RATIO ANALYSIS AS A TOOL FOR MEASURING ORGANIZATIONAL PERFORMANCE

(A Case Study of First Bank of Nigeria, Ilorin)

BY

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BEING A RESEARCH PROJECT SUBMITTED TO THE DEPARTMENT OF ACCOUNTANCY, INSTITUTE OF FINANCE AND MANAGEMENT STUDIES, KWARA STATE POLYTECHNIC, ILORIN.

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CERTIFICATION

This is to certify that this project work has been written by **AIYEYEMI OPEYEMI IYANUOLUWA** with Matriculation Number H**ND/23/ACC/FT/0211** and has been read and approved as meeting part of requirement for the Award of Higher National Diploma (HND) in the Department of Accountancy, Institute of Finance and Management Studies (IFMS), Kwara State Polytechnic, Ilorin, Kwara State

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DEDICATION

This research is work is dedicated to Almighty God the most beneficent the most merciful.

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I want to acknowledge the **Almighty God**, the author and finisher of all things, I want to acknowledge him for the wisdom, knowledge and understanding he grant unto me throughout this journey, for his grace, Mercy and strength May his name be forever praised.

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I will also like to extent my appreciation to all my family and friends. Thank you all for everything you contribute towards the completion of this project

Finally, I must congratulate myself for being able to take up the challenge to complete this program and project work successfully.

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CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND TO THE STUDY

Ratio analysis is the accounting process of computing, ration from the financial statement so as to be evaluate business performance. Ratio analysis is the process of determining and interpreting the various aspects of financial statements. Financial statements are generally insufficient to provide information to investors on their own, the numbers contained in those documents need to be put into context so that investors can better understand different aspects of the company's operations. (Olowe, 2020).

Ratio analysis is a foundation for evaluating and pricing credit risk and for doing fundamental company valuation. Ratio analysis helps to evaluate the performance of the firm in terms of profitability, efficiency and risk. Financial ratios allow big and small companies to evaluate and improve their financial position (Ajayi, 2022).

A financial ratio, or accounting ratio, is derived from a company's financial statements and is a calculation showing the relative magnitude of selected numerical values taken from those financial statements. Financial ratios may be used internally by managers within a firm, by current and potential shareholders and creditors of a firm, and other audiences interested in understanding the strengths and weaknesses of a company, especially compared to the company over time or compared to other companies. (Brigham, 2021).

Financial analysis using financial ratios is the most important and oldest method for analysis company performance. It has long been used to study the financial and credit position of organizations and to judge the results of their work. This method is based on the examination of financial statements. However, just because a number is included in a financial statement does not indicate whether that number is important and does not give us useful information; the importance of the number appears only when compared with other number (Tofeeq, 2023).

Financial ratios are tools used to analyze financial conditions and performance. Financial analysis means different things to different people. Trade creditors are primarily interested in the liquidity of the firm being analyzed. Their claims are short term and the ability of the firm to pay these can best be judged by an analysis of its liquidity. (Olowe, 2020).

Brigham and Ehrhardt (2010) state that financial ratios are designed to help evaluate financial statements. Financial ratios are used as a planning and control tool. Financial ratios analysis is use to evaluate the performance of an organization: it aims at determine the strong and weak points and it offers solutions by providing appropriate plans based on the specific interest of the evaluator. (Ajayi, 2020).

In every organization irrespective of its size, ownership, structure, the impact of ratio analysis on management decision making occupies a crucial position. (Altman, 2019).

However, given it’s centrally, it can be said that behind every successful organization, the process in which the management arrive at decision making is very important as for as financial management is concerned in the private sector of the economy and specially in a banking institution like first bank plc.

In a nut shell, the impact of ration analysis on management decision making which is the most pre-occupation of this research work is referred to the manner through which the management of organization takes decision suitable for profit as possible, future planning, controlling current performance and future development through liquidity analysis, coverage analysis and activity analysis. (Lucey, 2021).

Significant change has taken place in recent years in the size and complexity of both private organization and public organizations because of this management is face with evaluation in technical, social political and economic forces. (Jenningistar, 2023).

As a result, the method of arriving at the decision has become more difficult to management especially in accounting activity of the organization.

1.2 STATEMENT OF THE PROBLEM

It is highly impossible for a business enterprises to continue without effective financial reporting hence, a critical examination effectiveness of Ratio Analysis has been left lying loss (O CIN-NOR 2002), her O corner is reporting that since financial analysis and interpretation of financial statement reveals. The company's financial statement and carried out through Ratio Examination. Therefore, the examine of Ratio Analysis to measure overall resources (for instance working capital, labour etc) with the aim of maximizing any profit based on the turn over of capital employed has not being in use and this will not produce effective reporting.

The issue of organizing untimely winding up of has become a serious paid for through means something to think about for many corporate bodies in recent times as a result more line is spent on board meeting in an attempt to find solution to non-effective financial reporting.

Another problem is that many management neglect the practice of reporting fraud to the public to protect their image and good will and to won the confidence of investors.

1.3 RESEARCH QUESTIONS

i. To what extent does ratio analysis affect the organizational performance?

ii. To what extent does ratio analysis influence the organizational performance?

iii. To what extent does ratio analysis have impact on performance of bank productivity?

iv. Are there relationship between ratio analysis and bank industry?

v. To what extent does ratio analysis had any impact on the company's goal and objectives?

1.4 OBJECTIVES OF THE STUDY

i. To determine the effect of ratio analysis in the organizational performance

ii. To investigate the influence of ratio analysis in the organizational performance

iii. To find out the impact of ratio analysis on performance of bank productivity.

iv. To find out the relationship between ratio analysis and bank industry

v. To determine the impact of ratio analysis on the company's goal and objectives

1.5 RESEARCH HYPOTHESES

H_{01} Ratio analysis has no significance effect on organizational performance

H_{02} Ratio analysis has no influence on organizational performance

H_{03} Ratio analysis has no impact on performance of bank productivity.

H_{04} There is no significance relationship between ratio analysis and bank industry

H_{05} Ratio analysis has no impact on the company's goal and objectives

1.6 SCOPE OF THE STUDY

The disciplinary scope of this study is the ratio analysis as a tool for measuring organizational performance, while the spatial scope is on first bank of Nigeria, Ilorin.

1.7 SIGNIFICANCE OF THE STUDY

The significance of impact of ratio analysis in financial institution cannot be over emphasized. It is therefore expected that, this research work is bound to be beneficial to the following.

a. Management: Most management decision are based on information from ratio analysis. Management planning is also supported by vital information from ratio analysis.

b. Shareholder: for shareholders to determine their wealth maximization, they rely on information from ratio analysis such as stability ratio and leverage ratio.

c. Potential investors: for potential investors to embark on investment in an organization, he need to know how reliable the organization is and for them to know or ascertain the viability of the organization is based on vital information from ratio analysis.

d. Employee: The interest of employees in the organization is on how their welfare can be improved. They are able to obtain information for the agitation for improvement on their welfare through ratio analysis such as profitability ratio.

e. Student: It is expected that student mostly under graduates stands to benefit from this research work because it will serve as a source of ratio analysis.

f. Government: Government also relies on information from ratio analysis in the assessment of the organization for tax purpose such as profitability and liquidity ratios.

