THE IMPACT OF FIRM SIZE ON FINANCIAL DECISION-MAKING: EVIDENCE FROM GHANA

ABSTRACT

The study's primary goal was to ascertain the influence firm size has on Ghanaian banks' financial decision-making. A quantitative technique was applied in the study. The study's secondary data came from the financial statements of five commercial banks. These are Ghana Commercial Bank, ADB Bank, SG-Ghana Bank, Zenith Bank, and Fidelity Bank. These commercial banks were chosen using purposive sampling technique. A sample size of 50 was used to collect data for each bank from 2012 to 2021, yielding 10 records for each bank. A double log panel regression model was used to analyse the relationship between financial decision and some key financial performance indicators (KPIs) with financial decision been the outcome variable and return on assets, leverage, total debt, total equity, firm size (Bank size) and time the predictor variables. The Haussmann test was then performed to select the most appropriate model for the banking panel data. Based on the test result (chisq = 2.6279, df=3, p = 0.4526), the FEM was selected. The results showed that return on assets did not have a significant relationship with financial decision making. Leverage was found to be significantly related to financial decision, but the influence was extremely small. Firm size had the biggest influence on financial decision and by far the most significant influence in the decision regarding which capital structure to maintain as a bank. Total debt played a significant positive role in financial decision. The higher the total debt, the more debt the banks tended to take on.

Comment [a1]: Please explain why this this finding occurred on your research.

1. INTRODUCTION

Firm size is important in every business venture; the size of a manufacturing firm must be relatively larger as compared to a firm that deals in servicing of products manufactured externally. In the financial sector where banks and insurance companies are the actors, firm size determines the number of services and products these companies can engage in. In the financial sector, firm size determines an organization's performance and this can be positive or negative (Hsieh et al., 2019). Firm size is capacity driven and this is aided by the number of staff in an organization. However, many organizations such as banks that collapse are often caused by poor decisions from organizational leaders, gross incompetence of staff and small operational staff (firm size) which becomes inadequate to attend to the needs of customers Kamran et al. (2017). Poor decisions made by organizational leaders in banks can influence business performance and productivity in the areas of profitability, "Return on Capital Employed" (ROCE), "Return on Equity" (ROE), "Return on Assets" (ROA) and when these financial returns are poor, in addition to an incapable firm size, business performance plummets affecting business owners, investors and the financial sector as a whole (Dey et al. 2015 ; Ogbeide & Akanji, 2018; Hsieh et al., 2019).

On the African and Ghanaian front, studies have been conducted on firm size and its influences on firm performance (Al-Jafari & Al Samman, 2015 ; Kimondo et al., 2016 ; Ogbeide & Akanji, 2018 ; Musah & Kong, 2019), but none of these studies used firm size as a controlling variable to determine the impact of firm size on financial decisions. Also in the Ghanaian financial sector, financial decision has become a major concern especially after the financial sector clean up that was undertaken by the Government of Ghana in 2017 (Larnyoh, 2019). In the current dispensation, the Bank of Ghana (BoG) has reformed the

banking industry thereby collapsing all banks and savings and loans companies who do not have the capacity to operate as a financial institution (Bank of Ghana, 2019). These banks collapsed because of poor financial decisions made and this was influenced by factors ranging from greedy investments to firm size (Bank of Ghana, 2019). However, studies conducted in relation to the impact of firm size on financial decision-making in the banking sector in Ghana are unavailable which creates a gap that needs attention.

Also, local banks have been opening branches all over the country (Bank of Ghana, 2020), and the firm size will be determined by financial decision-making hence, there is the need for a study to be conducted on the role firm size plays in the financial decision-making of such ventures. This study therefore, seeks to provide empirical evidence in relation to the impact of firm size on financial decision-making among Ghanaian banks and proffer recommendations that would reduce poor financial decisions made by bank owners and investors. Therefore, the researcher wishes to conduct a study on the impact of firm size on financial decision-making using selected banks in Ghana. The main objective of the study is to determine the impact firm size has on financial decision-making of Ghanaian banks. However, specifically, the study seeks to first determine whether there is significant relationship between firm size (total revenue) and financial decision making second determine the relationship between total debt and financial decision making and lastly, determine which variables had the most significant effect on financial decision making. Following this section is methodology, result and discussion and conclusion.

