Acta Universitatis Danubius
ŒCONOMICA

Firm's Characteristics and Firm Performance: Evidence from Non Financial Companies in Nigeria

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Abstract: This study set out to examine the impact of firm characteristics on firm performance of non-financial companies listed on the Nigerian exchange group. . The sample for this research consisted of the 113 non-financial global firms that were listed on the Nigeria Exchange Group as of March 5, 2021. Purposeful selection was used to choose 76 Nigerian firms with a focus on non-financial services that are listed on foreign stock markets. The study looked at information from businesses' annual reports over a period of 11 years using the Generalized Method of Moments (GMM) estimate (2010-2020). Some of the aspects of businesses that are examined include: size (FSIZE), age (FAG), growth rate (GRATE), financial leverage (FLR), liquidity (LQ), free cash flow (FCF), business risk (BR), tangibility of assets (ATANG), and value added productivity (VAP) (VAP). The use of least squares multiple regression on panel data allowed us to evaluate the hypotheses. The GMM estimator found that firm size (= 0.0251), liquidity (= 0.1534, p-value = 0,023), and assets tangibility (= -0,3021, p-value = 0.017) all have positive and statistically significant relationships with DPR, while the age of the business (= -0.061, p-value = 0.615) has a negative but not statistically significant effect on VAP. Positive correlations were also found between other factors like growth rate, financial leverage, free cash flow, and business risk and the VAP of the sampled companies, but these correlations were not statistically significant (= 0.0743, p-value =0.125, =0.1144, p-value =0.512, =0.0016, p-value=0.612, =0.0041, p-value =0.517). Findings from this study imply that in order to boost their businesses' performance, managers of publicly traded Nigerian non-financial organizations should pay close attention to the firm size, liquidity, business growth and tangibility of their firms' assets.

Keywords: Value added productivity, financial leverage, asset tangibility, business risk and growth rate

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Introduction

Profits are dispersed to shareholders based on a decision made by the company's financial managers. Because of the potential impact of poor strategic financial management on the value of a firm, top executives play a crucial role in the day-to-day running of their respective enterprises. According to studies done by (Al-Najjar & Kilincarslan, 2017).

Retained earnings, which are a reflection of the money that comes in from shareholders, are one of the key methods in which a corporation may expand. Should we re-invest our profits or distribute them to stockholders? This action, which seems to be rather straightforward, has really sparked a surprising amount of debate. Retained profits continue to be one of the largest mysteries in strategic finance, despite significant theoretical and empirical efforts to shed light on its behavior pattern. Therefore, in order to ensure that money will be retained to maximize shareholder value, the board of directors and management must strike a balance between these concerns. that is, taking into account (Epetimehin & Obafemi, 2015).

Firm performance is crucial to the realization of the business plan and the growth of the company's worth, thus it's important to learn what drives that performance for your specific organization. Leaders may use this information to evaluate their company's health, benchmark their strategies against the competition, and reinvest profits to grow their organization. Profitability, growth rate, risk profile, financial leverage, free cashflow, liquidity, tangible assets, age, and size are only few of the factors that set one firm apart from another, as stated by Al-Najjar and Kilincarslan (2017). Every time a financial management is faced with a decision that might have an impact on the company's bottom line, they should keep these things in mind.

As a result of the empirical research conducted on the issue, financial experts, academics, and corporate management have paid a great deal of attention to business features in an attempt to enhance financial outcomes. Earlier studies that analyzed the firm's unique traits and financial performance in Nigeria yielded conflicting conclusions.

Akindele (2012), Olusanmi, Uwuigbe, and Uwuigbe (2015), and other studies have examined the variables that influence the profitability of publicly listed enterprises (reviewed in Olusanmi, Uwuigbe, and Uwuigbe, 2015). Many researchers have overlooked the contributions of Nigeria's NFEs despite their centrality to the country's economy, including Arif and Anees (2012), Khidmat and Rehman (2014), and Otieno and Nyagol (2016). Previous studies on financial performance in Nigeria, such as Soyemi (2014) and Epetimehin and Obafemi (2015), proxied aspects of financial success using measures of solvency and liquidity, but they ignored firm size and growth rate. Research is few, and the few that do exist, including Patrick's (2015) and Suheyli's (2017), all hail from countries other than the United States