1.8 LIMITATION OF THE STUDY

In research of data, problems were faced by the researchers despite all the explanation of the purpose of the study.

In the first place respondent did not react to the question sent to them this lead to insufficient data.

Also cost and time led a great impact on the study since no adequate means were available and time under consideration was short.

1.9 DEFINITION OF TERMS

Ratio Analysis: Is a systematic process of companies ratio from financial statement to be able to evaluate business perforation (Olowo, 2020).

Assets: These are economic Reserced measured in monetary terms which are possessed by the firm (Frank wood, 2019).

Capital Structure: The proportionate relationship between union long term firm of financial such as debenture (Frank Wood, 2019).

Creditors: individual or firm that provide short term locus in form of trading crediting (Frank Wood, 2022).

Dividend: This is a proportion of earning of the given to square holder after a period of time when profit are divided (Olowo, 2020).

Debenture: A long term investment that is not usually secured by a mortgaged in a special property (Mayor, 2019).

Depreciation: Permanent define on the value of an assets as a result of wear and due to usage, passage of time or technological advancement (Lucy, 2023).

Equality: Net worth of a business consisting of share premium reserve and suppliers (Pandey, 2022).

Financial Analysis: The process of identify the financial strength and weakness of a firm properly establishing relation between the items of the balance sheet and the profit and loss account (Olowo, 2019).

Liquidity: Ability of a firm to meet it's shirt term financial obligation (Kotler, 2021)

Ratio: The indicated quotient or two mathematics expression (Major, 2019).

Investment: Application of money or assets which is intended to provide revidereture by way of interest dividend or capital appreciation capital appreciation here means increase in the value of capital goods or shares (Jening, 2023).

Financial Statement: summarize the financial information in ledger account contained balance-sheet and profit and loss account. A financial statement showing the assets and equalities of a firm. On a specific clear is balance sheet while financial statement, the revenue, expenditure is profit and loss account (Olowo, 2022).

Trends analysis: Compression of present ratio of a firm with it's past and expected future ratio to determine company's financial position (Pandey, 2020).

Investor: Those who by shares from the organization and interested in capital appreciation of the firm (Jening, 2023).

Debit: Money owned by a company to the third party (Frank Wood, 2019).

Financial Gearing: Degree of funds lending that would be available to ordinary share holders in case of discontinuity of the company (Pandy, 2022)

Profitability: The firm overall effectiveness success (Major, 2020).

Financial Manager: A person that plans financial strategic of the business set financial objectives and obtained funded lowest cost (Olowo, 2019).

CHAPTER TWO

LITERATURE REVIEW

2.1 INTRODUCTION

This chapter seeks to review literature of existing bodies of literature on the subject of the research. The chapter analyzed conceptual framework, theoretical framework and empirical review of the study.

2.2 CONCEPTUAL FRAMEWORK

2.2.1 CONCEPT OF FINANCIAL RATIO ANALYSIS

Krishnan (2020) asserts that the users and the intended use of the information often define the ratios used to assess a company's financial position. Rashid (2018) contends that although indicators predicting future earnings potential and profitability are appropriate for investors, those measuring a firm's capacity to fulfill its obligations may be crucial for creditors. Financial ratios, which are based on information from financial accounts, are frequently used to forecast the future.

Financial ratios are relationships between two distinct quantitative financial data points that are logically connected to one another. This connection is seen as a useful financial indication that may be used by various financial data consumers. Using financial ratios, Ezejiofor, Olise, and John-Akamelu (2017) discovered that there are significant differences between the profitability of telecommunication companies and that of commercial banks in Nigeria, as well as between the coverage ratio of telecommunication companies and that of commercial banks in Nigeria and the debt ratio of telecommunication companies and commercial banks in Nigeria. According to

Brigham and Ehrhardt (2010), financial ratios are intended to aid in evaluating. Financial ratios are employed as a tool for planning and management. Users of internal and external financial data who need to make decisions about investment and performance evaluation utilize financial ratios. Financial ratio analysis is used to assess an organization's performance in order to identify its strengths and weaknesses. It then gives remedies by outlining suitable plans. There are several standards and different financial ratios, but the selection of ratios relies on the activity of the business and the goal of the analysis (Tofeeq, 2022).

2.2.2 THE CONCEPT OF RATIO ANALYSIS

Ratio analysis as a system has been defined by different authors in many ways. William H. Beurer tested the ability of financial rates predict failures. In many of his studies, a considerable power of detect failure before it actual occurred was shown.

In another empirical study Edward I Attman employed financial ratio to predict corporate bankruptcy through multiply discrimination analysis out of this result, the most important combined job in predicting bankruptcy were working capital to total asset retained, earnings before interest and taxes to total asset. Using these ratios find the discriminate analysis successfully to predict failure. However, he analyzed small business as opposed to large corporation tending addition credence to the three averages of the following ratios funds flow to current liabilities, equity to sales, working capital to sales inventory to sales and the trend of the quick ration relative to the industry average.

According to Keerthi and S. Eswari (2020) "a study on financial performance using ratio analysis of kumbakonam central co-operative bank**".** Ratio is the relationship between two amounts it shoes number of items. Therefore the ratio of five to fifteen is often expressed as 1.3

On the basis of these studies it appears that the various ratio are carefully examined from year to predict ratio the various events of the firm which enable management to understand the economic trend of between different aspects of corporate activities.

For example, improving turnover through the reduction of stock level,

Trading account ratio

$$\text{Gross profit percentage} = \frac{\text{Gross profit}}{\text{Sales}} \times \frac{100\%}{1}$$

Indicate the average gross margin on sales of goods.

Accounting information has to deal process of measuring, rearing, classifying, and summarizing financed information that is used in making economic decision.

Major (2019) Ratio analysis is on powerful tool in every business management, which is defined as the indicated quotient of two things.

Approaches

There are two approaches to the use of accounting ratios. The first is often referred to as cross sectional approaches and the other as time series approach.

The cross sectional approach involves the comparison of a company's ratio with other at a given point in time such comparison may enable a company deduce major operating difference which will improve its efficiency.

The time series approach involves the measurement of the use of time series approaches is that an organization must evaluate in relation to its past performance and any organization toward its immediate and long term objective.

A ratio analysis is used in a number of ways

a. Within the business

b. As a comparison with other business

c. Assessment of liquidity

d. prediction of failure

2.2.3 CLASSIFICATION OR TYPES OF RATIOS

Liquidity Ratio

Liquidity ratio measures the firms' ability to meet current obligation. It is extremely essential for a firm to be able to meet its obligation. In fact analysis is of liquidity needs in the preparation of budgets and cash fund flow statement, but liquidity ratio by establishing a relationship between cash and other current assets to current obligations provide a quick measure of liquidity.

