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Realities Versus Rhetorics: Focus Shift in Investment Decisions on the Capital Market

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Abstract
This study focuses on investigating whether historical accounting data (fundamental analysis) can be totally responsible for stock performance and companies return on the Nigerian Stock Exchange. It portrays the extent to which shareholders of listed firms are influenced by various criteria in their investment decisions including reliance on the companies' annual financial reports provided by the accounting system. The paper tries to show the impact of Behavioural finance in Nigeria Stock Market. This paper use indicators from different areas of financial Statements and Market Capitalisation such as; profitability, EPS, Book and Market value of equity, and Share prices. Also primary data from investors and stake-holders in the market was collected. Data were selected for five year period from 2013 to 2017. The sample of the study consists of five different sectors of companies listed on Nigerian Stock Exchange having five years consecutive data available. For data analysis the study used Pearson correlation technique. The study noted investors' limited knowledge and understanding of published accounts, which consequently placed limitation on its usefulness to inform their investment decisions. The study therefore concluded that fundamental analysis alone cannot predict stock returns nor determine investors' decision of the Nigerian listed companies. It was discovered that though relegated to the background, behavioural biases has profound significant relation with Nigerian stock market performance and listed companies on the stock exchange, hence influence investors' decision.
Keywords: Habit, Financial-analysis, Stakeholders, Investment-decisions, Listed-companies.
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REALITIES VERSUS RHETORICS:
FOCUS SHIFT IN INVESTMENT DECISIONS ON THE CAPITAL MARKET

Introduction

Investment behavior is defined as how the investors judge, predict, analyze and review the procedures for decision making, which includes investment psychology, information gathering, defining and understanding, research and analysis (Slovic, 1972). The difference between traditional and behavioral finance is an issue of how each discipline is developed. Traditional finance has developed in a normative way; it concerns the rational solution to the decision problem by developing ideas and financial tools for how investors should behave rather than how actually they do behave. In this respect, behavioral finance is descriptive because it offers explanations for what actually happens rather than what should happen.

According to Statman (2008), standard finance has four founding blocks: Investors are rational; Markets are efficient; Investors should design their portfolios according to the rules of mean-variance portfolio theory and, in reality, do so; and expected returns are a function of risk and risk alone. But, Behavioral finance offers an alternative block for each of the foundation blocks mentioned. Investors are 'normal' not rational; Markets are not efficient, even if they are difficult to beat; Investors design portfolios according to their rules of behavioral portfolio theory not mean-variance portfolio theory; and expected returns to follow behavioral asset pricing theory, in which risk is not measured by beta (which is a measure of market volatility) and expected returns are determined by more than risk.

According to Baker and Nofsinger (2002), some of the distinctions between rationality and irrationality in the investment context are a distinction between utilitarian and value-expressive characteristics. The notion of 'rationality' is not so simply. It is extended to other characteristics such as social responsibility, display of wealth, or the excitement of an initial public offering. Proponents of standard finance often regard that the value-expressive motives of investors are unimportant distractions from the bigger notion, namely, asset-pricing models. On the other hand, behavioral finance proponents would incorporate both utilitarian and value expressive traits.

Qualitative research carried out in the past indicates that attitudes to investment risk depend on factors such as personality, circumstances, educational attainment, level of financial knowledge and experience, (Conquest Research Limited, 2004; Distribution Technology, 2005). Quantitative research carried out in the US identifies a

similar range of factors, including income, wealth, age, marital status, gender and level of education (Finke and Huston, 2003). Attitudes to risk change over time (age) as needs alter and people's capacity to afford to loss varies (Conquest Research Limited, 2004). There are indications that willingness to take financial risk decreases significantly among people who are retired or nearing retirement (Finke and Huston, 2003).

Fundamental analysis tends to concentrates on a company's financial information indicators. It is invaluable for someone who is looking for a longer-term investment and is not worried so much about short-term market movements. Technical analysis is a more short-term approach to investing. The concept analyzes charts, past stock pricing and volume data, and examines historical data to find patterns in an attempt to predict future trends. It is the analysis of a company's technical indicators such as price movements, trading volume and business's strength relative to its peers in the same sector/overall market.