2. METHODOLOGY

2.1 RESEARCH DESIGN

A research design's primary goal is to "help introduce a systematic approach to the research operation, thereby guaranteeing that all aspects of the study will be addressed and they will be executed in the right sequence" (Sileyew, 2019). Surveys, comparative studies, and case studies are some of the research designs that are frequently and consistently used by researchers; however, for this project, the researcher chose a quantitative survey study research design because the study was conducted in more than one unit (commercial banks in Accra). These banks could be owned locally or internationally.

According to Creswell (2014) a "survey study" is one in which researchers collect data from a large number of usually similar samples in their natural surroundings in order to make comparisons and distinctions. Data was gathered and evaluated based on observations and a review of the documents from the commercial banks, which were chosen for the study since it is a quantitative one. According to the researcher, a descriptive cross-sectional survey study was ideal since it can used to investigate how firm size affects the financial decision-making of banks in Ghana. McLeod (2018) argued that a cross-sectional survey study is one in which researchers collect data from numerous but generally similar samples in their natural settings so that comparisons and differences can be made. The research is not experimental. Non-experimental research is a type of research that does not involve the researcher tampering with variables, as each development must occur or happen naturally (Simon & Goes, 2012).

A research strategy is a set of plans and procedures for a study that includes everything from broad hypotheses to specific methods for data collection, analysis, and interpretation (Akaranga & Makau, 2016). In general, study design and methodologies as well as a philosophical research approach could be used. The type of research strategy that can be used to effectively measure, analyse, interpret, and present data based on logic is known as research design (Akaranga & Makau, 2016). Research design is chosen as the research approach because the study's subject is a national issue that could have an impact on anyone on an individual level. Quantitative, qualitative, and mixed methodology research approaches are the three basic categories. All three approaches have been employed in a lot of academic publications; however, this study only used the quantitative strategy. Data collection for this kind of study was done using a quantitative research approach.

By incorporating a wide range of components and giving significance to a research's findings and outcomes, the quantitative method of research adds more to a study according to Kenton (2020). When

using the quantitative research approach, a researcher can use a variety of methodologies, approaches, concepts, or languages in a single study. Quantitative research can also provide logical and practical choices for a researcher to integrate, link, or blend data as needed during a study. Given that firm size is a topic that elicits a wide range of responses, particularly when it comes to its impact on financial decision-making in banks, treating the study with a quantitative approach specifically through the gathering of secondary data would be sufficient to determine the influence of firm size on financial decision using selected banks in Ghana. As a result, the quantitative approach was used, as it produces a more thorough and useful study.

2.2 POPULATION

According to Kenton (2020), According to Kenton (2020), a population is the entire pool from which a statistical sample is taken. A population can be a collection of individuals, objects, occasions, visits, or measurements that have been combined. The target population in this study was selected from a group of Accra-based local and internationally owned commercial banks that provided information on the influence firm size has on financial decision. Financial statements and documents containing such information were accessed. The entire group of units for which the research data are used to draw conclusions is referred to as the "target population" per definition (Kenton, 2020). The defined target population was chosen because these documents included details on the different firm sizes of the chosen banks and how this had affected financial decision-making over time. The researcher believes that using secondary data for the study gives a more realistic picture of how firm size affects the financial decision-making processes of banks in Ghana.

2.3 SAMPLE SIZE AND SAMPLING TECHNIQUE

"Sampling is the process of selecting a sufficient number of elements from a population so that the study of the sample and an understanding of its properties or characteristics would allow researchers to generalize such properties or characteristics to the population elements," according to (Kothari, 2014). Sampling is the process of "extracting or gathering a representative sample from a large population from which the researcher can investigate the smaller group and draw accurate conclusions about the larger group" (Parahoo, 2014).

The sampling method refers to the ability or instrument used to select specific items from a determined total population so that the chosen set can represent and do the work of the entire population (De Vos & Strydom, 2011). In this investigation, non-probability sampling was used as the sample approach.

Non-probability sampling, according to Parahoo (2014), is a quantitative sampling technique that chooses data channels based on their "relevance to the research issue" rather than necessarily aiming for representativeness. Quota sampling, purposeful sampling, convenient, accidental, haphazard, snowball sampling, aberrant cases, sequential sampling, simple random sampling, and theoretical sampling are examples of non-probability sampling techniques. (Creswell, 2014). Purposive sampling was used in this research. Purposive sampling is the deliberate selection of an informant based on their characteristics (Palinkas et al., 2015). This is a non-random sampling technique that does not require any underlying hypotheses or a predetermined quantity of informants. The commercial banks were chosen through the use of purposive sampling, as this study was based on a time series analysis, and also because of their perceived information in the field of firm size and how it impacts financial decisions undertaken by the banks.

