

Financial Performance and Investment Decision: Evidence from Investors and Stockbrokers in Nigeria

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Abstract

Investments are made by individuals with the aim of getting returns, hence individuals directly or indirectly (through stockbrokers) invest in companies that have good records of financial performance. As a result, the study attempts to find the influence of financial performance on investment decision from the perspectives of investors and stockbrokers. The study having anchored on the positivist paradigm applied the survey design using questionnaires for collection of data. Since the study population is infinite, the non-probability method known as the purposive sampling technique was adopted in selecting the sample size of the study. One hundred and seventy-two (172) respondents responded to the questionnaire which was then used for the study analysis. The Pearson correlation was selected and used for the analysis. The study results found ROI, ROE, ROA and NPM to have significant influence on investment decision after showing 0.004, 0.000, 0.000 and 0.002 respectively as significant values. The result further showed that ROI, ROE, ROA, and NPM are positively correlated with investment decision, though ROI and ROE have very strong correlation with investment decision, ROA and NPM have strong correlation with investment decision with the correlation values of 0.868, 0.822, 0.780 and 0.644 respectively. The recommendations made were that managers at all levels and policy makers of business entities should ensure high return on investment and keep improving on it yearly; high and consistent increase of ROE should be a priority to policy makers of business entities knowing that it will result to increase investment by investors; effective management of resources (assets) at the disposal of business enterprises should be done consciously; and ensure cost effectiveness when incurring expenses in order to keep a good record of NPM. The study came to the conclusion that financial performance has influence that is significant on investment decision and a correlation that is very strong and positive with investment decision.

Key words: Financial performance, Investment decision, Investors, Stockbrokers

1. Introduction

Before an investor decides to invest in a business, such investor takes steps to find out the financial security and stability of such company, its going concern ability and ability to make a long-run profit. Therefore, before deciding to invest money in a company, a potential investor must analyze the company's ability to provide returns to its shareholders, knowing that all business entity operates with the aim of creating value for the entity and maximize the wealth of shareholders. This can be measured by the performance of such business entity using their return on investment, return on equity, return on assets, dividend per share, earnings per share among others. These proxies are seen in literatures and scholarly studies as ways for which financial performance of a firm are measured.

One way in which long-term assets are regularly acquired by companies is to use them for business operations with the expectation that such assets or investments will generate economic benefits, such as returns, in the future. This is why analysis of the financial statement becomes very vital in investment decision as various ratios are analysed from the financial statement of the company before the decision to invest or not is made; as the financial health and status of the company are revealed through the financial statement analysis. A firm with performance that is not promising will be fail in attracting investors (Touny & Shusha, 2014). This failure, according to Al-Matari et al (2012) will lead to insufficient capital which normally leads to consequences that are negative for such company. This means that financial performance is very fundamental when it comes to investment decisions.

The importance of financial performance in investment decision cannot be overemphasized yet studies on it are very scanty. This is because, most empirical studies have always seen financial performance as the dependent/criterion variable. This motivated this study as the study used financial performance as the independent variable. The study therefore aimed at investigating financial performance influence on investment decisions viewing it from the perspectives of shareholders and stockbrokers.

2. Hypotheses Statement

From the perspectives of shareholders and stockbrokers, the research stated four hypotheses in other to achieve the study aim.

H₀₁: There is the absence of significant influence of return on investment on investment decision.

H₀₂: There is the absence of significant influence of return on equity on investment decision.

H₀₃: There is the absence of significant influence of return on assets on investment decision.

H₀₄: There is the absence of significant influence of net profit margin on investment decision

3. Financial Performance

Performance is seen as a function of efficacy and efficiency variables. This means that without efficiency and efficacy within an organization, performance will be lacking. Hence,

performance is measured for the purpose of evaluating the activities of those managing the entity. Martono and Harjito (2003) posit that performance measurement is done to evaluate company management effectiveness and efficiency in investment management and sources of funding of the company. When a firm is efficient and effective, such firm is classified a performant firm. Performance is a broad term because various notions are covered by the word “performance” such as returns, growth, profitability/profit, competitiveness, productivity, revenue volume, efficiency and et cetera. Therefore, performance means different things to different people depending on the angle you are looking at. This study is looking at the financial or the profitability aspect of performance.