In technical analysis, there are three golden rules according to consensus in the market: Rule 1, Stock prices reflect everything that has and might affect a company. All the information an investor needs is reflected in the market price. Rule 2, Movements in pricing are not random. Stock prices move in trends. Rule 3, Price patterns always repeat—given enough time. The repetitive nature of price movements is down to market psychology: Investors are consistent in their reactions.

Investors use fundamental analysis and technical analysis for the predictions of future price movements (Frankkel and Froot 1986, 1990). The purpose of both analysis are to buy the securities when the stock prices of the specific securities are undervalued and sell when overvalued. Sometimes, combination of these approaches is more fruitful because first identifying the undervalued stocks through fundamental analysis and then right timing for the entry in the market through technical analysis.

The traditional financial theories were well constructed to make calculated financial decisions. However, they were unable to explain the disruptions in stock markets. The presence of market anomalies like speculative bubbles, overreaction and under-reaction to new information, are a proof that financial decision making process involves more than a cold, calculative rational agent. Thus, the need for understanding such anomalies and shortcomings of human judgment involved with them became a concern for behavioural finance. These disruptions or anomalies emerged from time to time in the form of stock market bubbles, market overreaction or under reaction and momentum and reversals. In this paradigm, behavioural finance started evolving which tried to provide behavioural explanations to such anomalies, Shiller (2002) and Daniel, Hirshleifer, & Subrahmanyam (1998). The path-breaking work in behavioural finance is credited to the psychologists Kahneman, (2012), who introduced the concept of prospect theory for analysis of decision making under risk. This formed the backbone of behavioural finance. The value function in the prospect theory replaces the utility function in the expected utility theory. Although the efficient market theory might be considered an ideal model enabling the interpretation of market behavior, it has begun to lose ground, and the rationality hypothesis failed to explain the excessive volatility of the returns and trading volume recorded on both developed capital markets and emerging ones. Adding the behavioral finance perspective to the equation can help us to understand better how market agents often react. Assessing market participants' psychological reasoning is very important − since other market players' decisions and actions have a decisive effect upon one's success or failure.

Statement of the Problem

With constant failure of some otherwise prominent listed companies on the Nigerian Stock Exchange, there is a noticeable confusion on what informs investors' decision on the Nigerian Stock Exchange. One wonders, if all were right with the stock market figures and if truly the investors were rational and rely on classical techniques for value of the market. Does investment decision on stocks reflect the true information analysis or traditional techniques on the stock exchange, or are there some other things underlying investors' decisions or sentiments? In other words, is the investment decision on the stock exchange based on fundamental and technical analyses alone or its being influenced by investors behavioral/attitude process? Take for instance the Banking Stocks regarded as a performer on the Nigerian stock exchange by all indicators. It has a very high transaction volume, value and index. The share prices of the banking sector command respect and they are less volatile than any other sector on the stock exchange. Amidst their so claimed impressive figures and performance indices, there is a grave concern. The banking sector that is so highly regarded and respected as a performing star on the Nigerian Stock Exchange, is not positively affecting the economy. Otherwise, why is the national GDP growth going down? There ought to be commensurate positive correlation among all the essential macro-economic indicators. This appears not to be so. In the recent time some enviable banks on the stock exchange have suddenly failed for example , Nigerian Intercontinental Bank, Afri-Bank and Skye Banks to mention a few. This indicates that the indices of stock exchange performance are to be faulted. Except this issue of what influences investment decision in the Nigeria stock exchange is properly sorted Nigeria may be warming up for another round of economic calamity sooner or later as experienced during the global economic-melt down of 2007/8. This is the major concern of this study.

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Study Objectives

This study seek to determine whether the performance of stock in NSE is a true reflection of financial information (classical analysis) or investors' attitude and psychology (qualitative factors), with the intention to determines what influence the investors decision on the stock exchange. Particularly to evaluate the effectiveness of traditional financial analysis in investment decisions; and appraise the impact of investors' personality and attitude on the Nigerian stock exchange performance.

Hypotheses of the Study

1) Ho – Financial information has no significant influence on investors' decision on the Nigerian Stock Exchange performance.
2) Ho – Investors' attitude/sentiments has no significant influence on investors' decision on the Nigerian Stock Exchange performance

Significance of the Study

Relying on wrong information or wrong use of information is always instrumental to wrong decision. Except one knows what are the salient things that are germane for good investment decisions so as to generate consistent reliable economic development, looming disaster will be unavoidable. The outcome will be of tremendous assistance to the economy in general but more so for government and institutional policy makers. This would be essential for economic planning purposes and possible redirection and re-engineering of the market indicator strategies. Also, the study will be useful to individual and institutional investors on the stock exchange as they are the makers and takers in the market whose decisions affect other stakeholders. The market practitioners and other professionals like stockbrokers and jobber will be put on caution as regards fragile and 'insignificant' things that influence investors' decision and stock market performance.