One of the most crucial factors is sample size, which denotes the total participants or objects a researcher chooses from a target group (Akaranga & Makau, 2016). The data for the study were secondary data

obtained from the financial statements of the various banks. Five (5) Accra-based commercial banks were chosen as the sample. The banks were Ghana Commercial Bank, ADB bank, SG-Ghana Bank, Zenith Bank and Fidelity Bank. Data was captured from 2012 to 2021 for each bank using a sample size of 50, resulting in 10 records for each bank.

2.4 MODEL SPECIFICATION

In this study, panel data regression analysis was used. Due to the fact that the data set includes annotations for various variables that span various time periods, panel data analysis was performed. As a result, panel data consists of both cross-sectional and time-series data. This gives the analyst more freedom to account for behavioural variations between individuals and firms. It is suitable for this study because it can account for heterogeneity or independent impacts in cross-sectional data while also providing more interesting and insightful data, making it a good fit. Each variable in the panel regression equation has a double subscript, unlike time series or cross-section regression. The panel data model's general structure is as follows:

〖y c〗_(t)= αc + βX c_t + ε c_t ..... (1)

The gerund c indicates the cross-sectional measurement, while the suffix t indicates the time-series measurement. The rear variable y represents the model's dependent variable, which is the business's debt ratio. X is the set of variables used to explain the data in the estimation model; it is assumed to be constant over time (u) and unique for each cross-sectional unit (t).

2.4.1 EMPIRICAL MODEL

The study modifies the standard model used to determine how firm size affects performance. As a result, the empirical model used to investigate this influence is specified as:

Log_Fin_D = β0 + β1 Log_Roa + β2 Log_Lev + β3 Log_TrSize + β4 Log_TotDebt + β5 Log_TotEqui + U

Comment [a2]: Please explain what is the scientific background of this model.

Fin_D = Financial Decision

Roa = Return on Assets

Lev = Leverage

TrSize = Total Revenue (Firm Size)

TotDebt = Total Debt

TotEqui = Total Equity

2.5 VARIABLE DESCRIPTION, MEASUREMENT AND EXPECTED SIGNS

2.5.1 DEPENDENT VARIABLE

Financial Decision

The dependent variable was financial decision, which was calculated by dividing total debt by total assets. The decision to finance comes from two potential sources: first, the company's own funds, such as share

capital or retained earnings. The second source of capital comes from borrowing money from sources outside the company, such as debentures, loans, bonds, and so forth. The balance of an ideal capital structure is the goal of the financial decision. The most crucial decisions for corporate executives to make are financial ones. These are sensible choices that need to be made after careful thought. It decides when, where, and how the company will purchase the fund. Increased share value not only indicates business growth for the company, but also increases investor wealth.

2.5.2 INDEPENDENT VARIABLES

Leverage

Leverage was calculated by dividing long-term liabilities by total equity. Financial leverage is the result of using borrowed money as a source of funding when making investments to increase a company's asset base and produce returns on risk capital. An investment strategy known as leverage involves using borrowed funds—more specifically, different financial instruments or borrowed capital—to boost an investment's potential return.

Return on Assets (ROA)

Profit (after taxes) was divided by the total assets to calculate the return on assets. Return on assets (ROA) measures how profitable a company is in relation to the resources it uses, which are all of its assets. This ratio shows how effectively management uses the total assets at its disposal to generate profits. The ROA informs the business of the returns on the capital invested (assets). The ROA varies between businesses and between industries.

Total debt

The sum of a company's short-term debt, long-term debt, and other fixed payment obligations (like capital leases) that are assumed during typical business cycles is the total amount of debt that the company owes. Liabilities can be broken down into distinct groups using a debt schedule. Debt is not always considered to be current and non-current liabilities. Here are a few examples of what debt is and is not.

Regarded as debt:

- Drawn line-of-credit
- Notes payable (maturity within a year)
- Current portion of Long-Term Debt
- Notes payable (maturity more than a year)
- Bonds payable
- Long-Term Debt
- Capital lease obligations

Not considered debt:

- Accounts payable
- Accrued expenses
- Deferred revenues
- Dividends payable

Total equity

The total equity on a company's balance sheet represents the historical value, or book value, of the owners' stake in the company if all debts were paid off. Total equity, which is equal to total assets minus total liabilities, is made up of the cash investors have put into the company as well as any operating profits. Due to its lower debt burden, a company that has a higher equity ratio than liabilities often has a lesser chance of bankruptcy.