Riyanto (2013) sees financial performance as a reflection of results a company obtained in the use of assets or equity held by the company to get profit. Major and Edori (2020) believe that it is pointer to how the soundness of firms’ finances relates with profitability. They further opined that financial performance explains the way cost is controlled and the how of revenue generation. Ohaka et al (2020) state that business entities that have higher financial performance are capable of attracting more investors than lower financial performant companies. Financial performance shows predominantly the financial health of a business enterprise (Major & Edori, 2020; Matar & Eneizan, 2018). Hence the assertion of Igweagbara and Edori (2023) that financial performance is known for the measurement of a “firm's total financial health” covering a time duration specified.

4. Dimensions of Financial Performance

Various scholars have used different variables to measure financial performance. For instance, EPS and ROA (Igweagbara & Edori, 2023); ROA and ROE (Nguyen et al, 2021); ROA (Major & Edori, 2020); firm value (FV) and ROE (Salimah & Herliansyah, 2019); ROA, ROE and NPM (Farooq (2019); dividends and return on investment (Uwah, 2019); ROA, ROE, EPS and Tobin’ Q (Saeedi & Mahmoodi, 2011); ROA, ROE and return on capital employed (ROCE) (Kurawa, 2009); ROE and EPS (Nieh et al., 2008);and return on investment (Jiang et al., 2006); The above is presented thus:

Variable Used	Authors
EPS and ROA	Igweagbara and Edori, 2023
ROA and ROE	Nguyen et al, 2021
ROA	Major and Edori, 2020
Firm value (FV) and ROE	Salimah and Herliansyah, 2019
ROA, ROE and NPM	Farooq, 2019
Dividends; ROI	Uwah, 2019.
ROA, ROE, EPS and Tobin’ Q.	Saeedi and Mahmoodi, 2011.
ROA,ROEand return on capital employed (ROCE).	Kurawa, 2009
ROE and EPS	Nieh et al., 2008
Return on investment	Jiang et al., 2006

For the purpose of this study, financial performance is measure using ROI, ROE, ROA, and NPM.

4.1 Return on Investment (ROI)

It is also called “rate of return” and “accrual accounting rate of return”. ROI is one of the most vital financial indicators of any profit-making organization. ROI as a financial performance measure is calculated in order to evaluate investment efficiency or the rate of return that is expected from the investment. Khandelwal (2022) asserts that ROI is a way of calculating the returns amount in comparison to its cost. Furthermore, it is a universal measure used in understanding the profitability on investments and it is a simple ratio that divides the net profit (or loss) from an investment by its cost. There are various theoretical studies which have tried to reveal diverse ROI determinants and such factors may include labor productivity, total investment, gross profit to net sales, investment turnover, debit ratio, and total assets turnover (Touny & Shusha, 2014). Nevertheless, these factors significant impact on ROI hinge on some control variables (e.g. board characteristics, demographic factors, risks etc.).

ROI is used by shareholders to get understanding of the company’s performance in order to take investment decisions. As a performance measure, it forms the basis for the evaluation of investment returns which enables informed comparison of various investments efficiency. It is easy in terms of calculation and its application is applicable to all forms of investment. It aids investors in determining their choice of investment opportunities that are more preferable or attractive (Khandelwal, 2022).