Conceptual Framework

The issues is to determine what influence investors decision on the stock exchange and the market performance. There are two schools of thought. The classical who are mainly fundamentalists and the chartists. They believe and rely on financial statement information and trend for investment decision on one hand, and the behaviorists, who are influenced by sentiments and biases on the other. This group is believed to be generally cautious rather than being totally rational and robotic like their classical counterpart.

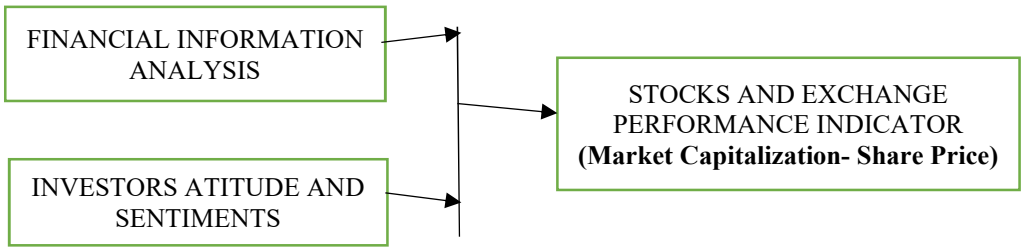

Figure 1 Relationship between Study variables.

For fundamentalists, ability to understand and interpret financial statement are essential whereas for behaviorist understanding the environment and personal attitude are key issues in investment decision. With the background knowledge of constant flop in the market nearly every ten years, this study seek to determine among other things the impact of these two groups on the stock market performance, if the constant flop is avoidable, which of the two options will be helpful, guarantee reliable stock exchange performance and economic development as displayed in figure 1.

Theoretical and Empirical Review

Literature on relationship between the fundamental analysis and stock's valuation has identified that investors make sound investment decisions by analysing the companies' historical data including balance sheet, income statement, other annual report information, related news, industry outlook, and company's dividend declaration announcement Shefrin, (2007). However, the theory of behavioral finance emphasized how decisions are made by investors and how their emotions and cognitive psychology helps them to make wise decisions. Behavioral factors do exist and they make significant affect in investment decisions in the stock market (DeBondt, 1998). According to a finding from a conference held in USA on behaviors towards investment and return expectations of 45 individual investors, personalities managing equity portfolio, showed that: (1) Though investors mostly relied on past performances and forecast the prices of stock market on their past performances. (2) But, investors are mostly were concerned (optimistically) about future performance of their own shares rather than other company (over

confidence – behavioural finance).

According to Chioma Chukwuma Agu (2009), there are two major schools of thought on investors' behavior that influence their decision. These are bandwagon theory and contranian hypothesis. While bandwagon is about herding in which case there is no serious analysis, just follow the lead market makers, which may often mislead rather than helping investors. Contrarians believes that small investors are usually wrong, hence large and majority are always better decision makers and this tend to influence investors decision – majority. Bilmeier, and Massa (2009) opined that even where professional fund managers are engaged, asset price can deviate from their intrinsic value and fundamentals and bubbles can exist.

Binswanger (1999) argues that stock market prices do not accurately reflect the underlying fundamentals, when speculative bubbles emerge in the market as a result of instability and anxiety over other macroeconomic factors, hence irrational investment decisions pervade the stock market. This irrationality is expected and actually goes on to adversely affect the real sector of the economy and this is dangerous (Singh, 1997). A recent survey of financial literature showed that the basic paradigm of asset pricing is in flux. This means fundamental analysis may not be as reliable as was earlier believed. The purely rational approach is giving way to a broader approach which is based on psychology of the investor (David Hirshleifer, 2001).

Evidence have shown that there are biases and sentiments in investment decision. Even evidences now abound that confirm that rather than being totally rational, there are some irrationalities in the decision of most investors which is pertinent to stock perceived performance of a specific stock (Jeffrey, 2002). This will connote or imply departure from the popular efficient market theory. If people are trading on a particular stock without relying on financial or stock information and thus affecting the recognized performance of the stock it means a departure from the known trend and fundamental analysis.