A firm should ensure that it does not lack liquidity and also does not have excess liquidity.

A very high degree of liquidity is also bad, idle assets earn nothing. The firms find will be unnecessary tied up to current Therefore, it is necessary to strike a proper balance between high liquidity and lack of liquidity.

The main types of ratio under liquidity are the current ratio and the test or quick ratio.

A. CURRENT RATIO

Current ratio is calculated by dividing current by current liability current assets include cash and those assets which can be converted into cash within a year, such as marketable securities, debtor and inventories current liabilities include creditors, bill payable, accrued expenses, short term bank loan, income tax liability and long term debt maturing in current year. The current ratio is a measure of firms' short term solvency. As a conventional rule a current ratio of 2.1 or more is consider satisfactory. The current ratio represent margin of safety for creditors.

$$\text{Quick Ratio} = \frac{\text{current Assets - Inventories}}{\text{Current liabilities}}$$

B. LEVERAGE RATIOS

The short term credit, like bankers and suppliers of raw materials are more concerned with the forms current debt paying ability. On the hand, long term creditors like debentures holders, financial institution e.t.c are more concerned with firm long term financial strength leverage ratio is also computed from the profit and loss items by determine the extent to which operating profit and sufficient to cover the fixed charges under leverage ratio we have.

a. Debt Ratio

Several debt ratios may be used to analysis the long term solvency of the firm. The firm may be interested in knowing the proportion of the interested bearing debt (also called funded debts) in the capital structure.

It may therefore compute debt ratio by dividing total debt by capital employed or net assets.

Debt Ratio = $\underline{\text{Total Debt}}$

Net assets

b. Debt Equity Ratio

The debt equity ratio is measure of the relative claims of creditors and owners against the firms assets, it is computed by dividing long term borrowed capital or total debt by shareholders fund or net worth.

$$\text{Debt Equity Ratio} = \frac{\text{Total Debt}}{\text{Net worth}}$$

$$\text{Debt Equity Ratio} = \frac{\text{Long term borrowed capital}}{\text{Share holders fund}}$$

c. Capital Employed to net worth ratio

There is another alternative way of expressing the basic relationship between debt and equity. It helps in knowing how much finds are being contributed together by lenders and owners for each rupee of owner contribution. This can be found but by calculating the ratio of capital employed or net assets, to net worth.

$$\text{Capital employed to net worth ratio} = \frac{\text{capital employed}}{\text{Net worth}}$$

d. Other Debt Ratio

To assets the proportion to finance total assets the following ratio may be calculated.

$$\text{Total liabilities to total asset ratio} = \frac{\text{Total liabilities}}{\text{Total worth}}$$

C. ACTIVITY RATIO

Activity ratios are employed to evaluate the efficiency within which the firm manages and utilize its asset. These ratios are also called turnover ratios because they indicate the speed within which assets are being converted or turned into sales. Activity ratios thus, involve a relationship between sales and assets. A proper balance between sales and asset generally reflects that assets are managed well some leading ratio under this classification are as follow.

a. Inventory Turnover Ratio

Inventory turnover ratio indicates the efficiency of the firm in producing and selling its product. It is calculated by dividing cost of goods sold by average inventory.

Average inventory consist of opening stock plus closing stock divided by 2

Inventory Turnover Ratio: $\frac{\text{cost of food sold}}{\text{Average inventory}}$

b. Net Assets Turnover Ratio

The relationship between sales and asset is called net asset turnover ratio. Net assets include net fixed assets and net current assets.

Net assets turnover ratio: $\frac{\text{sale}}{\text{Net assets}}$

c. Working capital turnover ratio

A firm may also like to relate its current assets to sales. It may thus compute networking capital turnover by dividing sales by net working capital.

Working capital turnover ratio: $$\frac{\text{Sale}}{\text{Net current asset}}$$

D. PROBABILITY RATIO

This measures the firms overall performance and effectiveness of the company. The major types of probability ratio are:

a. A net profit margin

Net profit is obtained when operating expenses, interest and taxes are subtracted from the gross profit. The net profit margin is measure by dividing profit after tax or net by sales.

Net Profit Ratio: $$\frac{\text{Net profit}}{\text{Sales}}$$

b. Return on Equity

A return on shareholders' equity is calculated to know the profitability of owner's investment return on equity indicates how well the firm has used the resources of the owners.

$$\text{Return on equity} = \frac{\text{Profit after tax}}{\text{Net worth}}$$

c. Earnings personal share

Earning per share is calculated by dividing profit after tax by total number of outstanding. Earning per share simply shows the profitability of the firm on a per share basis, it does not reflect how much has been as divided and how much is retained in business.

$$\text{Earning Per share} = \frac{\text{Profit after tax}}{\text{Number of shares outstanding}}$$

2.2.4 PLACE OF RATIO ANALYSIS IN AN ORGANISATION FINANCIAL INSTITUTION

Ratio analysis has a very important roll in an organization in the sense that when such an organization wants to know its present trend of business and what it is likely to be in the year future. Ratios when computed plays important role since significant accounting data which give the decision maker and sight into the company being assessed.

The aim of financial ratio is to productively indicate a company past performance and it present financial conditional so as to give the decision maker a basis for predicting future performance and financial condition.

Provision of key ratios over a period of the time can enable the management to instruct a pattern of company behaviour and condition which can then be incorporated to decision molded by formulating predictions of future dividend also forth which make use of such patterns.

2.2.5 EXPECTED ROLE OF MANAGERS IN RATIO TO ANALYSIS

In order to make rational decision in keeping the activities of the firm, the financial manager must have at this disposal certain analytical tools to enable him bargain more effectively for outside funds, he should be interest in all aspects of financial analysis that outside supplies of capital use in evaluating firm performance in addition he should also be interested in employing financial analysis for the purpose of internal control and in particular concerned with profitability and the investment in the various activity of the company and the efficiency of assets management.

Finally, the management have to give special attention to the points being mentioned above by the researcher as these areas in which concerns every manager are charged with these serious responsibilities are charged with the as mentioned.

2.2.6 CONTRIBUTION OF RATIO ANALYSIS DECISION MAKING IN AN ORGANIZATION

The important of financial ratios or ratio analysis cannot be over emphasized. It is in the light of its important role that the researcher has take this topic as to enables the business organization to take stock of its captivity which given a very good insight for planning and taking decisions.

To evaluate the financial analysis needs of criteria, the yardstick frequently used is a ratio, relating two pieces to give an experienced and skilled analysis a better understanding at the financial condition and performance of the firm that the would obtain from analysis of financial date alone.

Van Nome (2022) in his book financial management and policy fourth edition identifies two types of financial dates alone.

