EFFECT OF NON-CURRENT ASSETS ON THE ORGANIZATIONAL PERFORMANCE OF CONSUMER GOODS FIRM IN NIGERIA.

BY

OLOPADE, GBOYEGA

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A THESIS SUBMITTED TO THE DEPARTMENT OF MANAGEMENT AND SOCIAL SCIENCE IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF MASTER OF SCIENCE (M.Sc) DEGREE IN ACCOUNTING, THE SCHOOL OF POSTGRADUATE STUDIES, SALEM UNIVERSITY, LOKOJA

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DECLARATION

I declare that this project is based on a study conducted by me (Olopade, Gboyega) in the department of Management and Social Sciences, Salem University under the Supervision of Dr. Gbenga Adebayo. This Project Report has not been submitted elsewhere for the award of the degree. The ideas and views of the research work are products of research undertaken by me. Where the ideas and views of other authors/researchers have been mentioned, they have been duly acknowledged.

OLOPADE, GBOYEGA   **SIGN: ………………………**   **DATE: ……………**
SU/PG/M.Sc/19/1010003

DEDICATION

This Work is dedicated to Almighty God.

CERTIFICATION

The thesis **"Effect of Non-Current Asset on Organizational Performance of Fast moving Consumer Goods Firm in Nigeria"** meets the regulations governing the award of Master of Science (M.Sc) in Accounting, Department of Management & Social Sciences of Salem University, Lokoja.

Dr. Adebayo Gbenga   Sign: ………………..   Date: ………………..
Thesis Supervisor

Dr. Itumar Gabriel   Sign: ………………..   Date: ………………..
Head of Department

Prof. Anaele Cyril   Sign: ………………..   Date: ………………..
Dean, Postgraduate School

..   Sign: ………………..   Date: ………………..
External Examiner

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Abstract

This study is on the trend analysis of the effect of non-current asset on the organizational performance of listed fast moving consumer goods firm in Nigeria. The population consists of 28 firms quoted on the Nigerian Stock Exchange and was based on a sample of seventeen (17) companies annual report for the years 2011 – 2020. The objective was to investigate the effect that additions to non-current asset has on organizational performance of fast moving consumer goods firm in Nigeria. Data was sourced from financial statement of quoted firms. Profit after Tax, Turnover and Return on Asset were modeled as a function of Additions to Leasehold Land, Additions to Buildings, Additions to Plant Machinery, Additions to Motor Vehicles, Additions to Furniture and Equipment, Additions to Returnable Packaging Material, Additions to Capital Work in Progress). The panel unit root using drift term proved that the variables were stationary. After cross examination of the fixed effect and the random effect, the study accepts the random effect model. The result found that profit after tax have a significant relationship with additions to non-current asset while turnover have no significant relationship with additions to non-current asset of the selected firms. While the causality test found out that there is no significant relationship between return on asset and additions to non-current asset. It is recommended that fast moving consumer goods firm should keep trend with their non-current asset to know when replacement or additions are needed to enhance profit. The paper also recommended that managers should understand that this is a short term effect and that in the long-run, the effect becomes significant.

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<center>**CHAPTER ONE**</center>

<center>**INTRODUCTION**</center>

1.1   Background to the Study

The going concern position of firms like fast moving consumer goods firm are related to their capability to plan and manage their current assets. Acquisition of assets by firms most especially non-current assets are not an end in itself but a means to an end as they are required tools for organization's operational efficiency and value creation. Efficiency in the management of investment in current assets is a vital element in the total management of operating funds and performance of fast moving consumer goods firm. Non-Current Assets are assets that are relatively permanent and are needed for the production or sale of goods and services. These assets are not held for sale in the ordinary course of business but are intended to be used to generate income for the organization.

According to Chowdhary and Amin (2007), excessive investment in current asset can result in idle funds which could be used for earning profit while inadequate investment in current assets will interrupt the operations and will also impair the profitability of the organization. Similarly, inadequate investment in non-current asset might increase operating inefficiencies and this may result in poor financial performance. Scholars have stated that the performance of a business organization largely depend upon the effectiveness and efficiency of current assets allocation and management. If a business organization is not prudent in the handling of its current asset, it will lead to poor or negative corporate returns while in some cases, liquidation may arise.

Therefore management of non-current assets in an organization is of great importance as it ensures operations are runned smoothly as a firm may have a high level of financial performance and still find it difficult in managing its assets efficiently (Maleya & Willy, 2013). The performance of an organization largely depends on how their resources are allocated and their ability to adapt to a changing environment in other to meet set objectives. When cash flow are tight, most commercial firm's focuses on managing their current assets by cutting inventory and collecting money owed them by customers; however, the average business has as much capital tied up in Non-Current Assets.