For pricing of securities in Nigeria, it seems there is a departure from world of theories to world of realities as capture by Shiller (2000), who stated that stock prices approximately describe random walks through times. The price changes are unpredictable since they occur only in response to genuinely new information which by the very fact that it is new, is unpredictable and also usually is not simultaneously available to everybody at the same time. This further cast down on efficiency of EMH and outmost reliability on the theory for investment decisions. With all these, the EMH is seemingly loosing prestige among scholars and financial market and the emergence of behavioral finance in the early 90s. Far from being machine like and robotic or rational on decisions, investors form beliefs and attitude on the basis of their emotional involvement, happy or sad feelings. Investors sentiment have been proved to have clearly discernible, important and regular effects on individual firms and on the stock market as a whole and more importantly stocks that are difficult to arbitrage or to value such as banking stock (David Hirshleifer, 2001).

Financial ratios are used to analyze the company's past financial performance, they can also be used to forecast its future trends of performance. As a result, investors can predict the company's performance over the coming years and then facilitates comparison to make the suitable investment decisions. However, the advent Erron- Mobil case in America and Cadbury in UK has cast doubt on total reliability of financial statement and its ratios for watertight convincing investment decisions. Sudden fall of some banks on the stock exchange in Nigeria (Oceanic Bank Plc and Intercontinental Bank Plc) is a case in point, where the financial statements were not revealing any serious problems and their share performance on the Stock Exchange were good, only for The Central Bank of Nigeria to come out late with some revealing woeful facts and figures about their performance that sent them off the market and off the street with many investors bearing the scar. Same thing happened recently (2019) to Skye Bank Plc, taken over by Polaris Bank Ltd out of the blues. These banks financial reports were not indicating any stress or danger on the stock market until the Big bang by the CBN terminating their operations because of dangerous signals in their returns made to the CBN.

Research Methodology

The study was based on a survey design. Information about shareholders or operators' knowledge of the market, exposure in the market, qualification, age, work experience, income level and social interactions were obtained through questionnaire. These primary data were sourced from the stakeholders of the stock exchange. Also secondary data on Share price, (Book and Market values) EPS, Profitability (PBT), and Book value of Equity and Total Market Capitalization were obtained from the published documents (NSE Fact-book and Financial Statements of Companies). Descriptive and Inferential Statistics were used to interpret collected data.

Population of Study and Sampling Techniques

The population of study is the investing public in the Nigeria Stock Exchange from where five (5) sectors were selected using purposive technique, among various groups and categories of investors because of the peculiarity and nature of the study. Fifty (50) respondents were taken from each of the five sectors comprising of: Banking, Oil and Gas, Manufacturing, Beverage and Distribution services as samples. The pattern of questionnaire distribution per sector is as shown in Table 1. In all 250 questionnaires were distributed to shareholders on the

Nigerian Stock Exchange. Simple random sampling technique was employed to select investors used in the study, applying the Taro Yamane sample size determination as reviewed by Glenn (2009). Because of the nature of the survey, subject and people involved, Lagos the hub of commercial activities which also housed a prominent trading floor of the Nigeria Stock Exchange was chosen as study area.

Table 1 Distribution pattern of the questionnaire

Institutional Shareholders	Individual Shareholders	Stock Brokers	Financial Investment Advisers
10	30	5	5

The questionnaire is made up of twenty items on classical analysis and behavioral biases tendencies identified by various authors. To ensure the validity of the questionnaire, experts in the field of psychology and finance were consulted to review the questionnaire on items with relation to comprehensibility, logicality and suitability. To ensure the reliability of the instrument used, the split-half method was used. The alpha (α) reliability coefficients for the first and second halves of questionnaire are 0.7905 and 0.7890 respectively. This indicates that the research instruments are quite reliable. Data collected from the questionnaire and secondary data from stock market were analyzed using one sample *t-test* and Pearson correlation coefficient techniques.