4.2 Return on Equity (ROE)

ROE concentration is on return to shareholders (ordinary or equity). It has to do with the net income returned percentage of shareholders equity. It unveils how many percentages that is obtained from the company’s net income when it is measured by owners’ capital (Nasution, et al, 2018). Edori and Edori (2022) hypothesized that ROE indicates the portion/percentage of total assets that equity shareholders provided and the entitlement of shareholders to the profits (residual and residence). The ROE indicates the ability of the management in maximising the rate of return to shareholders on every single money invested by the shareholders. It has to do with the measurement of net earnings that is reimbursed to equity shareholders as proportion of their equity investment (Edori & Edori, 2022). It can be adjudged a net income ratio after taxes. ROE measures reporting entities return earned on the investment made by shareholders in the company. Therefore, the ROE is a tool used to reveal the amount of return the company gives for each Naira (₦) of owners’ capital. It estimates principally the profitability of firms based on the return gained in each Naira (₦). ROE remains one of the major gauges which entrepreneurs and investors follow (Kakeeto et al, 2017). It is one of the financial performance measures that is so fundamental in pointing out a firm’s success because the perspective of the owners is highlighted (Periasamy, 2009).

As important as it is in financial performance measurement, it has its problems. The problems are timing problem, risk problem, and value problem.

Timing problem. Most business opportunities need current earning sacrifice while future earnings are anticipating (Lesakova, 2007). This is seen to be true during the introduction of new product by the reporting entity and it includes high start-up costs. According to Lesakova (2007), if the ROE of the firm is calculated after introducing the new product, it will suggest

poor performance because the ROE will be low. The reason is because of the firm introduction of the new product; therefore, the calculated ROE necessarily includes earning of one year hence fails to capture the full impact of decisions on the long-term.

Risk problem The ROE is always silent on the risks taken by a firm for ROE generation (Lesakova, 2007) because it considers only the return and ignores risk. This may render the result inaccurate though it is classified a crucial financial performance indicator.

Value problem. Lesakova (2007) argued that the ROE only measures return on shareholders' investment, but the book value is the investment figure of shareholders equity used, and not the market value because of divergence possibility between the equity market value and the book value. Therefore, ROE that is high might not be the same with high ROA (investment) to shareholders.

4.3 Return on Assets (ROA)

The ROA is known also as return on average assets (ROAA) or return on total assets (ROTA). A firm's level of profitability is identified using ROA. Therefore, the ratio is one of net income to total assets (Edori & Edori, 2022). It is one of the profitability/financial performance measures used widely due to the fact that it relates to asset turnover and profit margin. It is all about firms' ability in utilizing her assets to earn profit (Farooq, 2019). It explains how far the reporting entity generates profits and how effective in managing the resources at its disposal. Durrah et al (2016) defined ROA as the relationship between a firm's net profit and its assets. It measures the efficiency of the management crew on assets utilization for the generation of earnings or profit generation. That is, it measures overall efficiency of the firm's management in using assets that are available to generate profit. It is an indication of entity's profitable as it relates to its total assets (Edori & Edori, 2022). It shows the profit earned percentage of an entity in relationship with the entity's overall resources as its disposal. It is a provider of answer to "what organisations do with assets that is at its disposal" question (Igweagbara & Edori, 2023). The higher the ROA, the more assets are used profitability and effectively.

4.4 Net Profit Margin (NPM)

Firm's available profit after the deduction of charges and expenses from the firm's gross profit and addition of any other income to the firm is known as the net profit (NP). It is the remaining revenue portion after all expenses incurred on operation, interest, taxes, and dividends are removed from a gross revenue of the firm (Edori & Edori, 2022). The net profit can be employed as tool for measuring business entity's profitability, financial performance and operational efficiency and it is classified as one of the tools that is major that is used while comparing the performance of two or more business entities. The net profit margin (NPM) is a ratio that confirms earnings left for shareholders (equity and preference) as a percentage of net sales. It explains company's ability to earn particular amount of profit by the sale of a unit of her product after deducting indirect and direct expenses (Farooq, 2019).