Nevertheless, the non-current assets in any organization are expected to be properly maintained to ensure that assets are safe and in good working conditions by checking and repairing them regularly. When such process is not well exercised, it leads to misallocation of resources, which had been taken over by dishonest staff or management which leads to non-achievement of corporate objectives.

1.2 Statement of the Problem

Non-Current Assets of an organization are investments that should yield appropriate returns, since the aim of every business is to maximize shareholders wealth. Managers cannot ascertain this fact and cannot say specifically whether additions to non-current assets have any effect on the performance of the organization.

Business entities around the world are faced continuously with challenges they are expected to surmount and still continue to remain relevant to their environment. Businesses are expected to grow by continually making profit, increasing turnover, improve on their customer base as well as continually partake in corporate social responsibility, therefore the growth of a business entity depends on a lot of factors and one of such is the ability of the firm to use its Non-Current Assets to generate income and meet its obligations as at when due.

Some of the reasons given for the collapse of many organizations are lack of qualified asset managers, inefficient use of the assets employed, lack of maintenance culture, low turnover, inadequate planning for replacement of assets as at when due or outright purchase as the case may be. An improper management of an organization's assets will result to the difficulties of the firm's continued operations which will also affect the market value of such firm (Ogumdipe, Idowu and Ogundipe 2012).

Trainings upon trainings have been carried out to ensure proper usage of these non-current assets with regards to operations, maintenance and risk attached. Regulations on how the assets are to be deployed in maximizing returns have also been continually passed but these and more have failed. In the quest to maximize performance, many organizations fail to scrutinize their investments in non-current assets. This is unfortunate because the way an organization controls and manages its asset have the potential of improving the entire business entity as well as creating value for shareholders Schreibfeder, (2004). Since it is the desire of organizations to

continually generate desirable income that covers cost and still make reasonable profits, this study tends to investigate the impact additions to non-current asset has on turnover, profit after tax and returns on the total asset of the organization as a whole.

Consequently, there have been several studies on the effect of working capital management on the profitability of firms across countries. A previous study by Falope and Ajilore (2009) lumped together purely manufacturing and service rending firms (hospitals, aviation firms and trading companies) without taking due cognizance of the fact that working capital management requirements and practices differ across categories of firms. Another study by Aregbeyen (2013) was conducted purely on Nigerian manufacturing firms. Another study conducted by Ubesie and Ogbonna (2013) was on the effect of non-current asset on cement manufacturing companies in Nigeria. Subsequent study conducted by Alexandra et al (2016) researched on the effect of non-current fixed asset on firm's profitability and asset management efficiency in the construction industry. Existing research work carried out by Deloof (2003), Rehn (2012) studied the effect of working capital on company's profitability which showed a negative relationship between the cash conversion cycle and profitability of the industry while a more recent study carried out by Idris and Yahaya (2018) studying the effect of working capital on the profitability of quoted bottling companies shows that there are gaps which is both geographical and methodical.

The motivation for this study is based on the fact that much work have been conducted on working capital management as a whole and its effect on organizational performance while this study tends to investigate the effect if any that additions to non-current asset have on organizational performance in consumer firms. It is based on the problems identified that this study is designed to find out the effect of additions if any to non-current asset on fast moving consumer good (FMCG) firms in Nigeria.

1.3   Objectives of the Study

The main objective of this study is to investigate the effect of additions to Non-Current Asset year on year (YOY) on the organizational performance of consumer goods firm in Nigeria. However, the following are the specific objectives of this research work:

a)   To examine if there is any significant relationship between additions to Non-Current Asset and profit after tax of the Organization.

b)   To investigate the influence additions to Non-Current Asset has if any on the turnover of the Organization's operation.

c)   To investigate the effect of the additions to Non-current Asset on the Returns on Asset of the Organization.

1.4   Statement of Hypotheses

In order to achieve the objectives stated above, the hypotheses hereunder are formulated in null forms:

1)   Ho: There is no significant relationship between the additions to Non-Current Asset on the profit after tax of the Organization.

2)   Ho: The addition to Non-Current Asset does not affect the turnover of the Organization's operations.

3)   Ho: The additions to Non-Current Asset have no impact on the Returns on asset of the Organization.