Primary Data Presentation and Analysis

Descriptive statistic data on Table 1 provides information on socio-economic profile of the respondents. 250 Questionnaires were distributed. 213 were returned and 27 were not returned, giving a response rate of 85%. 127 (60%) of the respondents were male while 86 (40%) were females. This confirms that although women also invest in the security market, but most of the activities in the security market are carried out by men. With respect to age distribution of respondents, 37 (17%) of the respondents are 25years and under. Seventy six (36%) are within the age group of 25-45 years, 75 (35%) are within the age group of 46 - 60 years of age and 25 (12%) are within the age group of 60 years and above. This implies that most of the respondents are within the economic active age group, of 25 – 60 years which represents 71% of the total respondents.

Table 2 Response Rate and Respondents' profile.

AGE	Under 25years -37	25- 45 years -76	46-60years -85	> 60years -25
SEX	Male -127	Female- 86		
INCOME LEVEL	Under N1m PA- 23	N1- 4m PA-57	N4-7m PA -66	> N7m -PA 67
SOCIAL STATUS	Socialite – 106	Conservative- 80	Others- 27	
ACADEMICS	Schl Cert & under -73	Dip. and Degree -92	Above degree-48	

Source: Field Work.

On income level, the table reveals that 23 (11%) of the respondents are on income of N1m per annum, 57 (27%) on N1-4m per annum, 66 (31%) of the respondents are on income of N4-7m per annum, and 67 (31%) on income above N7m per annum. The implication of this is that though the sample cuts across diversified groups but, the well to do are more involved in investment in the security market. However, while 80 (37%) of the investors are quiet type, 106 (50%) of them are outgoing society type, while only 27 (13%) of them are neither here or there. This shows that the tendency to be influenced to do what others, friends, relations are doing is very high. On education, 73 (34%) of the respondents have secondary school certificate holders or below, 92 (43%) respondents have various Diplomas and Degrees and only 48 (23%) respondents have higher qualifications. It seems the respondents are very learned - 66%, who are possibly professionals in their fields with little or no time for financial information analysis on investment decision making.

Table 3 Descriptive Statistics of Some Variables.

S no	QUESTION	RESPONSE		
1	**Information is necessary in investment decision do you agree?**	YES – 154	NO – 48	NO IDEA -11
2	**Do you need to be financial literate to invest on the stock exchange?**	YES – 97	NO – 111	NO IDEA – 5
3	**What guides your investment policy, circumstances or financial information?**	CIRCUM -125	FIN INFO - 78	NOTHING – 10
4	**Choosing a stock is based on popularity or publication of financial statement?**	POP -159	FIN ST- 51	INTUTION – 3
5	**In the last five years what has happened to share prices, Static, Falling or Rising?**	RISING - 179	STATIC – 31	FALLING – 3
6	**Do you think investment decision is born out of financial analysis or investors' background?**	FIN ANA - 91	INV BAC – 115	INTUTION – 7
7	**Market information is adequate and equally available to all shareholders to make decisions?**	ADQ – 97	NADQ- 113	NO IDEA – 3
8	**Financial ratio is entirely reliable for investment decisions**	YES – 48	NO – 157	NO IDEA – 8

Source: Field work

Some of the descriptive statistics variables obtained from the respondents revealed the following: 72% of the respondents confirmed that information is vital for investment decisions. This simply means investment thrives on information. Almost half of the respondents 52% confirmed that it is not necessary to be financial literate in order to invest on the stock exchange, while 46% disagreed. That means while information may be necessary for investment decision, it may not necessarily be financial information. No wonder 77% of the respondents concurred that investment decisions are not based on financial statement publications but popularity of the vehicle and personalities involved. In the last five years despite the gloomy economy, 84% of the respondent affirmed that share prices have being rising, a negligible 16% think otherwise. Also, while 42% of the respondents think investment decision is based on financial statement analysis, majority of them thinks investment decision is influenced by investors' background. More so, from the same set of respondents about 45% thinks market information is widely available and evenly distributed while 53% disagreed. Finally a small proportion of respondents say financial ratio is completely adequate for investment decision but 73% disagreed.

SECONDARY DATA PRESENTATION AND ANALYSIS

Secondary data on share price (book and market values), profitability (PBT) EPS and Company's and general market capitalisation were obtained from the published documents (NSE Fact-book and Financial Statements of Companies). These are performance indicators from financial statement of companies and stock market. They were analysed to determine whether financial statement indicators has domineering effect on investors' decision on the stock exchange and stock exchange performance. multiple regression was used to analyse the data, and descriptive and inferential statistics was used to interpret collected data and results. With regards to the secondary data, Preliminary analysis was performed to ensure no violation of the assumption of normality, linearity and homoscedasticity.