According to him, the analysis of financial ratio involves two types of comparison. First, the analyst can compare a present ratio with past and current future ratios for some company, for example the current ratio (the ratios of current assets to current liabilities) for the present year and could be compared with current ratio for the preceding year end. When financial ratios are arranged on a spreadsheet over a period of years, the analyst and study the composition of changes and determine whether there has been an improvement or deterioration projected, compare with present and past ratios. In comparison over time. It is best to compare not only financial ratios but also raw figures. He identifies the second method of comparison having involves comparing the ratios of one with those of similar firms or with industrial average's at some point in time such comparison he said gives an insight into the relative financial condition and performance of the firm. Because reported financial data and the ratios computed from those data are numerical, there is a tendency to regard them as precise portrayals at (3 firms the accounting data may closely approximate economic reality).

On many occasions, however it is necessary to go beyond the reported figures in order to analysis properly the financial condition performance of a firm such accounting data as depreciation reserved for bad debts and other reserves at best are estimated and many not reflect economic depreciation bad debt and other losses should be standardized as possible. It is important to compare apple with apple and oranges with oranges. Even with standardized figures, however the analyst should use caution I interpreting the comparisons.

1. LIQUIDITY RATIO

The main types of ratio under liquidity are

a. Current ratio
b. Acid ratio

2. LEVERAG RATIO

The main types of ratio under liquidity are

a. Debt ratio

b. Debt equity ratio

c. Capital employed to net worth ratio

d. Other debt ratio

3. ACTIVITY RATIO

The main type's ratios under activity are

a. Inventory turnover ratio

b. Net assets turnover ratio

c. Working capital turnover ratio

4. PROFITABILITY RATIO

The main types of profitability are:

a. Net profit margin

b. Return on equity

c. Earnings per share

2.3 THEORETICAL FRAMEWORK

2.3.1 SEQUENTIAL DECISION-MAKING THEORY

This is a decision theory where decisions \making proceeds into a step by step rationality, in this context Drury (2023), posited that this decision model includes seven stages that follow each other. The first five stages of this model belongs to the decision making process also called the planning process described as "making choices between alternative". At the end of the decision making process he added other two stages called the control process that should measure and correct the concrete performance of the alternative selected or chosen (In investment context, the control and correction stages may record losses or low return on investments).

Identify objectives: The investor or management needs identify goals and objectives which serve later as a guide that enables the decision maker to evaluate the desirability of certain way of action compared to others. From an investment perception profit maximization or return on investment for an individual or firms wealth is the main objective. Search for Alternative: Management or investor has to search the environment for potential opportunities and threats; for companies it could be product market and market development, for an investor it could be shares or equity o debt instruments. Gathering of Data about Alternatives: The potential growth areas of activities, gain in the market share, cash flow and much more information is collected for every option available and the decision maker distinguishes between certain and uncertain options and factors that are out of his control such as inflation and competitive strength etc. Data is put together for short term, long term and strategic options.

Evaluation/selection of Alternatives: Evaluation in this context is in terms of financial information analysis about cash flows from investment, certainties and risks potentials, and the best decision maker or the investor (shareholder). Implementation of decision: Finally the decision will be implemented using the alternative selected via the budgeting process; a budget is a financial plan made to aid the realization of the decision made. Control process: The black thick and light arrows in graph 1 points out that the alternatives chosen should be frequently reviewed and if the outcome of the decision made differs from the firms planned one corrective actions should be taken. This control process is most applicable to firms, companies and organizations, to the individual investor divergences entails a loss or low return on investment, which may trigger a decision to divest or wait depending on the appropriate financial information and market analyses. The Rational and Effective Market Hypotheses Model This is a predominated theory and practice in the financial market starting from 1960s, Fama (2019) described an efficient market as one where a large number of rational investors intends to maximize profit, compete with each other in trying to predict future values of securities, and one where current information is almost available to all participants. In an efficient market, the securities prices are presumed or reflect the effect of financial information based on past, present and future events. The researcher has also found this theory to be in line with his study as it emphasizes the effect of information in the financial market, which is the platform for investment in shares. Capital Asset Pricing Theory In finance, the capital asset pricing model is used to determine theoretically appropriate required rate of return of an asset if that asset is to be added to an already well-diversified portfolio, given that asset non-diversifiable risk. The model takes into account the asset sensitively to non-diversifiable risk (also known as systematic or market risk). It is often represented by the quality beta (B) in the financial industry, as well as the expected return of market and the expected return of theoretical risk free asset. Capital asset pricing model suggest that in inventors cost of equity capital is determined by beta (William, 1964), (Linter, 2020). This theory also fits the researcher’s pattern, in that ascertaining asset sensitivity and rate of returns depends on the financial information available to the investor plus the outcome of analyses made out of the information, and these constitutes the determinants of investment decisions.

2.3.2 SIGNALING THEORY

According to signaling theory, also referred to as the information content hypotheses, this is where corporate announcements are hypothesized to have information content, for example mangers use cash dividend announcement to signal changes in their expectations about the future prospect of the company when the market becomes imperfect. The investment and financing decisions of firm's are made at the management discretion. It is argued that company mangers use earnings as a tool to convey information about the prospects of the company. Like dividends, if earnings convey useful information, it will reflect on stock price changes immediately following a public announcement. An increase in equity (shares) issued by a company reduces the price of its share, stock splits cause price increase while issuing more debt instruments leads to price increase actions. Berhardt, Douglas, and Robertson (2021) in their study noted that markets are rarely in equilibrium, the information has a cost and it does not reach all at the same time. When a firm announces its earnings or dividend it sends signals to investors and if they react to the signals as expected this will affect the share prices of the companies listed on the stock market, consequently this effects investor' decisions.

2.4 EMPIRICAL REVIEW

Almansoori et al. (2021) looked into how social media platforms affected the hotel industry. The survey's results showed that social media is significantly contributing to the expansion of hotels and resorts. In order to prevent discrepancies in the social networking platform, strict tools should be applied. Social media helps the hotel industry grow its revenue at a low cost of marketing, but it also has drawbacks that result in declining revenue.

Alkhyeli et alresearch .'s in 2021 focused on Pfizer's financial situation. The study used the ratio analysis approach to ascertain the company's position from 2017 to 2020. Among the ratios looked at were those for profitability, debt, cash flow, and liquidity. Pfizer's results were revealed by the ratios, which show that the company's performance is typical when compared to the market. The organization was exceptional in a few areas. Due to weak liquidity ratio, Pfizer's performance made it clear that company lacked the funds to repay its debts. However, the company's profit margin was large, which convinced any investor to invest in the business.

The authors of this research paper, Maglad, Shaheen, and Samkari (2019), examined the financial performance of the entire business before deciding to change its status from private to public and list it on the stock market. Public organizations typically have higher profitability ratios than private businesses, such as ROA and ROE. Additionally, it appears that the price of crude oil has a substantial impact on public companies' financial performance, as the trend in their revenue is directly correlated with that of oil prices.