The NPM displays the revenue portion translated into net profit. That is, a NPM of 63 per cent means that each one Naira (₦1) from revenue contributes sixty-three Kobo (63 kobo) in the direction of the business entities net profit. It measures the percentage of each Naira from revenue remaining after total costs and total expenses (including interest and taxes) have been deducted. This makes NPM a significant performance indicator of any enterprise's profitability and financial performance. It measures overall efficiency of firms' administration, financing,

production, pricing, selling and also tax management (Pan & Mal, 2016). Farooq (2019) explained that the NPM reveals other micro factors such as control on production cost, production department efficiency, and marginal outcomes of revenue/sales department.

5. Investment Decision

In any society, individuals and firms, regardless of their status, are at all times mindful and also apprehensive of the necessity of preparing against the rainy day (Okereke, 2008). Such types of preparations are done against future uncertainties using resources that are presently limited as the output. The uncertainties according to Okereke (2008) push corporate organizations and individuals into certain investment so as to hedge against future vicissitudes and also as a security against time variations. It means that all investors invest in order to earn returns. The reason why investors (potential and existing) use financial or accounting information is to know the going concern state of the business entity, of which profitability is key. Riyanto (2013) elucidates that investment decisions are understood as key decisions due to the fact that they relate directly to profitability. If there is the certainty of returns in the future on investments, the entire investors will only invest on investments that will certainly produce the highest return. Accordingly, Kemuma (2014) posits that investors generally are risk averse and risk is a fundamental consideration in decision making process. It is also important to shareholders as they prefer to invest in business entities with reasonable returns.

6. Theoretical Framework

The study is anchored on the behavioral finance theory.

6.1 Behavioral Finance Theory

Behavioral Finance is an area of study on how human beings interpret and also act based on information to make informed decisions on investment. It is a contemporary part of finance that aims at combining the behavioral and the cognitive psychological theory with the conventional economics and finance in providing explanations for the motives why financial decisions that are irrational are made by people/investors (Kumar, 2017). It has brought about an area that is new in the analysis of ways decisions are made by investors that even includes factors that are psychological and also provides new grounds for questioning the conventional approaches or techniques of modeling determinants of the behaviour of investors.

Behavioral finance as a concept date back to 1912 when “Psychology of the Stock Market” published by George Seldon, however, according to Veni and Kandregula (2020), the theory gathered momentum, fame, and popularity in 1979 when “Daniel Kahneman” and “Amos Tversky” made a proposal that majority of investors have a habit of making decisions based on reference points that are subjective instead of choosing objectively the option that is the best. Behavioral finance theory as posited by Kumar (2017) suggests that over confidence pattern, overreaction pattern and over representation pattern are mutual to numerous investors, therefore such groups could be big enough in preventing the share price of a company from reflecting the economic fundamentals. When the investors assume that only recent firms’ performance is the future performance indicator, the possibility to begin to bid for such firms’ shares may increase which will invariably result in the increase of the price.

The theory relates to this study in the sense that investors prefer to invest on companies that their performance indicators are positive. This means that investment decisions can be traced to performance.

7. Empirical Review

Nguyen et al (2021) main objective in their study was aimed at measuring internal factors that influences the performance of listed food and beverage firms in Hanoi Stock Exchange. Fifteen firms' data were collected for five years (2015 – 2019). Both the qualitative and the quantitative research approaches were used. Stata 13 software was adopted for quantitative research method as the supporting tool. Results from analysis using Ordinary regression (Least Squares) showed internal factors (ratio of short-term debt to total liabilities and total assets) have inverse (–) impact on ROA and ROE; debt-to-total assets ratio has inverse (–) effect on ROA; growth factor (total assets) positively (+) affects ROA and ROE. Pham et al (2020) study employed correlation regression for the evaluation of performance based on BSC model influence factors, comprising strategic planning, mission, finance, customer, internal process, as well as growth and learning of employee. The finding based on the regression coefficient, factors within BSC model influence public hospitals performance in descending order. That is, “internal process, finance, mission, strategic planning, customer, employee learning, and growth”. To find out capital structure impact on the performance of firms in Nigeria,

Ajayi and Obisesan (2020) undertook a time series analysis from 2013 to 2017, covering a period of five (5) years. It considered GDP and inflation as key macro economies variable impact on ROI (proxy for performance), and employed static panel analysis, making use of “fixed effect regression estimation model” for the analysis. The result provided strong evidence of relationship that is significantly negative between study variables.