A) E TRANSACT PLC

Banks/Year Performance	PBT	EPS	Share Price Book Value	Equity Book Value	Share Price Mkt Value	E TRANS Market Cap	Gen. Market Capitalization
2013	**246,401**	**0.05**	**0.61**	**2,575,923**	**2.56**	**10,752,000**	**N13.23tn**
2014	**604,278**	**0.10**	**0.71**	**2,983,485**	**3.39**	**14,238,000**	**N11.47tn**
2015	**1,063,945**	**0.17**	**0.83**	**3,478,189**	**3.04**	**12,768,000**	**N9.86tn**
2016	**865,131**	**0.11**	**0.84**	**3,507,675**	**5.00**	**21,000,000**	**N9.26tn**
2017	**292,201**	**0.05**	**0.78**	**3,296,080**	**5.00**	**9,996,000**	**N9.19tn**

B) FIRST BANK OF NIGERIA PLC

Banks/Year Performance	PBT	EPS	Share Price Book Value	Equity Book Value	Share Price Mkt Value	FBN PLC Market Cap	Gen. Market Capitalization
2013	70,631	216	9.44	308,101	16.30	531,902,928	N13.23tn
2014	5,683	16	8.52	278,180	8.80	287,162,314	N11.47tn
2015	2,180	6	7.71	277,080	5.13	184,142,856	N9.86tn
2016	7,611	21	7.24	259,705	3.13	120,249,227	N9.26tn
2017	9,382	26	7.30	261,964	7.14	323,057,635	N9.19tn

C) UNIVERSITY PRESS PLC

Banks/Year Performance	PBT	EPS	Share Price Book Value	Equity Book Value	Share Price Mkt Value	Univ Press Market Cap	Gen. Market Capitalization
2013	393,300	60.43	5.02	2,165,626	4.18	1,941,343	N13.23tn
2014	348,117	54.22	5.20	2,242,255	4.22	1,725,625	N11.47tn
2015	199,200	31.62	5.27	2,271,713	6.00	2,027,625	N9.86tn
2016	70,207	16.99	5.47	2,359,805	4.24	2,459,034	N9.26tn
2017	164,941	27.45	5.73	2,472,145	2.28	931,844,529	N9.19tn

D) UACN PLC

Banks/Year Performance	PBT	EPS	Share Price Book Value	Equity Book Value	Share Price Mkt Value	UACN PLC Market Cap	Gen. Market Capitalization
2013	8,604,905	339	10.67	20,491,000	67.00	104,248,262	N13.23tn
2014	5,341,407	225	11.16	21,443,000	34.00	65,309,389	N11.47tn
2015	4,161,970	182	11.23	21,585,000	20.25	33,857,936	N9.86tn
2016	3,014,174	137	11.60	22,291,514	16.81	32,289,729	N9.26tn
2017	3,368,714	160	12.21	23,450,792	16.19	11,237,056	N9.19tn

E) NESTLE NIGERIA PLC

Banks/Year Performance	PBT	EPS	Share Price Book Value	Equity Book Value	Share Price Mkt Value	NESTLE Market Cap	Gen. Market Capitalization
2013	26,047,590	28.08	5.12	40,594,801	1175.00	951,200,000	N13.23tn
2014	24,445,978	28.05	4.53	35,939,643	1011.75	802,000,000	N11.47tn
2015	29,322,477	29.95	4.79	38,007,074	860.00	760,712,000	N9.86tn
2016	21,548,408	10.00	3.89	30,878,075	810.00	642,700,000	N9.26tn
2017	46,828,682	42.55	5.66	44,878,177	1555,99	1,233,365,000	N9.19tn

Test of Hypotheses of the Study

1) Ho – Financial information has no significant influence on investors' decision on the Nigerian Stock Exchange performance.
2) Ho – Investors' attitude/sentiments has no significant influence on investors' decision on the Nigerian Stock Exchange performance

Findings and Results

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Correlations

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Correlations

		Etrans Market Cap	PBT
Etrans Market Cap	Pearson Correlation	1	.592
	Sig. (2-tailed)		.293
	N	5	5
PBT	Pearson Correlation	.592	1
	Sig. (2-tailed)	.293	
	N	5	5