2.6 DATA TYPE AND SOURCE

Secondary data from the financial statements of the various banks served as the study's data source. Data from the banks' annual reports for the years 2012 to 2021 were used in the study.

2.7 ESTIMATION STRATEGIES

The study used the pooled panel data for regression. Additionally, panel data offers more useful information, greater variability, less cross-collinearity between the variables, and more degrees of freedom, all of which contribute to higher efficiency. One kind of model that has constant coefficients, referring to both intercepts and slopes, is a pooled regression model.

Data was pooled and analyzed using the ordinary least squares (OLS) regression method for this study. A statistical method of analysis known as ordinary least squares regression calculates the relationship between one or more independent variables and a dependent variable. By minimizing the sum of squares in the difference between the observed and predicted values of the dependent variable configured as a straight line, the method calculates the relationship between the two variables.

The panel of data was balanced because each bank had the same number of time observations (10). The fact that there were more time observations than cross-sectional units caused the data to be dispersed over a large panel. The best model was chosen using all functional forms of regression, however the double-log model stood out as being very significant. Both the outcome variable and the explanatory variables were log-transformed; hence the double-log model was employed.

3. RESULT AND DISCUSSION

3.1.1 Preliminary Analysis

Table 1 is a summary of the descriptive statistics of six financial variables. Namely, financial decision, return on assets, leverage, total debt, total equity, and firm size. The data was collected from the audited financial statements of five (5) banks including Ghana Commercial bank, Agriculture Development bank, SG bank, Zenith bank, and Fidelity bank. The descriptive statistics results show that the mean score of financial decision making (S.D. = 117.6613), return on assets, leverage, total debt (S.D. = 1553421890.2416), total equity and firm size was 17.4792, 0.0334, 0.8320, 979935210.2800, 171141645.1000 and 7.6220 respectively. However, financial decision making (S.D. = 117.6613), total debt (S.D. = 1553421890.2416) and total equity (292492188.0433) showed large variability about their respective means. That is, deviations from their means were large as shown by their respective standard deviations. With the exception of firm size which had a skewness less than +1 indicating normality, financial decision, return on assets, leverage, total debt and total equity were right skewed.

Table1: Descriptive Statistics of Financial Decision, Return on Assets, Leverage, Total Debt, Total Equity and Firm Size

Variables	Min	Max	Mean	Median	Std. Dev.	Skewness
Fin_D	0.0800	832.8300	17.4792	0.8500	117.6613	6.6524
ROA	-0.0400	0.3700	0.0334	0.0300	0.0522	5.2784
Lev	0.0100	14.4400	0.8320	0.3950	2.0387	5.9612
Total Debt	1212419.0000	5572474712.0000	979935210.2800	7780277.0000	1553421890.2416	1.3837
Total Equity	100424.0000	1028565337.0000	171141645.1000	1283678.5000	292492188.0433	1.5753
Firm Size	6.1200	9.7500	7.6220	6.9600	1.3383	0.5843

Source: Survey Data, 2022

Note: The descriptive Statistics are computed based on 50 observations for all variables obtained from five banks listed on the Ghana stock exchange. Total equity and Total Debt were adjusted to remove the all exponents attached to the variable.

3.1.2 FURTHER ANALYSIS

A double log panel regression model was used to analyze the relationship between financial decision and some key financial performance indicators (KPIs) with financial decision been the outcome variable and return on assets, leverage, total debt, total equity, firm size (Bank size) and time the predictor variables. Table 2 summarizes the result from two panel regression models. Model 1 is the fixed effect model (FEM) and model 2, the random effect model (REM). The F-statistic and the Chi-square statistic for the FEM and the REM respectively were significant at less than the 1% level. Both models fitted the data well. The FEM R^{-2} is 99.15% while the REM R^{-2} is 98.86%. This indicates that 99.15% and 98.86% of the variations in the FEM and REM respectively are explained by the variables captured in them. The Haussmann test was then performed to select the most appropriate model for the banking panel data. Based on the test result (chisq = 2.6279, df = 3, p = 0.4526), the FEM was selected and tested for homoscedasticity, cross-sectional dependence in panels (Breusch-Pagan test), and serial correlation (Breusch-Godfrey Test). The analysis showed that the FEM residual was homoscedastic and did not suffer from cross-sectional dependence (That is, the residuals are not correlated across banks) in the panels which could lead to bias in the results but was serially correlated which means that the estimates though unbiased, consistent and asymptotically normally distributed, was not efficient (That is, minimum variance). To address this, the FEM was adjusted.