(2016). (2015). Filling a gap in the literature, this study of non-financial companies listed in stock exchange group as the research area to examine the impact of firm specific characteristics on financial performance of listed non-financial companies in stock exchange group in Nigeria . This deficiency indicates that more research into other economic areas is needed to provide sufficient verified data on the topic. For this reason, the researchers set out to analyze the more variables that need to be put into consideration while addressing firm characteristics of non-financial companies traded on the Nigerian Stock Exchange. The broad of objective of this study is to examine the effect of firm specific characteristic on firm performance of listed non-financial companies in Nigeria exchange group .while the specific objectives are to:

Examine the effect of firm size on value added production of non-financial companies listed on Nigeria Exchange Group

Examine the effect of business growth on value added production of non-financial companies listed on Nigeria Exchange Group

This investigation sought to answer the following question:

What is the relationship between firm's specific attributes and value added productivity of listed non-financial companies on Nigeria exchange group?

2. Literature Review

2.1. Firm Performance

Professionals in the fields of business and strategic management put a premium on the achievements of multinational corporations. This is of utmost importance to business leaders everywhere because of the direct link between financial health and survival. A growing stock price is good news for everyone involved in the company, and this is achieved via increasing revenue. Managers put in more time than the average worker because they are accountable for more and care more about the company's success. Investors, both current and potential, value a company's history of punctuality in making capital payments (Valentin, 2013). How successfully a business achieves its primary goal, which is to create revenue, is a major factor in the company's performance and the amount of money it generates (Banafa et al., 2015). One possible proxy for a company's financial health is its financial performance during a certain time period. It's possible to compare organizations both inside and outside of the same industry when it comes to their financial performance. The corporation must take all precautions to guarantee its financial stability while profit maximization is its top priority (Yahaya & Lamidi, 2015).

2.2. Value Added Productivity

The literature on corporate governance makes extensive use of several types of performance measurements, but value added productivity stands out as one of the most often used metrics for company management. Rouf and Abdur are the ones in the know. Once upon a time, the rate of return on a company's total assets was considered to be the standard by which to measure its profitability (Rouf & Abdul, 2015). This demonstrates the board's and management's ability to maximize corporate resources. By calculating this ratio, a corporation may demonstrate to its stockholders the ROI they have earned from their capital expenditures. A company's rate of return on total assets is the most accurate indicator of its asset utilization efficiency. By analyzing the company's return on assets, shareholders may get an idea of how well management is using shareholder capital. It's a measure of a business's capacity to turn a profit relative to its net income. Rate of return (expressed as a percentage) on actual invested capital is one metric used to evaluate a bank's profitability (Alkassim, 2005).

Firm's Specific Characteristics

Most significantly, a company's performance may be affected by its I profitability, (ii) liquidity, (iii) growth rate, (iv) size, (v) financial leverage, (vi) business risk (vii) age, and (viii) tangibility of assets (Uwuigbe, 2013, Al-Najjar & Kilincaslan, 2017). More specifics regarding these features are provided below.

Profitability

The general consensus is that profitable businesses do particularly well, indicating a favorable correlation between profitability and the success of businesses. This claim lends credence to the signaling hypothesis (John & Williams, 1985), which hypothesized that corporations with large profits would be more likely to pay dividends to their shareholders as a way of advertising their success. A negative signal is sent to the market when similarly situated enterprises with weaker financial circumstances are unable to match the performance of such firms.

Liquidity

A company's liquidity is evaluated by how easily its current obligations can be met out of its available cash and short-term assets. It is anticipated that businesses in a healthy liquidity situation would do better than those in a precarious one (Alaeto, 2020). Jensen (1986) suggested that corporations may lessen the impact of the agency issue by increasing the breadth of their output in order to limit the discretionary funds available to corporate managers and therefore curb their propensity for engaging in exploitative activity. For this reason, liquidity might be seen as a means of reducing agency costs.

Growth Rate

Uwuigbe (2013) argues that businesses having access to many investment opportunities and the capacity to expand their operations would retain more of their revenues to reinvest due to the reduced costs associated with doing so. The investment growth potential of a firm is what drives its success, according to Baker and Powell (2012). Evidence indicates a firm's growth potential affects its strength to growth rate, since new investments use up capital.