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Relations

		Etrans Market Cap	EPS
Etrans Market Cap	Pearson Correlation	1	.391
	Sig. (2-tailed)		.515
	N	5	5
EPS	Pearson Correlation	.391	1
	Sig. (2-tailed)	.515	
	N	5	5

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Correlations

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Correlations

		Etrans Market Cap	Gen. Market Capitalization	PBT	EPS	Share price Book Value	Equity Book Value
Etrans Market Cap	Pearson Correlation	1	-.367	.592	.391	.514	.490
	Sig. (2-tailed)		.543	.293	.515	.375	.402
	N	5	5	5	5	5	5
Gen. Market Capitalization	Pearson Correlation	-.367	1	-.484	-.366	-.944*	-.952*
	Sig. (2-tailed)	.543		.409	.545	.016	.012
	N	5	5	5	5	5	5
PBT	Pearson Correlation	.592	-.484	1	.968**	.743	.725
	Sig. (2-tailed)	.293	.409		.007	.150	.166
	N	5	5	5	5	5	5
EPS	Pearson Correlation	.391	-.366	.968**	1	.635	.620
	Sig. (2-tailed)	.515	.545	.007		.250	.265
	N	5	5	5	5	5	5
Share price Book Value	Pearson Correlation	.514	-.944*	.743	.635	1	.999**
	Sig. (2-tailed)	.375	.016	.150	.250		.000
	N	5	5	5	5	5	5
Equity Book Value	Pearson Correlation	.490	-.952*	.725	.620	.999**	1
	Sig. (2-tailed)	.402	.012	.166	.265	.000	
	N	5	5	5	5	5	5

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

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

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Correlations

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Correlations

		Share Price Market Value	PBT
Share Price Market Value	Pearson Correlation	1	.020
	Sig. (2-tailed)		.974
	N	5	5
PBT	Pearson Correlation	.020	1
	Sig. (2-tailed)	.974	
	N	5	5

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CORRELATIONS
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Correlations

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Correlations

		Share Pric Market Value	EPS
Share Price Market Value	Pearson Correlation	1	-.173
	Sig. (2-tailed)		.780
	N	5	5
EPS	Pearson Correlation	-.173	1
	Sig. (2-tailed)	.780	
	N	5	5

```
CORRELATIONS
  /VARIABLES=b5 b7 b1 b2 b3 b4
  /PRINT=TWOTAIL NOSIG
  /MISSING=PAIRWISE.
```

Correlations

[DataSet1] C:\Users\Adefemi Emmanuel\Documents\A) E TRANSACT PLC.sav

Correlations

		Share Price Market Value	Gen. Market Capitalization	PBT	EPS	Share Price Book Value	Equity Book Value
Share Price Market Value	Pearson Correlation	1	-.807	.020	-.173	.629	.638
	Sig. (2-tailed)		.099	.974	.780	.255	.246
	N	5	5	5	5	5	5
Gen. Market Capitalization	Pearson Correlation	-.807	1	-.484	-.366	-.944*	-.952*
	Sig. (2-tailed)	.099		.409	.545	.016	.012
	N	5	5	5	5	5	5
PBT	Pearson Correlation	.020	-.484	1	.968**	.743	.725
	Sig. (2-tailed)	.974	.409		.007	.150	.166
	N	5	5	5	5	5	5
EPS	Pearson Correlation	-.173	-.366	.968**	1	.635	.620
	Sig. (2-tailed)	.780	.545	.007		.250	.265
	N	5	5	5	5	5	5
Share Price Book Value	Pearson Correlation	.629	-.944*	.743	.635	1	.999**
	Sig. (2-tailed)	.255	.016	.150	.250		.000
	N	5	5	5	5	5	5
Equity Book Value	Pearson Correlation	.638	-.952*	.725	.620	.999**	1
	Sig. (2-tailed)	.246	.012	.166	.265	.000	
	N	5	5	5	5	5	5

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

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

Triangulation

The result of secondary data analysis corroborated the findings of the primary data analysis hence while null hypothesis one was upheld, the second null hypothesis was rejected. From these findings it can be concluded that total reliance on financial statement information may not be entirely reliable for investment decision as investors' sentiment and biases plays a major role in such decisions

Discussion of the Findings

This section of the paper discuss the result of the findings and examines the relationships between investors' behavioural biases, fundamental analysis and market capitalization, the variable used to measure stock market performance. The direction and the significant levels of the relationships that exist between investors' attitude, financial information reliance and market capitalization, for investment decision by investors using the Pearson Product moment coefficient correlation test are reported.