Santoso (2019) study examined how investment decisions and proper selection of funds sources impacts on performance of firms and also the resultant impact on its value. The study covered listed consumer goods sub-sector firms listed on Indonesia Stock Exchange covering a period from 2010 to 2017 and used return on investment as financial performance measure. Employing the Path analysis tools, the results demonstrated that asset structure affects financial performance as well as firm value; capital structure also affects financial performance though does not affect firm value.

Ariemba et al (2018) focus was to determine investment decision effect on financial performance. The study used the census study approach by covering the twelve SACCOS and it concentrated on Kitui Central Sub-County Savings together with Credit Cooperatives. Ten years (2006 to 2015) period was covered and time-series data was gathered. The data was analysed using simple multivariate analysis, but in the determination of variables correlation, the study selected the Karl Pearson's correlation in determining the correlation within variables. The study results revealed that “research and development decision” had significant effect; while expansion, replacement, and renewal decisions had none.

Chappell and Jaffe (2018) study from about 13,000 firms in New Zealand from 2005 - 2013 on intangible investment association with firm performance discovered that that the size of firm (firm size) and moderate competition has higher association with intangible investment, but the age of the firm (firm age) has lower association with intangible investment. The study further found higher investment having higher association with input from labour and capital input, revenue, as well as with firm-reported customer satisfaction and employee, but absence of higher association with productivity or profitability.

In order to establish how investment decision affects performance of firms, Kemuma (2014) studied Nairobi listed firms targeting all sixty-one (61) listed firms as at December 31, 2013, under the segment classified as main. Adopting a census study approach as result of non-financial companies' small number in the Nairobi Stock exchange (NSE) analysed gathered panel data (cross-sections and time series) using descriptive and also inferential. Results revealed significant positive correlations. ROA represented performance while the study predictor variables were investment decision, liquidity and financial leverage.

Pouraghajan and Malekian (2012) empirical investigation of capital structure bearing on performance sampled four hundred (400) firms spreading over twelve (12) industries listed in Tehran. The data collected were from 2006–2010. Combining qualitative and quantitative methods, selected ROA and ROE as referents for performance and debt ratio (DR), asset turnover (AT), firm size (FS) (assets), tangible assets proportion (TAP), firm age (FA), and growth rate (GR) were the proxies for independent. Study results displayed significant negative (S-) relationship between DR and firm performance. AT, FS (assets), TAP, and GR were positively correlated and significantly related with ROA and ROE. Also, between FA and firm performance, no significant relationship was found.

The scope of the research undertaken by Pervan and Visic (2012) covered Croatia manufacturing enterprises operations between 2002–2010. The study attempted to uncover firm size's effect on the performance of the selected sector considering both subjective internal factors and objective external factors. Results indicates that the bigger the size, the greater the performance of the firm. Furthermore, increased asset efficiency results to increased firm performance, but a large debt amount will result in decreased firm performance.

In Nigeria, thirty non-financial listed firms were surveyed from 2001 – 2010 listed in Nigeria by Onaolapo and Kajola (2010) in order to gauge various determinants on performance used the technique of quantitative research using OLS regression model. The results as indicated by the analysis showed that debt ratio and non-current assets proportion both have negative (-) effects on performance, whereas asset turnover point to positive (+) impact. The result showed further that “factor business lines” like the alcohol, chemistry, publishing, tobacco, food and beverage sectors printing and computer, and the office equipment industry strongly influence the performance of firms.

Heshmati and Loof (2008) provided two-way causal empirical analysis at the level of the firm on how investment relates with indicators of performance. Data were gathered from 1992 to 2000. Applying “multivariate vector auto regressive approach” on Swedish firms, two-way causal relationships were evidenced, which the study described that in character are “mainly transitory”. By the size, heterogeneity that is significant was observed in the behaviour of the firms' investment and in performance.