The study found an insignificant negative relationship between return on assets, and leverage on the one hand and financial decision contrary to what is highlighted in the literature (Egyiyi, 2022). The explanatory power of the model was also found to be low (adjusted R2 = 10.81) and inefficient (relatively larger standard errors) (Appendix I). However, when total debt, total equity and time was added to the model, its explanatory power (adjusted R2 = 98.86) and efficiency (standard errors) improved significantly. The results from the new model (model…) showed that at the 5% significance level, return on assets (t (95) = -1.4163), p > 0.05), total equity (t (95) = -1.6823, p > 0.05) and time (t(95) = 1.8607, p > 0.05) did not impact financial decision significantly. On the contrary, leverage, total debt and firm size were found to

have significant effect on the financial decisions of banks. As shown in Table 2, we find that leverage has a negative significant influence on financial decision (t (95) = -5.0791, p < 0.001) consistent with (Egyiyi, 2022). Nonetheless, the effect was found to be extremely small (β = -0.0375924) relative to the effect size of the other significant variables. To put this in context, a 1% improvement in leverage will only reduce financial decision by 0.03%. Total debt, on the other hand, was found to be positively related to financial decision (t (95) = 252.3717, p < 0.001). Finally, the results showed that firm (Bank) size has by far the largest impact on financial decision (t (95) = -33.9100, p < 0.001).

Table 2: Fixed Effect Model Adjusted for serial Correlation

Fixed Effects (model 1)

Effect	Estimate	SE	t-value	p	95% CI	
Constant	18.152					
ROA	-0.0128344	0.009062	-1.4163	0.16461	0.031163158	0.00
Leverage	-0.0375924	0.007401	-5.0791	9.753e-06***	-0.05256294	-0.0
Total Debt	1.0033612	0.003976	252.372	<2.2e-16***	0.995319521	1.01
Total Equity	-0.0596953	0.035485	-1.6823	0.10051	-0.13146987	0.01
Firm Size	-17.361979	0.512002	-33.91	<2.2e-16***	-18.3976014	-16.
Time	0.0191322	0.010282	1.8607	0.07033.	-0.00166527	0.03
R^2	0.99322					
$\overline{R^2}$	0.99149					
F-Statistics	952.662	DF (39)		<2.22e-16		

Table 3: Random Effects (model 2)

intercept	18.995013	0.35409	53.644	<2e-16***
Total Debt	0.992939	0.01533	64.7558	<2e-16***
ROA	-0.014182	0.01896	-0.7479	0.4545
Firm Size	-18.083	0.28668	-63.0778	<2e-16
R^2	0.9893			
$\bar{R}^2$	0.9886			
Chisq	4251.48	DF(3)		<2.22e-16
Hausman Test				
Chisq	2.6279	Df=3		p = 0.4526

Table 4: Random Effects (model 2)

Ho	Fixed Effect
H1	one model is inconsistent

LM Test (Breusch-Pagan)			
Chisq	0.53277	Df=1	P = 0.4654

Breusch-Pagan Test for cross-sectional dependence in panels			
Chisq	13.964	Df=10	P = 0.1746
Breusch Pagan Test for serial correlation			
Chisq	7.0269	Df=6	P = 0.3184

3.2 DISCUSSIONS

This study's goal was to ascertain how firm size, leverage, and return on assets affected financial decisions. However, the model containing only these variables exhibited inadequate explanatory power as well as inefficiency. Thus, the study also incorporated total debt, total equity and time to investigate their respective impacts on financial decision which addressed the issues of model inadequacy and inefficiency. The analysis identified leverage, total debt and firm size as the significant factors impacting financial decision. But practically, the influence of leverage on financial decision was found to be extremely small and thus may not carry a lot of weight in determining whether to rely on internal or debt financing. In contrast, however, firm size had a large impact on financial decision. What this means is that the bigger banks (firm size), which is negatively related to financial decision, tended to rely on internal funding rather than debt as supported by the pecking order theory postulated by Myers & Majluf (1984) and is consistent with the findings of (Egyiyi, 2022). But in this study, the coefficient for firm size was much larger than that of Egiyi's. This may be due to the different industries and countries in which the study was conducted. Our study concentrated on listed banks on the Ghana Stock Exchange, whereas Egiyi's study focused on all listed companies on the Nigerian Stock Exchange, regardless of industry. Also, firm size impacts decision making in multiple and complex ways. For example, firm size determines how firms deals with international competition, regularity of recreating and introducing products, promptly responding to customers' needs and requirements, and maintain competitive cost and operating levels (Cândido & Santos, 2015). It must be noted however, as articulated by Taebi Noghondari & Noghondari (2017) that though the size of a firm matters in the decision-making processes especially decisions in relation to financial planning, firm size creates a situational problem for organizational leaders with respect to decision-making; because, financial decisions to employ more people may not serve intended purposes which implies that, "Returns on Investments" (ROI) might not become possible. So, success in decision making is not only determined by firm size but also is heavily dependent on the effectiveness of decisions made by organizational leaders (Al-Rdaydeh et al., 2018). Thus, bad decisions by the leaders of organizations may spell doom for firms even if they are large.