From descriptive analysis carried out on primary data, it was derived that though behavioural biases are not totally dominant yet in the Nigerian security market, reliance on financial information is very common despite not being not generally understood. This can be summarized to mean that the recent collapse of the market is not due to behavioural biases but an indication of not taking full cognizance of the potency of investors' attitude and biases

With respect to the variable; Book and Market values of share prices, there were wide disparity leading to the conclusion that the true book value of share price does not reflect the market value. No wonder the equity (Company's Book Market capitalization) is terribly below company's market capitalization for each of the chosen

companies. Despite relative stability in equity book values for all companies, there are no reliable steady correlations between PBT and EPS. The implication of these is that financial indicators and indices may be misleading when absolutely followed for investment decisions.

From the financial reports of all the five companies examined, in 2013, there is little positive correlation between EPS and Book Equity Value, possibly because of the forced compliance with International Financial Reporting Standard for all listed companies. However, from 2014 to 2015 the correlation becomes very close but with wider disparity to the market value of equity. The insinuation is market value of equity has little to do with financial statement performance indicator.

This observation seems to tally with the expressed opinion of sampled respondents' majority of who said that investment decisions are not based on financial statement publications but popularity of the vehicle and personalities involved. In the last five years despite the gloomy economy, 84% of the respondent affirmed that share prices have being rising or relatively stable. This is either trait of overconfidence that often result into bubble burst as a result of herding, a follow the leader syndrome associated to behavioural finance. This is not surprising as over 55% of the respondent confessed they respond to circumstance but not financial information, bearing in mind that about 50% of these respondents fall in socio-elite group

Summary and Conclusion

This study examines the impact of Standard financial analysis (fundamental and chartist) and Investors sentiment/behavioural analysis on stock performance and investors' decisions on the Stock market. The research explores what informs investment decisions on the Stock Exchange. Results disclose that though there is a significant relationship between classical analysis and market performance indices, but investors' biases cannot be ignored. Therefore, behavioral finance has to be factored in. Behavioural finance relaxes the assumption of rationality present in standard finance theories and explains that real investors are influenced by their psychological biases. These biases get translated into taking suboptimal decisions that if on a large scale, can cause disruptions and market anomalies. Since such anomalies have a devastating effect on the individual and entire economy financial health, they need to be prevented.

Findings from the Study portrays the extent to which shareholders of firms listed on the Nigerian Stock Exchanged (NSE) are influenced by the contents of published accounts and their biases in making investment decisions. According to the data analysis and tests conducted, it was discovered that:

a. The use of financial statement indicators has little correlation with investment performance and consequence decisions taken by investors.
b. However, more importantly is the issue of investors' priority, background, personality and biases, if this is neglected in investment decisions would result into firms, market and stakeholders peril.
c. Financial indicators represented in ratio analysis plays a vital role in a business forecasting and figuring out the strength, weaknesses, and opportunities of a business enterprise.
d. But, the majority of investor does not understand financial statement, preparation and interpretation.

Investors show less interest in companies' earnings per share, while making investment decisions in the Nigerian Stock market, Shareholders are after the returns (dividend) on their investment and not how management of the company arrives at the figures or decision.

Consequently the extent to which information content of financial statement affects shareholders' investment decision is low; that is if they understand it and its underlying fundamentals at all, implying that there are other factors that have stronger impression on investment decisions by shareholders.

Recommendation

The true value of any stock cannot be totally determined by analysing the earning capacity of the firm, though the stock returns can be predicted using historical accounting data especially financial ratios (Wang, 2007; Tian, 2008). According to Fama, Fisher, Jensen and Roll (2007) stock prices can adjust when new information comes into the market. Emin, Yasemin, Akarim and Sibel (2012). argued in support of the involvement of behavioural aspects in investment decisions made by the investors leading to abnormal returns. Therefore, from the findings of the study and the opinions of early researchers, the following recommendations are made:

a). Other tools other than financial factors has significant effect on decision making which should be taken into consideration.
b). Financial indicators will not say why something is going wrong, or what to do about a particular situation, they only pinpoint area of the problem.
c). Investor who are not conversant with stock market games, should use financial expert or unit trust or investment funds at least to start with or investment clubs for the safety of their capital.

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