Hussaini (2016) investigated corporate liquidity management, which was crucial in preserving the company's financial health during typical commercial operations from 2009 to 2014. The study's data came from the annual reports and financial statements of the companies. The data was empirically validated between the dependent and independent variables after the OLS regression was run to ensure the validity of statistical inferences. Robust OLS was used to assess the study's model using multiple regressions. The analysis's findings showed that quick ratio, accounts payable, IFRS, firm size, and ROA of listed food and beverage firms in Nigeria all had strong positive relationships, whereas accounts receivable was found to have an inversely significant relationship with ROA of listed food and beverage firms in Nigeria. The elements that affect the financial performance of listed food and beverage firms in Nigeria were identified by Eitokpa (2015).

The literature of earlier research was explored for the dependent and independent variables of the study. Leverage is calculated as total debt divided by total assets, while intangibles represent the total cost required to acquire the assets. The liquidity ratio is calculated as current assets divided by current liabilities. Data on ROA, business size, firm age, leverage, intangible assets, and liquidity ratio were taken from public annual reports of five out of nine (9) of these firms from 2004 to 2013. The study employed a correlation research approach. Firm age, leverage, and liquidity ratio were found to be factors in the fixed effect regression model's results that determined the financial performance of listed foods and beverage companies.

Financial information has been postulated as one of the variables that could influence investor's behaviour while making investment decision on the investment options to select. Financial information refers to the accounting reports, general information relating to price movements, reputation of the firm, firm's status in the industry, past and present performance of the firm and expected performances (Keerthi and S. Eswari, 2021). Financial information is considered to influence an investor in making investment decision in stock, capital and other investment opportunities, as an individual or firms would evaluate the underlying movement of the key indicators of interest and returns.

Merika (2019) and Easley, Hrickjaer, & O'Hara (2022), in their research using questionnaires they found that financial information and expected corporate returns do have a significant effect on the decision of investors to invest.

According to Easley et al, (2020), when forming an intention to invest, investors normally begins with the assessment of firm's financial position based on some objectives measures such as dividend per share, return on equity or earnings per share. Subsequently, their emotional perceptions of such evaluations may come into effect as they try to justify their investing decisions in a given company's stock.

Chong and Lai (2022).Finds that in making an investment decision rational individuals are to likely seek information about performance (which determine the firm's ability to pay dividend), as well as the behaviour of other investors.

Chong and Lal (2021) assert that analysis of available financial information provides a technical basis to evaluate the past and projected performance of a firm. In this respect, various criteria can be used, including financial ratio analysis which can then be compared across the industry to support making an informed investment decision. The selected statistical indicators includes (DPS ratio, EPS ratio, etc) are used to measure current conditions of stock as well as forecast financial or economic trends. These indicators are used extensively in technical analysis to predict changes in stock trends or price patterns. In fundamental analysis, economic indicators that quantify current economic and industrial conditions are used to provide perceptions on the future profitability potential of the selected stock.

Osuala, Ugwuma, & Osuji (2019) in their study on the effect of information content of financial statement on shareholders' investment decision in some selected firms Nigeria. In order to determine the relationship between information contents of financial statement and shareholders' investment decisions, the researcher used some of the content of financial statement including profitability, Dividend Per Share (DPS), Earnings Per Share (EPS), leverage and liquidity as proxy variables while shareholders investment decision was represented by change in number of shares. Data for the study was obtained from the published annual reports of selected firms. Regression model was employed to establish the relationship between the variables. The findings indicated that shareholders in the Nigerian Capital Market do not rely heavily on financial statements as a major determinant for their investment decision. It was observed that other variables outside firms' annual reports such as regularity of dividend payment and market price of shares are critical to shareholders in their investment decision.

Shun & Chyan (2021), Conducted a research in Taiwan relating to the influence of information search on risky investment preferences, the study suggested that digital information search increases the individual interest in the risky investment because investment might reduce their uncertainties via greater understanding of companies financial status. It stated that due to lack of information and understanding for various risks, investors desire advice from professional advisors (financial experts). They especially desire a face to face contact when choosing a complex investment. Information here also is imperative to investment decision in respect to risky investments, especially in a portfolio of stock, where DPS is also key in selecting stocks to combine in a portfolio of investment. In summary this study will contribute immensely theoretically and empirically in bridging the earlier stated gap in the existing local literature, also it will update and expose potential shareholders and other investors to the prerequisites of investment decision making as well as the effect of key indicators in financial information on investment decisions making. Specifically the various clear-out theories of investment discussed in the theoretical framework such as the investment decision making sequence, the rational and efficient market, capital asset pricing, and the signaling theories developed by different scholars around the globe as assembled in this study will contribute in guiding towards making rational investment decisions in shares and other economic assets by shareholders and other intending investors. Empirically this study has collected and reviewed several related empirical works of different renowned scholars in various countries of the world which has brought out the relationship and the effect of key aspects of financial information on investment decision making, so that potential investors may avail themselves with financial knowledge to serve as a guide towards making investment decision in shares of banks in Nigeria.

2.4.1 RESEARCH GAP

This study will contribute immensely theoretically and empirically in bridging the earlier stated gap in the existing local literature, also it will update and expose potential shareholders and other investors to the prerequisites of investment decision making as well as the effect of key indicators in financial information on investment decisions making. Specifically the various clear-out theories of investment discussed in the theoretical framework such as the investment decision making sequence, the rational and efficient market, capital asset pricing, and the signaling theories developed by different scholars around the globe as assembled in this study will contribute in guiding towards making rational investment decisions in shares and other economic assets by shareholders and other intending investors. Empirically this study has collected and reviewed several related empirical works of different renowned scholars in various countries of the world which has brought out the relationship and the effect of key aspects of financial information on investment decision making, so that potential investors may avail themselves with financial knowledge to serve as a guide towards making investment decision in shares of banks in Nigeria.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 INTRODUCTION

This chapter highlights the procedures used in conducting the study. Pertinent issues discussed in this section include the research design, population of the study, sample size and sampling techniques, sources and methods of data collection, instrument of data collection and techniques for data analysis.

3.1 RESEARCH DESIGN

The design of the study is the description of various processes to be undertaken for the successful completion of the work. The research is a descriptive survey research. The design will be used in making decision on the data sourced research instrument sampling, plan and content method. This is to enable the researcher obtains response and draw conclusion on the research problem.

3.3 POPULATION OF THE STUDY

The staff in the administrative department, accounting department and others department of First bank of Nigeria under investigation formed the population of the study since it would be impossible for the researcher to study and investigate all the staff and officials responsible for the information soot for.

About 18 staffs were involved in the various places since the research cannot reach to all the people concerned.

A stratified random sampling technique is used. Populations of one hundred staff of the various departments were studied. The population was selected as follows

Distribution table of united bank for Africa.