Research conducted by Zeitun and Tian (2007) on factors that affects firm performance and enterprises market value gathered data from Amman-Jordan Stock Exchange. The data were from 167 listed firms in 16 non-financial sectors in various business areas from 1989 - 2003. The result unveiled that debt ratio impact is the strongest while total assets growth (TAG), size of firm and rate of tax have positive (+) impact on performance of firms.

The study reviewed the empirical studies of Nguyen et al (2021), Pham et al (2020), Ajayi and Obisesan (2020), Santoso (2019), Ariemba et al (2018), Chappell and Jaffe (2018), Kemuma

(2014), Pouraghajan and Malekian (2012), Pervan and Visic (2012), Onaolapo and Kajola (2010) Heshmati and Loof (2008), and Zeitun and Tian (2007). Looking at the empirical review, there are gaps that exist in the study based on the studies known to this study. The first gap found in the empirical review is used firm performance as the independent variable. The second gap is the consideration of the investors and stockbrokers' perspectives.

8. Methodology

The adopted research design for this study is the survey technique. This method of design permits sampling a specific number from a study population, usually called "sample" to represent the entire population of the study. The result from the sample of the population is then generalized. The generalization of findings is in tandem with the positivism approach of research philosophy. The population of this study is an infinite population because it covers all investors and stockbrokers. The infinite population made the study use the purposive approach, a non-probability technique, to select one hundred and thirty-five (135) respondents. Data were gathered via questionnaire and analyses made using the Pearson Correlation on the SPSS platform.

9. Test of Hypotheses and Discussion of Findings

H₀₁: There is the absence of significant influence of return on investment on investment decision.

		Correlations	
		Return on Investment	Investment Decision
Return on Investment	Pearson Correlation	1	.868**
	Sig. (2-tailed)		.004
	N	172	172
Investment Decision	Pearson Correlation	.868**	1
	Sig. (2-tailed)	.004	
	N	172	172

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

The 0.868** and 0.004 shown in the result above represents the correlation and the significance values on hypothesis one which sought to find out the significant influence of ROI on investment decision. Based on the result, the 0.868 reveals that there is a very strong correlation between ROI and investment decision from the investors and stockbrokers' perspective. That is when a company's ROI is high, investors will directly or through their stockbrokers invest more on such company and vice versa. Furthermore, the significant value of 0.004 is a demonstration that ROI has significant influence on investment decision from the view of investors and stockbrokers. That is, the result asserts that there is the presence of significant influence of ROI on investment decision.

H₀₂: There is the absence of significant influence of return on equity on investment decision.

		Correlations	
		Return on Equity	Investment Decision
Return on Equity	Pearson Correlation	1	.822**
	Sig. (2-tailed)		.000
	N	172	172
Investment Decision	Pearson Correlation	.822**	1
	Sig. (2-tailed)	.000	
	N	172	172

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

The positive value of 0.822 posted above showed the correlation between ROE and investment decision. The value asserts a positive correlation between variables and that the degree of the correlation is very strong. The positive value means that increase in a company's ROE will cause increase in investors' decision to invest in such a company while a decrease will also result to a reduced investment decision of investors to invest. The 0.000 value which represents the significant influence of the criterion variable on the predictor variable shows the presence of influence that ROE exerts on investment decision. This means that ROE has influence that is significant on investment decision.

H₀₃: There is the absence of significant influence of return on assets on investment decision.

		Correlations	
		Return on Assets	Investment Decision
Return on Assets	Pearson Correlation	1	.780**
	Sig. (2-tailed)		.000
	N	172	172
Investment Decision	Pearson Correlation	.780**	1
	Sig. (2-tailed)	.000	

N	172	172
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** Correlation is significant at the 0.01 level (2-tailed).

