of return measurements, including the following: return on equity, return on assets, return on invested capital (including dividend yield and capital gain), accounting rate of return, and internal rate of return (see below).

Valuation Analysis

The act of calculating how much a company is worth is a significant component of financial analysis, and specialists in the sector devote a significant amount of effort to developing financial models in Excel, among other tools. The worth of a company may be determined in a variety of ways, and analysts must utilise a combination of methodologies in order to arrive at a realistic estimate. The cost method, the cost to build/replace, the relative value (market approach), similar firm analysis, precedent transactions, intrinsic value, and discounted cash flow analysis are all typical techniques to valuation.

Scenario and Sensitivity Analysis

Performing scenario and sensitivity analysis as a means of assessing risk is another component of financial modelling and valuation. Because the effort of developing a model to determine the value of a firm involves making predictions about the future, it is inherently unpredictable. The development of scenarios and the application of sensitivity analysis assists in determining what the worst-case and best-case futures for a corporation would look like[26].

Variance Analysis

The practise of comparing actual outcomes to a budget or prediction is referred to as variance analysis. For professionals working in the accounting and finance departments, it is a critical component of the internal planning and budgeting process for a firm in the process of growth and expansion. The method normally begins with determining if a variation was favourable or unfavourable, followed by a dissection of the variance to establish what the fundamental cause of it had been.

Concept of Financial Analysis and Financial Decisions

Developing a better understanding of financial statements in the context of the decision-making process can help us to enhance the use of financial information in the decision-making process. In that context, financial statement analysis can be defined as the process by which we convert data from financial statements into usable information for business quality measurement through the use of various analytical techniques, which is extremely important in the process of rational management[1]. Consequently, knowing the existing level of business quality is extremely important in the context of future business management, as we want to assure the continued expansion and existence of the organisation in the marketplace. Prior to the management process, or more specifically before the process of planning (which is a component of the management process), financial statement analysis is performed on the financial statements. A well-thought-out plan is essential for effective administration. A good financial strategy should take into account all of the company's strengths and weaknesses. Economic and other entities whose actions have a cash consequence are required to submit financial reports to the government on a regular basis. The core of a modern corporate environment is characterised by the forceful launch of factors that make a lasting impression on the organisation that operates in it, according to experts[1,3,4]. In business, financial decision is an important concept that refers to the way and manner in which financial resources available to an organisation are wisely utilised in order to achieve the overall corporate objective of the organisation. It helps to keep the organisation in business while also increasing the likelihood of future opportunities. Many of the variables that lead to bank failure may be addressed effectively using strategies and financial decisions that drive development and the achievement of the bank's objectives, demonstrating the critical role that financial decisions play in overall bank success. A large number of independent studies have concluded that the most common causes of business failure are a lack of financial planning, limited access to financing, lack of capital, unplanned growth, a lack of strategic and financial projections, an excessive amount of fixed-asset investment, and poor capital management[5].

The financial analysis of corporations relates to the manner in which the firm is financed, which may be through a combination of debt and equity capital sources. It refers to the share of resources allotted to the business from various sources, which may include internal and external financiers, which the firm has received. The ability to identify and operate at the optimal financial analysis might be useful from the standpoint of a company. In addition, financial analysis has a substantial impact on the cost and availability of capital, which in turn has an impact on the performance of a company. Many theories argue that corporate leverage decisions are among the most critical and consequential choices that CEOs make for their companies. The financial leverage of a company is defined as the relationship between total debt and total capital employed. As a result, financial circumstances in the corporate sector not only have an impact on business performance, but they also have a significant impact on macroeconomic results. As previously said, financial analysis of an organisation is extremely important to both managers of enterprises and lenders, because the use of the incorrect mix of leverage can have a negative impact on the performance and survival of a business. As a result, each company's financial analysis is vital in making important decisions. Although this choice is critical because of the requirement to optimise returns to a variety of organisational constituents, but it is also significant due to its implications for a company's capacity to deal with its competitive environment in the long run.

Methodology

This study adopted survey research design. The estimated population of this study consisted of all members of the management teams of the publicly quoted companies listed on the Nigerian stock exchange, with industries ranging from automobiles to banking to building materials and commercial services to conglomerates to construction to food and beverage to packaging to engineering technology to breweries to agriculture between 2011 and 2023. Using convenient sampling technique, the researcher selected twenty publicly traded manufacturing businesses from a pool of forty-three in the stock exchange market and five questionnaires were distributed randomly among the decision makers at the companies that were chosen. As a consequence, a total of one hundred samples were used for the study.

Sample Size

For this study, twenty (20) companies were selected from twelve (12) divisions from the above mentioned population (See Table 3.1)

Table 3.1: Division of sampled companies

S/N	Division	Company
1.	**Automobile**	Bewac Nigeria PLC
2	**Banking**	Access bank, First bank plc, UBA PLC
3	**Building Materials**	West African Portland cement, Niger Cement PLC
4	**Commercial Services**	Atlas Nigeria plc; Computer and Office Equipments.
5	**Conglomerates**	John Holt plc, A. C Leventis Nigeria plc; Chellarams PLC
6	**Construction**:	Julius Berger Nigeria PLC
7	**Food and Beverages**:	Nestle Foods Nigeria plc, May and Baker nig plc, UTC Nig PLC
8	**Insurance**	NEM Insurance company Nig PLC.
9	**Packaging**	Beta Glass Co LTD
10	**Engineering and Technology**	Nigeria Wire and Cables PLC
11	**Breweries**	Nigeria Breweries PLC
12	**Agriculture**	Livestock Feeds PLC

Source: Field survey, 2023

The instrument used for data collection is a structured Questionnaire that was created by the researcher. An investigation of financial analysis and financing decisions in chosen listed firms in Nigeria was the subject of the questionnaire. . For the purpose of determining the reliability of this instrument, a pre-test study with 30 participants was done. The reliability of the instrument was evaluated using the Cronbach's Alpha coefficient.