Administrative management	8
Casual workers	10
Total	18

3.4 SAMPLE SIZE AND SAMPLE TECHNIQUES

There is often in satisfactory generalization of what the appropriate sample, size, should be some authors have suggested that the sample size should depend upon what used to be the result and how much precision the researcher desired. In the determining the sample size for the research work the cost of carrying out the work should be put into consideration. While the sample should be large enough to achieve the goal, the desire for reliability and accurate estimate it should be nevertheless small enough to keep the lost of data collected and processed as well as the needed to acquire the data.

3.5 SOURCES AND METHOD OF DATA COLLECTION

No work of this nature can be satisfactory accomplished without the employment of one means of the other to get the information vitally necessary to intimately make meaningful whole information, for this research data are gathered into two ways which are the primary and secondary data.

PRIMARY SOURCE

This covers all data collection for the research in their original state very includes interview and questionnaire.

a. Interview: Interview is a set of face to face interactive session between two or more persons namely, the interview of the interviewer of the interviewee on a particular subject. In this case, the interviewer is the researchers while the interview.

b. Structured Interview: This is an interview where the researcher reads out of a set of prepared question and notes the response of the respondents according to available choice of every question.

c. Unstructured Interview: In this researcher does not come to the venue of the interview with prepared set of question. Rather the researcher asks the question as they come to his or her mind as the interview progress.

2. Questionnaire: A questionnaire is a prepared set of written question for the purpose of complication or comparison, it relate to the purposes of study and is usually distributed to the respondents who will have to fill in their response.

The questionnaire must seek answer to the research questions usually roused in chapter one of the study. There are two types of questionnaires. They include

The structured/closed questionnaire: The structured or close, type of questionnaire is one in which the researcher asks a number of questions and provide answers from which the responds to choose from answer already provided answers opportunity to state his/her own opinion or response.

The unstructured/open questionnaire: In the unstructured or open questionnaire no set of answer is provided for the respondent to choose from here the respondent is free to answer the question the way he doesn’t fit and okay.

SECONDARY SOURCE

Here, more information or data were collected such as account journal being published every at the end of their financial years. The banks annual reports, magazines, textbooks business brochures and financial estimate of the institution are consulted.

3.6 INSTRUMENT OF DATA COLLECTION

The research instruments used in gathering information are:

a. Questionnaire
b. Interview
c. Observation.

The questionnaire is design to collect information on the contribution of ration analysis on management decision making in an organization. The questionnaire formed in a way that the researcher an easily and draw valid conclusion from the answers given.

The questionnaire is an important and in dispensable device for data needed for the study.

Observation research and be used to obtain information that people are unwilling or unable to provide, this is possible by watching an individual reactions in a given situation.

Respondent is normally unaware of the attention being paid to him or her. The observation method tells us more accurately than the respondent himself on his action at a given moment.

However, it gave us little insight to why he acted to particular way more over as we cannot control the environment within which the observation are made. It is difficult to be sure that we are investing was interact the cause of the reaction we noted. Therefore the research will be able utilize this method of data collection to observe the arrangement and procedure on presenting the financial ratios of the institute and also how reliance the customers and shareholders depends on the institution financial ratio presented before the public.

3.7 TECHNIQUES FOR DATA ANALYSIS

Data related to this research work were analyzed by using percentage and simple statement as refer to the information collated from respondents through research questionnaires.

A parametric statistical testing tool z test was used to test hypothesis about the different between means of the groups. The formula for Z- test statistical 6001 used is as this stated below;

$Z= \underline{-x_1 - -x_2}$

$\underline{SD_I + SD_2}$

$N_I \quad N_2$

Where xi and x^2 are means of two groups of samples

SD1 = standard deviation of population1

SD2 = standard deviation of population 2

N1 = size of sample from population 1

N2 = size of sample from population 2

A fire like scale was used to award point to each specific question responded by the respondents.

The favorable statements are scored as follows:

strongly agree	(SA)	=	4
Agree	(a)	=	3
Strongly disagree	(SD)	=	2
Disagree	(D)	=	1
No option	(u)	=	0

DECISION RULE

Reject the null hypothesis (Ho) and uphold alternative Hypotheses (Hi) if the 2 calculation value exceed the 2 – critical value, otherwise do not reject the null hypothesis.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.1 INTRODUCTION

The purpose of this chapter is to present and analyze the data obtained through questionnaire and using them to hypotheses state in the study.

This chapter is the climax of the research and it provides the framework upon which conclusion and recommendation are based. The sampling size as the study population First Bank of Nigeria out of the thirty questionnaire been sent out 18 questionnaire were return while 12 [twelve] were not return. However administration will only be based on eighteen questions received.

4.2 RESPONDENTS CHARACTERISTIC AND CLASSIFICATION

Table A 4.2.1 Distribution of respondent by department

DEPARTMENT	NUMBER OF RESPONDENTS	PERCENTAGE
MARKETING	5	27.8%
HUMAN RESOURCES	3	16.7%
ACCOUNTING	4	22.2%
CUSTOMER SERVICES	1	5.6%
OPERATIONAL AND SERVICE	2	11%

CORPORATE SERVICES	3	16.7%
TOTAL	18	100%

Source: research survey 2025

The above table shows the frequencies of the department of the respondent in which 5[27.8%] respondent are from marketing 3 [16.7%] are from human resources, 4[22.2%] are from accounting 1 [5.6%] are from customers service 2[11.6%] are from operation and services, 3 [16.7%] are from corporate services.

TABLE B 4.2.1 Distribution of respondent by sex

Sex	Number of respondent	Percentage
Male	5	27.8%
Female	13	72.2%
Total	18	100%

Source questionnaire administered 2025

The table above shows that the respondents are either from the male or female 27.8% of the respondent is from the male 72.2% of the respondent are from female.

TABLE C 4.2.3 DISTRIBUTION OF RESPONDENT BY AGE

AGE	NUMBER OF RESPONDENT	PERCENTAGE%
18-20	2	11.4%
21-25	15	83%

30-35	1	5.6%
TOTAL	18	100%

Source questionnaire administered 2025

The table above shows the age of the respondent considerable number how worked with bank for a reasonable number of years. Therefore the most adequate knowledge of how bank administer bank debt which will enable the researcher to obtain viable information that relate to research work.

TABLE D 4.2.4 DISTRIBUTION OF RESPONDENT BY MARITAL STATUS

MARITAL STATUS	NUMBER OF RESPONDENT	PERCENTAGE
SINGLE	14	77.8%
MARRIED	4	22.2%
TOTAL	18	100%

SOURCE: QUESTIONNAIRE ADMINISTER 2025

The table above shows that the respondent are from either the single 77.8% of the respondent is from the single status while 22.2% of the respondent is from the married status.