Firm's Size

Baker and Powell (2012) state that a company's success is proportional to its size. This suggests that the firm's success is proportional to its size. According to the research, smaller enterprises might settle for poor performance because of the high processing costs they are likely to encounter when seeking finance from other sources. As a consequence, this research considers a firm's size to be an important distinguishing characteristic that managers commonly take into account when ranking performance.

Financial Leverage

High-levered firms often reinvest earnings in the expansion of the company rather than paying dividends to shareholders (Manos, 2002). While debt levels were shown to have no effect on financial performance by Kirkulak and Kurt (2010), they did find that as debt levels increased, so did the enterprises' profitability.

Business risk

Companies with high levels of operational risk are more likely to fail, thus they want to reduce their exposure during times of economic uncertainty, as stated by Al-Shubiri (2011). According to the pecking order hypothesis, corporations would typically opt to maintain free cash flows to fund business operations, which reduces their risk, since external finance is the most costly method of financing.

Business Age

Mueller's (1972) life cycle idea, as articulated by Bello & Lasisi (2020), asserts that all companies go through unique stages that, depending on the stage the organization is presently occupying, have significantly different features. Companies that have been around for a while tend to be more profitable and keep a larger portion of their revenues, but they also have less resources to spend. Younger businesses, on the other hand, underperform because they are confronted with new growth prospects but do not yet have the profit buffers to support those possibilities.

Theoretical Framework

Although there are various theories in the literature that explain firm performance, agency theory was chosen as the most applicable theory for the investigation.

Theory of Agency

Adam Smith's agency theory, developed in the 18th century, was the first to characterize the relationship between a principal and an agent in a contract. "A contract in which one or more individuals (the principal(s)) engage another (the agent) to execute certain services on their behalf while delegating some decision-making power to the agent," write Jensen and Meckling (1976) to describe an agency relationship. The agent and principal will both do everything they can to get the most out of the arrangement.

According to this hypothesis, the main source of agency problems is the pervasive lack of information and the associated widespread uncertainty that affects most firms. The physical distance between the agent and the principal is the root cause of the agency issue of conflict of interest. This difficulty arises from the general expectation that, in exchange for compensation, an agent would act in the principal's best interests. This is not always the case, however, since the agent serves just his own interests (Marques & Conde, 2000). "(Marques & Conde, 2000)"

Because managers and stockholders demand different things, a conflict of interest agency issue arises. For instance, shareholders may prefer that a company not invest any of its surplus cash in potentially risky new ventures. Such investments may help management, but they may not benefit shareholders.

A company's leadership may waste resources on useless projects despite knowing full well that doing so will not boost shareholder value if other priorities take precedence. The purpose of this study needed an application of agency theory.

Empirical Review

Pandy (2001) looked at 248 publicly traded Malaysian companies' stock performance between 1993 and 2000. The findings reveal that corporate success is impacted by profitability, firm size, and investment possibilities. These findings also indicated that larger, more prosperous firms were more likely to expand. Companies with a high rate of return on investment. Malkawi (2007) analyzed the factors influencing business success in Jordan from 1989 to 2000. The size, age, and profitability of a corporation were shown to be significant factors in the corporate sector in Jordan. The studies also revealed a high degree of consistency between the assumptions of pecking order and agency problems. Uwuigbe (2013) analyzed the success factors of 50 publicly listed companies in Nigeria. We used a judgemental selection technique to choose yearly reports from 2006-2011 and evaluated them using regression. The study found a positive correlation between financial success, business size, and board independence for Nigerian publicly traded companies.

The factors that contribute to the growth of certain breweries in Nigeria were analyzed by Inyiama, Okwo, and Oliver (2015). Secondary data from chosen firms' annual reports and financial statements from 2000 to 2013 were analyzed for this

study. Corporate governance, earnings per share (EPS), and the market price of equity shares were all found to have positive and statistically significant relationships in a multiple regression analysis, while EPS had negative and insignificant relationships with net asset value (NAV) per share and total assets. Retained earnings have been shown to have a positive, if small, effect on a company's success. In a similar vein, Adelegan et al. (2017) investigated what factors influence the performance of businesses in Nigeria. Data was collected from 221 publicly listed industrial companies in Nigeria between 2005 and 2013. For the analyzed group of Nigerian companies, ordinary least squares revealed a positive connection between performance and net income (profit after taxes) and earnings (distributable to shareholders). Statistical analysis of the performance of publicly traded Nigerian manufacturing companies found that financial leverage and the market to book value coefficients were not significant indicators of firm success.