Results and Discussions of Findings
Hypotheses Testing
Objective I: To investigate the level of awareness of financial analysis for financial decision among the management of the selected quoted firms.

H_{01}: There is no significant awareness of financial analysis for financial decision among the managements of the selected quoted firms.

Table 4.1: Awareness Level

	Observed N	Expected N	Residual
14	1	13.9	-12.9
15	9	13.9	-4.9
16	9	13.9	-4.9
16	1	13.9	-12.9
17	26	13.9	12.1
18	48	13.9	34.1
19	3	13.9	-10.9
Total	97		

Table 4.2: Test Statistics

	Awareness level
Chi-Square	130.536[a]
Df	12
Asymp. Sig.	.000

From the chi-square result presented in table 4.2, it is observed that the chi-square value is 130.536 with degree of freedom of 12. This test is significant indicating that the alternative hypothesis will be accepted and we then conclude that there is significant awareness of financial analysis for financial decision among the managements of the selected quoted firms.

Objective II: To ascertain the level of usage of financial analysis for financial decision among the selected quoted firms.

H_{02}: There is no significant usage of financial analysis for financial decision among the selected quoted firms

Table 4.33: Usage Level

	Observed N	Expected N	Residual
13	6	10.8	-4.8
14	10	10.8	-.8
15	9	10.8	-1.8
15	9	10.8	-1.8

15	25	10.8	14.2
16	1	10.8	-9.8
16	21	10.8	10.2
16	9	10.8	-1.8
18	7	10.8	-3.8
Total	97		

Table 4.34: Test Statistics

	usesage_level
Chi-Square	41.711[a]
Df	12
Asymp. Sig.	.000

The chi-square result presented in table 4.33, it is observed that the chi-square value is 41.711 with degree of freedom of 12. This test is significant indicating that the alternative hypothesis will be accepted and we then conclude that there is significant usage of financial analysis for financial decision among the managements of the selected quoted firms.

Discussion of Findings

The study showed that the respondents were majorly male within age group of 21 -30, 31 – 40 and above 40 years of age. Those aged 21 - 30 were 6, making up 6.2% of the respondents, those aged 31 - 40 were 28, making 28.9%, and those above 40 years of age were 63, making 64.9%. The results indicate that majority of the respondents were above 40 years of age. Majority of the respondents was having MBA/Professional certificate as their highest academic qualification. Most of the respondents were married with more than 14 years working experience.

The study found that there is a significant awareness among the decision makers about financial analysis for financial decision making. The findings of this study coincided with which affirmed that financial analysis necessitates an in-depth study and numerical analysis of the financial statements before any financial decision is taken, so that the manager can discover the strengths and best exploit, and identify weaknesses to take the necessary corrective actions[1].

Similarly, the results agree with the findings of a study which indicated that indicated that financial statements are of great importance in making investment decisions[2]. It pointed out that any investment decision is based on a set of disclosures for accounting and financial information obtained through the financial statements, and the study concluded that the financial statements play a significant role in financial decision making[3]. The result of the research work affirmed that financial analysis is important for financial decision in any organization.

Furthermore, the result of the findings also revealed that good financial analysis will lead to good financial decision which will directly influenced sales hence increase in profit. This is in line with the outcome of the research indicated that financial analysis has the full ability to guide the institution, especially in taking financial decisions, and to avoid risks and obstacles[4]. She also pointed out that financial analysis contributes to determining the status of the financial institution. In addition, it was revealed that a good financial decision will lead to organizational growth and that through well analysed financial analysis.

5.2 Conclusions

This study has examined the effect of financial analysis on financial decision of Nigeria quoted companies. The result revealed that there is significant awareness of financial analysis for financial decision among the managements of the selected quoted firms.

In addition, the result of the responses from the respondents further suggest that there is significant usage of financial analysis for financial decision among the managements of the selected quoted firms. They further affirmed that a good financial analysis have significant effects on good financial decision.

Moreover, that a good financial decision have significant effect on organizational growth.

5.3 Recommendations

Based on the findings from the study, the following recommendations are to be considered and implemented by relevant stakeholders:

1. It is recommended that quoted companies in Nigeria should put machineries in place to discourage poor financial performance within their operations and systems. Findings of this study found poor financial performance to be a contributing factor in decreased performance and growth of their corporation. However, one of the ways to do this is by providing attractive incentives for employees, in ways that would increase their commitment and honesty within the workplace.

2. Risk governance and board characteristics were found to have significant effect on performance of quoted companies in Nigeria. By implication, board of directors should do away with bad politics that may impend growth and performance of the organisation. More so, listed money deposit banks, especially directors and managers must ensure proper risk management, which if well managed could bring improvement to their performance.

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