TABLE 4.2.5 DISTRIBUTION OF RESPONDENT BY EDUCATIONAL QUALIFICATION

EDUCATIONAL QUALIFICATION	NUMBER OF RESPONDENT	PERCENTAGE%
ND	2	11.1%

HND	10	55.6%
B.SC	4	22.2%
M.SC	2	11.1%
TOTAL	18	100%

Source: questionnaire administered 2025

The above table shows that respondents are from national diploma [ND], higher national [HND], bachelor of science [B.SC] and master degree holder [M.SC] 11.1% from national diploma [ND], 55.6% are from higher national diploma [HND], 22.2% are the respondent from bachelor of science [B.SC] and 1.1% are respondent from master degree holders [M.SC]

TABLE 4.6 DISTRIBUTION OF RESPONDENT BY MANAGEMENT

MANAGEMENT LEVEL	NUMBER OF RESPONDNET	PERCENTAGE%
LOW LEVEL MANAGEMENT	3	16.7%
MIDDLE LEVEL MANAGEMENT	10	55.6%
HIGHER LEVEL MANAGEMENT	5	27.5%
TOTAL	18	100%

Source: questionnaire administer 2025

The table above shows that respondents are from the low level management, middle level management, and higher level management. 16.7% of the respondent is from low level management, 55.6% are from middle level management and 27.5% of the respondents are from higher level management.

4.4 PRESENTATION AND ANALYSIS OF DATA

TABLE 4.4.1: TO WHAT EXTENT DOES RATIO ANALYSIS AFFECT THE ORGANIZATIONAL PERFORMANCE?

CHOICE	NO OF RESPONDENTS	PERCENTAGE (%)
High	21	75
Low	7	25
Very high	00	00.0
Very low	00	00.0
TOTAL	28	100

Source: Researcher's Survey, 2025

From the table above, 21 respondents representing 75% of the total respondents agreed that ratio analysis affect the organizational performance, 7 respondents representing 25% also agreed to the question. No respondent agree to very high and very low.

TABLE 4.4.2: TO WHAT EXTENT DOES RATIO ANALYSIS INFLUENCE THE ORGANIZATIONAL PERFORMANCE

CHOICE	NO. OF RESPONDENTS	PERCENTAGE (%)

Strongly Agree	14	50.0
Agree	10	47.8
Strongly Disagree	0	00.0
Disagree	4	2.2
TOTAL	28	100

Source: Researcher's Survey, 2025

From the table above, 14 respondents representing 50% of the total respondents strongly agreed that ratio analysis influence the organizational performance, 10 respondents representing 47.8% also agreed to the question. 0 respondents representing 00.0% of the total respondents Strongly Disagreed while 4 respondents representing 2.2% also Disagreed that ratio analysis influence the organizational performance. The researcher therefore believes that ratio analysis influence the organizational performance.

TABLE 4.4.3: TO WHAT EXTENT DOES RATIO ANALYSIS HAVE IMPACT ON PERFORMANCE OF BANK PRODUCTIVITY?

CHOICE	NO. OF RESPONDENTS	PERCENTAGE (%)
Strongly Agree	20	71.6
Agree	8	28.64
Strongly Disagree	0	00.0
Disagree	0	00.0
TOTAL	28	100

Source: Researcher's Survey, 2025

From the table above, 20 respondents representing 71.6% of the total respondents strongly agreed that ratio analysis have impact on performance of bank productivity, 8 respondents representing 28.64% also agreed to the question. 0 respondents representing 00.0% of the total respondents Strongly Disagreed while 0 respondents representing 0.00% also Disagreed that ratio analysis have impact on performance of bank productivity.

TABLE 4.4.5: ARE THERE RELATIONSHIP BETWEEN RATIO ANALYSIS AND BANK INDUSTRY?

CHOICE	NO OF RESPONDENTS	PERCENTAGE (%)
Strongly Agree	21	75
Agree	7	25
Strongly Disagree	00	00.0
Disagree	00	00.0
TOTAL	28	100

Source: Researcher's Survey, 2025

From the table above, 21 respondents representing 75% of the total respondents strongly agreed that there is relationship between ratio analysis and bank industry, 7 respondents representing 25% also agreed to the question. No respondent Disagreed to the posed question and No respondent strongly disagreed that there relationship between ratio analysis and bank industry.

TABLE 4.4.5: TO WHAT EXTENT DOES RATIO ANALYSIS HAD ANY IMPACT ON THE COMPANY'S GOAL AND OBJECTIVES?

CHOICE	NO. OF RESPONDENTS	PERCENTAGE (%)
Strongly Agree	14	50.0
Agree	10	47.8
Strongly Disagree	0	00.0
Disagree	4	2.2
TOTAL	28	100

Source: Researcher's Survey, 2025

From the table above, 14 respondents representing 50% of the total respondents strongly agreed that ratio analysis had any impact on the company's goal and objectives, 10 respondents representing 47.8% also agreed to the question. 0 respondents representing 00.0% of the total respondents Strongly Disagreed while 4 respondents representing 2.2% also Disagreed that ratio analysis had any impact on the company's goal and objectives. The researcher therefore believes that ratio analysis had any impact on the company's goal and objectives.

4.5 TEST OF HYPOTHESES

HYPOTHESIS 1

H_{01} Ratio analysis has no significance effect on organizational performance

Table 4.4.1

Option	No. of Respondent	Percentage (%)
Strongly agreed	14	50.0
Agreed	10	47.8

Undecided	0	0.00
Disagree	4	2.2
Strongly disagreed	0	0.0
Total	**28**	**100**

Field survey, 2025

Option	**Fo**	**Fe**	**Fo – Fe**	**(Fo – Fe)^2**	**(Fo – Fe)^2/e**
Strongly agreed	14	10	4	16	1.6
Agreed	10	10	0	0	0.0
Undecided	0	10	-10	100	10
Disagree	4	10	-6	36	3.6
Strongly disagreed	0	10	-10	100	10
Total	**28**				**25.2**

Therefore, D_f (r-1) (c -1)

= (5 -) (2 – 1)

= (4) (1)

= 4

Level of significance = 0.5

$$X^2 = \sum \frac{(F_o - F_e)^2}{F_e} = 25.2$$

Therefore, X^2 calculated = 2.52

X^2 Tabulated = 9.49

Decision rule

If X^2 tabulated is > X^2 calculated, accepted the null hypothesis (Ho) and reject the alternative hypothesis (H_1) but if X^2 tabulated is < X^2 calculated, accept the alternative (H_1) and reject the null hypothesis

Decision

Since X^2 tabulated 9.49 is less than X^2 calculated 2.52 alternative hypothesis (H_1) which stated that ratio analysis has no significance effect on organizational performance is accepted while the Ho that stated that analysis has no significance effect on organizational performance is rejected.

HYPOTHESIS 2

$H_0$2: Ratio analysis has no influence on organizational performance.