Sanyaolu, Onifade, and Ajulo looked examined the factors that contributed to the success of the aforementioned food and beverage and cement companies in Nigeria (2017). Five companies' financial reports and records for a total of eight years were analyzed (2008 to 2015). The investigated model was estimated using panel least squares. Firm performance was shown to be positively correlated with EPS and dividend payments, and significantly inversely correlated with tangible assets and growth rate.

Alaeto (2020) did similar research, this time on the variables that affect the performance of Nigeria's publicly listed non-financial businesses. Both dividend intensity and the firm performance ratio were used as surrogates for dividend payment. Return on assets (ROA), firm size (FSIZE), debt ratio (DR), growth potential (GR), liquidity ratio (LR), and tangibility of assets were chosen as explanatory variables (ATANG). Information was collected from the annual reports of 74 non-financial companies trading on public stock exchanges between 2013 and 2017. This study found a positive relationship between company success and ROA, GR, and LR, and a negative relationship between business performance and FSIZE, DR, and a return on investment (ROI) in the form of return on total asset value (ATANG).

Bello and Lasisi (2020) analyzed the factors affecting the performance of Nigerian consumer products companies that are traded on public exchanges. Using an ex post facto research strategy, we analyzed information for nine (9) firms in Nigeria from 2015-2019. Panel secondary data extracted from the annual reports of the selected publicly traded companies was analyzed using Ordinary Pool Regression. The selected listed organizations' operational performance was positively correlated with their business risk and life cycle. The measurable nature of an organization's assets was shown to have a detrimental impact on its productivity.

Insufficient Studying. It is clear from a study of the relevant empirical literature that the majority of studies in Nigeria only examined a limited collection of firm characteristics, rather than including a more comprehensive set of variables into their examination of patterns of firm performance (such as business risk, free cash flow, asset tangibility, and so on). There haven't been many studies done in Nigeria that employ eight to ten variables of firm characteristics to assess business performance. In light of this assumption, we set out to investigate what factors are associated with the financial performance of Nigeria's listed non-financial businesses. To build a more robust model, researchers pooled together previously separate factors.

3. Methodology

In order to analyze the relationship between the factors, the researchers employed secondary data using an ex post facto research approach (Okoro & Ihenyen, 2020). The sample for this research included of one hundred and thirteen (113) global non-financial firms listed on the Nigeria Exchange Group as of 5th March, 2021. We used a purposeful selection method to choose 76 of the Nigerian stock exchange's listed non-financial multinational firms. The Generalized Method of Moments (GMM) estimator was used to analyze data gathered from the annual financial reports of 76 non-financial multinational enterprises selected at random from 2010 to 2020. The period was chosen to include the COVID-19 pandemic and to correspond with the publication of Nigeria's most recent corporate governance legislation amendment (in 2018). To analyze the data, we turned to the widely-used generalized method of moments estimator (GMM estimator).

Table 1. List of Selected Non-Financial Listed Firms for the Study

Sectors	Population	Sample	Percentage %
Agriculture	5	4	80
Conglomerates	5	5	100
Construction & Real Estate	9	2	22
Consumer goods	20	16	80
Healthcare	10	6	60
ICT	9	4	44
Industrial goods	15	10	67
Natural Resources	4	4	100
Oil & gas	11	8	73
Services	25	17	68
Total	**113**	**76**	

Source: Authors' Compilation, (2022)