Total debt was shown to have a significant positive relationship with financial decision suggesting that as banks total debt increase, they tend to take on more debt. However, such strategy may pose serious risks to the business in the sense that high debt levels make it difficult to cope with extreme situations such as financial challenges (Bancel & Mittoo, 2004) as is currently happening in Ghana. What this suggest is that high debt levels strips firms of financial flexibility that makes it possible for them to better handle challenging situations such as increased interest payments on debts during a financial crisis. Hence, greater flexibility could be achieved by turning to internal financing. Again, high debt levels could discourage shareholders who are risk averse because in the event of a default or insolvency the debt providers would be settled first potentially putting shareholders capital at risk. Potential shareholders may also avoid such highly indebted firms due to the lack of confidence brought on by the increased interest payments. For a given operational risk, as pointed out by (Guffey et al., 1995), financial distress may worsen as the debt level piles up.

However, the results suggest that return on assets, total equity and time do not significantly influence financial decision making. This was particularly an unexpected result with respect to return on asset. This could perhaps be due to the degree of freedom problems occasioned by the lack of data.

4. CONCLUSION

The purpose of this study was to look into the relationship between financial decision making and return on assets, leverage and firm size as well as determine if other financial variables influence financial decision making of listed banks on the Ghana stock exchange. We included total debt and total equity as the other financial variables in the panel regression model. The results show, surprisingly, that return on assets did not have a significant relationship with financial decision making as suggested by (Egyiyi, 2022). Further findings indicate that even though leverage was found to be statistically significantly related to financial decision, practically, the influence was extremely small. The findings from this study also suggest that firm size has the biggest influence on financial decision. That is, firm size has by far the most significant influence in the decision regarding which capital structure to maintain as a bank. As a result of this large effect, banks must note that firm size is a necessary condition in taking financial decisions but not sufficient. The banks in addition require their leaders to be effective in their decision making (Al-Rdaydeh et al., 2018) to avoid plunging their organizations into financial difficulty. This study further argued that total debt plays a significant positive role in financial decision. That is, the higher the total debt, the more debt the banks tended to take on.

Overall, this study provides crucial insights into the relationship between financial decision making and the key financial variables investigated here. First, for firm size to have a positive influence on financial decision, then decision making at the leadership level must be effective. In other words, as the banks turn to internal financing, leadership decisions with respect to resource use must be effective. Second, taking on more debt to deal with high total debt could impair the banks' ability to be agile or flexible in situations of extreme financial challenges when interest begins to escalate.

Notwithstanding the findings enumerated above, this study suffered from degree of freedom problem due to the small sample size. As a result, it was not possible to investigate whether significant differences in financial decision existed between the banks in this study. Perhaps, it may also explain why return of assets was not significant. However, despite this limitation, the results from the study provide a useful insight into how financial decision is influenced by total debt and firm size with caveats.

Finally, further studies to investigate the relationship between financial decision and key financial variables will have to be undertaken to determine whether there is significant differences in financial decision making between the banks listed on the Ghana stock exchange.

While the current study examined the relationship between financial decision and return on assets, leverage, total debt, total equity, and firm size using five (5) banks listed on the Ghana stock exchange, future research should increase the number of listed banks as well as non-listed banks to address the degree of freedom problem encountered by this study and expand the purview of any findings. Meanwhile, Banks relying on internal funds to finance their operations must do so efficiently and effectively to derive the benefits associated with firm size. On the other hand, banks relying on debt financing must do so with caution since there is the risk of interest escalating in the current economic climate.

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