The 0.780** and 0.000 shown in the result above represents the correlation and the significance values on the test of hypothesis one which sought to find out if there is the presence of ROA influence on investment decision. Based on the result, the 0.780 reveals that there is a very strong correlation between ROA and investment decision from investors and stockbrokers' point of view. That is when a company's ROA is high; investors directly or through their stockbrokers will invest more on such company and vice versa. Again, the significant value of 0.000 is a demonstration that ROA has significant influence on investment decision. That is, there is the presence of significant influence of ROA of investment decision.

Ho4: There is the absence of significant influence of net profit margin on investment decision

		Correlations	
		Net Profit Margin	Investment Decision
Net Profit Margin	Pearson Correlation	1	.644**
	Sig. (2-tailed)		.002
	N	172	172
Investment Decision	Pearson Correlation	.644**	1
	Sig. (2-tailed)	.002	
	N	172	172

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

The positive value of 0.644 posted above showed the correlation between NPM and investment decision. The value asserts a positive correlation between variables and that the degree of the correlation is strong. The positive value means that increase in a company's NPM will cause increase in investors decision to invest in such a company while a decrease will also result to a reduced investment decision of investors to invest. The 0.000 value which represents the significant influence of the criterion variable on the predictor variable shows the presence of influence that NPM exerts on investment decision. With the value of 0.000 posted, it means that NPM has influence that is significant on investment decision.

10. Summary, Conclusions and Recommendations

Companies that are doing well in their financial performance are seen to be healthy and maximizing shareholders wealth seemed guaranteed. This is why investors and stockbrokers prefer to invest in such companies in order to be sure of returns. Therefore, the study was embarked upon with a mindset of finding out how financial performance influences investment decision from the perspective of investors and stockbrokers. To achieve the study's main objective and the specific objectives, four dimensions of the criterion variable was selected after reviewing some of the dimensions used by various scholars. This led to the formulation of four hypotheses which was tested after gathering primary data using the questionnaire.

The analyses result led to the summary that ROI, ROE, ROA and NPM have significant influence on investment decision. Furthermore, ROI and ROE have very strong positive correlation while ROA and NPM has strong positive correlation with investment decision.

Finally, the higher the ROI, ROE, ROA, and NPM the higher the investment decision and the lower the ROI, ROE, ROA and NPM the lower the investment decision.

The summary of the results and findings are presented as follows;

Hypothesis	Independent Variable Dimensions	Dependent Variable	Probability Value	Pearson Correlation Value	Relationship	Decision
H₀₁	ROI	Investment Decision	0.004	0.868	Very Strong Positive significance	Rejected
H₀₂	ROE	Investment Decision	0.000	0.822	Very Strong Positive significance	Rejected
H₀₃	ROA	Investment Decision	0.000	0.780	Strong Positive significance	Rejected
H₀₄	NPM	Investment Decision	0.002	0.644	Strong Positive significance	Rejected

The study that investigated the presence of influence of financial performance on investment decision came into the conclusion that financial performance influences investment decision significantly as evidenced from investors and stockbrokers. The correlation between the variables is positive and very strong and flows in the same direction. That is, the higher the financial performance, the higher the rate of investment resulting from higher investment decision and when there is a reduction in financial performance, it will cause a reduction on investment due to decrease in investment decision on such business entity.

The following were recommended by the study;

- i. Managers of business entities should employ all skills and techniques that are legal to ensure high return on investment and keep improving on it yearly. When this is achieved, investors will be attracted more to the company.
- ii. High and consistent increase of ROE should be a priority to policy makers of business entities knowing that it will result to increase investment by investors.
- iii. Effective management of resources (assets) at the disposal of business enterprises should be done consciously by all level of management.
- iv. Since the NPM confirms earnings left for shareholders and explains company's ability to earn particular amount of profit by the sale of a unit of her product after deducting indirect and direct expenses, companies should ensure cost effectiveness when incurring expenses in order to keep a good record of NPM. The aim is to attract more investors.

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