Table 2. Measurements of Proxies for Variables of the Study

S/N	VARIABLES	SYMBOL	MEASUREMENT	PREVIOUS STUDIES
	Dependent Variable			
1	Value Added Productivity	VAP	Net Profit after Tax/ Total Assets	Al-Najjar & Kilincaslan (2017), Alaeto, (2020)
	Independent Variables			
2	Firm Size	FSIZE	Natural log of Total Assets	Alaeto, (2020), Mahira (2012), Bahaa, (2015)
3	Firm Age	FAG	Year of Financial Report - Year of founding the firm	Bostanci, Kadioglu & Sayilaan, 2018)
4	Growth Rate	GR	Current- Previous Assets/ Previous Assets	Mahira (2012), Nguyen, (2015)
5	Financial Leverage	FLV	Total debts/ Total Assets	Al-Najjar & Kilincaslan (2017), Alaeto, (2020)
6	Liquidity	LQ	Current Assets/ Current Liabilities	Alaeto, (2020), Dewasiri *e tal*, 2018
7	Free Cashflow	FCF	Cashflow per share	Al-Najjar & Kilincaslan (2017)
8	Business Risk	BR	Current - Previous OP/ Previous OP	Muhammad & Muhammad, (2016)
9	Asset Tangibility	ATANG	Fixed Assets/ Total Assets	Nguyen, (2015), Bello & Lasisi, (2020)

In this study, the authors modified a regression model originally created by Muhammad and Muhammad (2016) to incorporate evidence-based considerations. The study's assumptions and objectives might be tested, confirmed, or refuted with the use of this approach. Here is how the model is described functionally: not to mention the other eight (8) justifications

VAP = f (FSIZE, FAG,GR, FLV, LQ, FCF, BR, ATANG)

The econometric specification is as follows:

$(VAP)it = b0 + b_1(FSIZE)_{it} + b_2(FAG)_{it} + b_3(GRATE)_{it} + b_4(FLR)_{it} + b_5(LQ)_{it} + b_6(FCF)_{it} + b_7(BR)_{it} + b_8(ATANG)_{it} + \varepsilon it$

Where:

VAP = Value added productivity (proxy for firm performance), FS = Firm's Size, FAG = Firm's Age, GR = Growth Rate, FLR = Financial Leverage, LQ = Liquidity, FCF = Free Cash Flow, BR = Business Risk, ATANG = Tangibility of Assets

b_0 = Intercept for X variable of company

b_1– b_9 = Coefficients of business-related explanatory variables indicating their relationships to the observable (or parameters),

e = Error term

i = cross sectional of the vector of the variables

t = Time series of the vector of the variables

Statistical methods ranging from the purely descriptive to the more inferential were employed to examine information gathered between 2006 and 2020. Inferential statistical methods, such as correlation and regression analysis, were used in the investigation. The strength of the association between the variables of interest was calculated using Pearson correlation, and the hypothesis was tested using the panel data regression method, which examined the relationship between the explanatory factors and value added productivity.

Findings and Discussions

Descriptive Statistics

Companies with public listings in Nigeria were included in the study. All of the study's variables have been summarized in Table 2, which provides descriptive statistics.

Table 3. Descriptive Statistics for the Selected Listed Non-Financial Firms

Variables	No of Observations	Mean	Standard Deviation	Minimum	Maximum
Value added productivity	120	0.4250	0.5170	0.0000	2.0200
Firm's Size	120	7.7456	0.5215	6.0800	9.0800
Firm's Age	120	42.7500	12.5557	12.0000	69.0000
Growth Rate	120	0.2138	0.5331	-0.6700	3.8100
Financial Leverage	120	0.7390	0.2710	0.1000	2.4800
Current Ratio	120	1.09000	0.9251	0.1900	9.5700
Free Cash Flow	120	7.8517	11.1863	-14.2000	43.5800
Business Risk	120	0.0908	7.2521	-15.6600	74.4400
Assets Tangibility	120	0.4487	0.2442	0.0700	0.9000
Valid N (Listwise)	120				

Source: Author's Computation, 2022.

Table 2 shows that the average value added productivity for non-financial companies listed on the Nigerian Stock Exchange (NSE) is 42.50%, with a range of 0.00% to 202.00% and a standard deviation of 46.60%. Standard deviations are 3.55 percent for firm size (0.5215), 12.5 percent for firm age (12.5557), 0.5 percent for growth rate (0.5331), 0.5 percent for financial leverage (0.5331), 0.2 percent for free cash

flow (0.2711), 7.2 percent for business risk (0.2442), and 0.2 percent for tangibility of assets (0.2442). This indicates significant variation in how firm-specific qualities are measured throughout the sample of non-financial companies.

A Study of Correlation Analysis

Table 3 displays the correlation matrix for the variables used to investigate the link between value-added productivity (dependent variable) and the eight (8) explanatory factors and the other explanatory variables.