Table 4.4.2

Option	**No. of Respondent**	**Percentage (%)**
Strongly agreed	21	75
Agreed	7	25
Undecided	0	0.0
Disagree	0	0.0
Strongly disagreed	0	0.0
Total	**28**	**100**

Field survey, 2025

Option	Fo	Fe	Fo – Fe	$(Fo – Fe)^2$	$(Fo – Fe)^2/e$
Strongly agreed	21	10	11	121	12.1
Agreed	7	10	-3	9	0.9
Undecided	0	10	-10	100	10
Disagree	0	10	-10	100	10
Strongly disagreed	0	10	-10	100	10
Total	**28**				**43**

Therefore, D_f (r-1) (c -1)

= (5 -) (2 – 1)

= (4) (1)

= 4

Level of significance = 0.05

$$X^2 = \sum \frac{(F_o - F_e)^2}{F_e} = 43$$

Therefore, X^2 calculated = 4.3

X2 Tabulated = 4.49

Decision rule

If X^2 tabulated is > X^2 calculated, accepted the null hypothesis (Ho) and reject the alternative hypothesis (H_1) but if X^2 tabulated is < X^2 calculated, accept the alternative (H_1) and reject the null hypothesis

Decision

Since X^2 tabulated 9.49 is less than X^2 calculated 4.3 alternative hypothesis (H_1) which stated that Ratio analysis has no influence on organizational performance is accepted while the Ho that stated that Ratio analysis has no influence on organizational performance is rejected.

HYPOTHESIS 3

$H_0$3: Ratio analysis has no impact on performance of bank productivity

Table 4.4.3

Option	**No. of Respondent**	**Percentage (%)**
Strongly agreed	16	57.28
Agreed	12	42.96
Undecided	0	0.0
Disagree	0	0.0
Strongly disagreed	0	0.0
Total	**28**	**100**

Field survey, 2025

Option	**Fo**	**Fe**	**Fo – Fe**	**$(Fo – Fe)^2$**	**$(Fo – Fe)^2/e$**

Strongly agreed	16	10	6	36	3.6
Agreed	12	10	2	4	0.4
Undecided	0	10	-10	100	10
Disagree	0	10	-10	100	10
Strongly disagreed	0	10	-10	100	10
Total	**28**				**34**

Therefore, D_f (r-1) (c -1)

= (5 -) (2 – 1)

= (4) (1)

= 4

Level of significance = 0.05

$$X^2 = \sum \frac{(F_o - F_e)^2}{F_e} = 34$$

Therefore, X^2 calculated = 3.4

X2 Tabulated = 9.49

Decision rule

If X^2 tabulated is > X^2 calculated, accepted the null hypothesis (Ho) and reject the alternative hypothesis (H_1) but if X^2 tabulated is < X^2 calculated, accept the alternative (H_1) and reject the null hypothesis

Decision

Since X^2 tabulated 9.49 is less than X^2 calculated 3.4 alternative hypothesis (H_1) which stated that Ratio analysis has no impact on performance of bank productivity is accepted while the Ho that stated that Ratio analysis has no impact on performance of bank productivity is rejected.

4.6 SUMMARY OF FINDINGS

In this chapter, data collected using the instrument of data collection were presented and analyzed. The data such presented were based on the responses from the respondents through the use of carefully administered questionnaires which was completed and returned to the researcher.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 SUMMARY

From the proceeding chapters the researcher has come out with the following:

- ❖ The researcher discovered ratio analysis has an impact on management in decision making in an organization.
- ❖ The research also discovered that most managers of an organization uses ratio analysis for decision making which is they key to their success. Proper decision making in the management of organization is based on the impact or positive effect of ration analysis.
- ❖ Also, the researcher discovered that some of the managers are not aware of the importance of using financial analysis techniques such as accounting ratio in judging the financial performance of the organization for the purpose of decision making and also do not apply ratio analysis in judging the operating efficiency of, and ability of the bank (UBA) to provide adequate returns, rather they considered the physical size and popularity of the banks as indicators of good financial performance and healthy a condition.

5.2 CONLUSION

The discussion and analysis so far showed that ratio analysis is a very good tool for comparative purpose and can be used to plan ahead after studying the past estimates of calculated ratios. The study showed further that the users of ratio information cut across nearly all the social strata of man, namely, investors, management, shareholders, creditors, employees, firm owners, society, researchers etc.

The ratios calculated with their percentage increaments showed that with the help of ratio, improvement can be made on previous or past inefficiency. This can induce the management and owners of firms to sit up. Hence, ratio analysis can be described as a veritable tool for measuring corporations performance. Therefore, it should be considered by every user of accounting information before making any meaningful decision.

5.3 RECOMMENDATION

Based on the findings of the study, it is found necessary to provide recommendation as follows:

1. There is the need to restore the lost confidence of public in banks which has been caused by the prevalence of financial programs through which their employees will be educated first, then the general public on the impact or positive effect of ratio analysis in an organization based on decision making.
2. United Bank for Africa PLC, Customers investors who do not have formal knowledge and ability to apply and use ratios should always go to professionals who can help them to accurately asses their proposed bank.
3. I recommend for other banks to adopt the same practice of employing financial ratio with regard to accounting decision making for their organization a UNITED BANK FOR AFRICA PLC its current doing

4. “Accounting ratio” should be instituted in the secondary school syllabuses to create a strong foundation secondary school will have an opportunity to study and understand ratio and its impact or effect.

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QUESTIONNAIRE

Dear Respondent,

I am student of the department of Accountancy, Kwara State Polytechnic, Ilorin, conducting a research on a topic: **"IMPACT OF RATIO ANALYSIS ON MANAGEMENT DECISION MAKING IN AN ORGANIZATION"** I humbly request that you help me answer the following question as honestly as possible and i assure you that all information supplied by you shall be used for academic purpose and shall be kept confidential.

Thanks

APPENDIX B

INSTRUCTION: Please tick [ ] against the question(s) that correctly express your opinion.

SECTION A:

1. Responses according to sex? Male [ ] Female [ ]
2. Marital Status? Single [ ] Married [ ]
3. Age 18 – 25[ ] 26 – 35 [ ] 36 – 45 [ ]
4. Response according to Educational Background? Primary School leaving certificate [ ] S.S.CE [ ] HND/ BSC [ ] MBA/PHD [ ] OTHERS [ ]

SECTION B:

5. Whether ratio analyses require a quality financial statement in order to ascertain the turnover of banking business? Top level [ ] Middle [ ] Low level [ ]
6. Respond to importance of management decision for decision making? Yes [ ] No [ ] Indifferent [ ]
7. Whether ratio analysis helps the banks in determining its assets in such a way that it can provide smooth disbursement of profit or losses? Yes [ ] No [ ]
8. How effective is the decision toward the growth and development of the bank? Top level [ ] Middle level [ ] Low level [ ]
9. Ratio analysis a good picture for comparison of the current and last year performance? Yes [ ] No [ ] Indifferent [ ]
10. Do you think the application of ratio analysis can lead to positive rational decision making? Yes [ ] No [ ] Indifferent [ ]
11. Do you think the aim of using ratio analysis to financial data is been achieved? Yes [ ] No [ ] Indifferent [ ]

Yours Faithfully

AIYEYEMI OPEYEMI IYANUOLUWA