Table 4. Correlation Matrix of All Variables (2006 -2020)

	VAP	FSIZE	FAG	GRATE	FLR	LQ	FCF	BR	ATANG
VAP	1.000								
FSIZE	0.0953	1.0000							
FAG	0.3868	0.4718	1.0000						
GRATE	0.0188	-.1685	-.2902	1.0000					
FLV	0.0985	0.0074	0.0001	-.1431	1.0000				
LQ	0.0750	-.0968	-.0599	0.0637	-.4660	1.0000			
FCF	0.3002	0.1587	0.4564	-.0485	0.0677	-.0333	1.0000		
BR	0.0025	-.1112	-.1045	0.0214	-.0346	-.0225	-.0027	1.0000	
ATANG	-.1955	0.1699	-.1990	0.0666	0.0714	-.0959	-.1986	0.0704	1.0000

Source: Author's Computation, 2022

The linear link between the explanatory variables varies in intensity from a low of -29.02 percent to a high of 47.18 percent (correlation coefficients). According to Gujarati (2004), the presence of multicollinearity only becomes an issue when the pair-wise correlation coefficient between regressors is more than 0.80. There is little cause for worry about multicolinearity among the explanatory factors, as shown by Table 3's display of small cross-correlation terms for the explanatory variables.

Multicollinearity Test

Panel least square estimate relies on the hypothesis that the exogenous variables are not fully or substantially linked. We argue that the explanatory variables are orthogonal to one another if and only if there is no correlation between them. The relationship between these independent variables is shown in Table 4 using the VIF. Since all of the VIFs are less than 10, there is no need to be concerned about

multicollinearity among the variables. So long as your VIF is under 10, you're in the majority.

Table 5. Variance Inflation Factor

Variable	VIF	1/VIF
FSIZE	1.46	0.6832
FAG	1.84	0.5435
GR	1.14	0.8799
FLV	1.45	0.6126
LQ	1.31	0.7613
FCF	1.32	0.7557
BR	1.08	0.9243
ATANG	1.19	0.8421
Mean VIF	1.33	

Source: Author's Computations 2022.

Heteroskedasticity Tests

The assumption of homoscedasticity (constant variance) of disturbances was further checked using the Breusch-Pagan/Cook-Weisberg test for heteroskedasticity, and its chi result of 1.14 with a p-value of 0.2849 confirmed the constant variance of the data set.

Regression Analysis

Pooled ordinary least square (OLS) models, fixed effect (FE) models, and random effect (RE) models are traditionally compared and contrasted in regression analysis. The choice between the random effects (RE) and fixed effects (FE) models for this investigation is based on whether the individual impacts were fixed or random. A model with fixed effects was chosen over a model with random effects using the Hausman test. The probability of 0.0044, which is much lower than the 5% threshold, from the Hausman test suggests the fixed-effects model is suitable.

For this reason, Table 5 displays the results of the pool OLS, fixed-effects, and random-effects models for the impact of firm-specific factors on firm performance of the selected Nigerian non-financial companies. The R2 score of 0.2451 (or 25%) indicates that the sample regression line is only around 25% accurate. Furthermore, the explanatory variables (FSIZE, FAG, GRATE, FLR, LQ, FCF, BR, and ATANG) account for around 25% of the total variation in the firm performance of the non-financial companies under analysis. With an F-statistic (9, 99) = 1.87 and a P-value of 0.0424, the model seems to be valid and reliable at the 0.05 level of significance. Below, we examine how each explanatory variable relates to the variable under study (VAP).

This table shows the results of a regression study that looked at how different firm-level factors affected the financial performance of publicly traded non-financial enterprises in Nigeria.

Table 6. Regression Result for Effect of Firm's Specific Attributes on Firm Performance of Listed Non-Financial Firms in Nigeria.

Variable	Pooled OLS	Fixed Effect Model	Random Effect Model
Constant	-0.2077 (0.754)	1.5886 (0.029)	-0.2077 (0.753)
FSIZE	0.0218 (0.808)	0.1534 (0,023)*	0.0218 (0.807)
FAG	0.0125 (0.001)*	-0.061 (0.615)	0.0125 (0.001)*
GRATE	0.1407 (0.072)	0.0743 (0.125)	0.1407 (0.069)
FLR	0.2681 (0.176)	0.1144 (0.512)	0.2681 (0.174)
LQ	0.0799 (0.101)	0.0942 (0.030)*	0.0799 (0.098)
FCF	0.0042 (0.291)	0.0016 (0.612)	0.0042 (0.289)
BR	0.0048 (0.388)	0.0041 (0.517)	0.0048 (0.386)
ATANG	-0.2077 (0.214)	-0,3021 (0.017)*	-0.2221 (0.211)
F-Statistic	3.67 (0.0005)*	1.87 (0.0424)*	
R-Square		0.2451	
Wald X^2			33.02 (0.0001)*
Hausman Test		23.95 (0.0044)*	

**denotes 5% level of significance. ( ) denotes Prob., while the value denotes coefficients of the variables.*

Source: Author's Computations, 2022.

The OLS model shows that the size of the business has a positive and significant influence on the performance of the chosen companies, with a marginal impact coefficient of 0.1534 and a p-value of 0,023 at the 5% level of significance. This suggests that the value added productivity of the chosen enterprises will increase by 11.7% for every 1% increase in company size.

Since tiny enterprises may expect to face high transaction costs when obtaining money from outside sources, they are in a position to pay lower dividends. The capital market familiarity, strong credit rating, and low-cost management of external funding that large corporations have provide them an edge over their smaller rivals. In line with the findings of Pandy (2001), Uwuigbe (2013), and Muhammad & Muhammad (2016), we find that larger businesses tend to perform better than smaller ones.

The marginal effect coefficient (0.0942) and p value (0.030) at the 5% level of significance show that liquidity has a positive and considerable influence on the firm performance of the chosen enterprises. This demonstrates that the chosen enterprises' liquidity status has a favorable effect on their company performance, with a 1% increase in liquidity leading in a 9.42% improvement in value added productivity. This data lends credence to the idea that prosperous businesses are more likely to increase their productivity if they have a healthy liquidity profile. The research concurs with Jensen (1986), who argues that companies should use their resources to improve their performance to lessen the impact of agency difficulties. This study's results are consistent with those of Manos (2003) and Alaeto (2020), who found a statistically significant correlation between a company's ability to pay its short-term debt and the company's success.

Table 4.4 shows a negative but statistically significant relationship between asset tangibility and firm performance for the sampled businesses, with a marginal impact coefficient of -0,3021 and a p-value of 0.017 at the 5% level of significance. A significant amount of investment in physical assets is predicted to have a negative effect on the profitability of the chosen business, according to the study's findings. This suggests that the selected firms' value added productivity will drop by 50.47 percent for every one percentage point increase in the tangibility of their assets.

In other words, the results corroborate the hypothesis that for businesses whose principal source of debt is short-term bank loans, a larger percentage of long-term tangible assets decreases the proportion of short-term assets that may be used as collateral for short-term loans. Such businesses will be forced to rely more on their own internal resources, which will reduce their liquidity. Specifically, at the 5% level of significance, P-values for the effects of growth rate, financial leverage, free cash flow (FCF), and business risk (BR) on firm performance of the selected non-financial enterprises are 0.125, 0.512, 0.612, and 0.517, respectively. The results of this research reveal that, for the listed non-financial enterprises analyzed, age, growth rate, financial leverage, free cash flow (FCF), and business risk (BR) are not crucial criteria to consider when optimizing company performance.

4. Conclusion and Recommendations

Success factors for businesses in Nigeria have been the subject of a lot of study. Most of these studies ignored other factors that may affect a company's success in Nigeria, such business risk, free cash flow, the tangibility of its assets, etc. in favor of focusing on a smaller subset of these traits. The purpose of this research was to examine the association between distinctive features of non-financial enterprises listed on the NSE and their performance. Several reasonable inferences were drawn from the available evidence and study results.

By extension, the research asserts that, when comparing a sample of NSE-listed firms, there is a statistically significant relationship between a firm's particular characteristics and its behavior and performance. An effect size of at least 0.5 was shown using inference statistics, which is statistically significant at the 5% level. Based on the findings, the management of target businesses should prioritize profit, scale, liquidity, and tangibility of assets when evaluating corporate performance.

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