1.5   Significance of the Study

This study aims to expand and contribute new findings to the existing literatures on the effect of non-current assets and organizational performance particularly in Nigeria and at large as this research will be of interest to the following stakeholders:

a) The Government Regulatory Agencies: The Regulators of the capital markets and fast moving consumer goods (FMCG) would be able to use this study in policy formulation that would enhance the efficiency of consumer goods firm as well as understand the effect of additions to non-current assets if any on these firms.

b) The Academia: This study will be of immense value to the academia as much of the study has been focused on the overall working capital. It would act as a material for researchers and students of higher institutions who are in need of further knowledge and research in this area.

c) Investors & Competitors: This study will be of assistance to potential and existing investors in taking timely investment decisions while competitors will be able to know which of their Non-

Current asset they need to improve investment on in other to maximize organizational performance if any.

d) Financial Analysts: This study will help them provide necessary information to other stakeholders as to what extent additions to Non-Current Asset affect the organizational performance of consumer goods firm.

e) The general public: These set of stakeholders will be interested in knowing how the organizations fare with respect to additions of Non-Current Assets

1.6   Scope of the Study

This study is on the effect of additions to Non-Current Asset on the Organizational performance of Consumer goods firms in Nigeria. This study is intended for all public liability companies quoted on the Nigeria Stock Exchange but the researcher will confine himself to selected consumer goods firm in Nigeria. This research will be based mainly on the data obtained from the annual financial statements of seventeen (17) randomly selected quoted companies in the consumer goods section of the Nigerian Stock Exchange covering a time period of 2011 – 2020 financial years.

CHAPTER TWO

LITERATURE REVIEW

2.1   Introduction

This chapter focuses on the review of relevant and related literatures on the research topic. Conceptual review of non-current asset and current assets, organizational performance and productivity were done. Besides, the theoretical framework and the empirical review for the study were discussed.

2.2   Conceptual Review

2.2.1   Non-Current Assets and Current Assets

The primary aim for which non-current assets are purchased is to help management in making profitable returns and provide adequate information on its usage for the benefit of the organization and the stakeholders involved. In March 2018, the International Accounting Standards Board (IASB) in its revision of the Framework for Financial Reporting defines an asset as "a present economic resource controlled by the entity as a result of past events". Non-current assets are basically long-term assets bought with the intention of using them in the business and their benefits are likely to accrue for a number of years. These assets reveal information about the investing activities of a company and can either be tangible assets, natural resources or intangible assets.

Scott. (2003) defines non-current assets as those assets that cannot be converted into cash during a year of running business. It includes the land, buildings, furniture and fitting, computers, equipment for manufacturing and other assets which can last for longer periods of time. Assets that can be converted into cash during the normal production cycle are termed current assets. A normal production cycle is usually one year (twelve months), these are physical assets such as stock of raw materials, stock of work-in-progress, stock of finished goods and goods held for resale.

In the words of Ashmarina and Zotova (2015), tangible assets are assets that are relatively permanent and are needed for the production or sale of goods or services and are termed

property, plant, and equipment (PP&E), or fixed assets. These assets are not held for sale in the ordinary course of business. The broad group is usually separated into classes according to the physical characteristics of the items, for example, land, buildings, machinery and equipment.

Anastasios and Konstantinos (2014) defines non-current assets as tangible assets used by a business to produce income like: buildings; plant; equipment; transportation means; machinery; computers; anything that will probably bring future economic benefits. Non-current assets share common characteristics: they are used in the production of business income; they have a useful economic life of at least one year; and they are used up or wear out over time.

Aleksandra (2021) aligns that non-current asset represents a part of the business assets of the company and its long-term property, which cannot be easily liquidated (converted into cash). Their characteristics are: their service period is longer than one year; their turnover coefficient is less than one; they are gradually consumed during their service period and only their depreciable value is allocated to a new product.

The organization for economic co-operation and development (2003) defines fixed assets as non-financial produced assets that are used repeatedly or continuously in production for more than one year. They include not only dwellings, buildings, structures, machinery and equipment but also cultivated assets such as livestock for breeding and vineyards. They also include intangible assets such as computer software and entertainment, literary or artistic originals.

The Corporate Finance Institute (2020) refers to fixed assets as long-term tangible assets that are used in the operations of a business. This type of asset provides long-term financial gain, has a useful life of more than one year, and is classified as property, plant, and equipment (PP&E) on the balance sheet (statement of financial position).

Will (2020) aligns that fixed asset is a long-term tangible piece of property or equipment that a firms owns and uses in its operations to generate income. They are not expected to be consumed or converted to cash within a year and they appear most commonly on the statement of financial position. They are also referred to as capital assets.

Sorin and Sorin (2008) were of the view that tangible assets should have the following characteristics in other to be considered a fixed asset: (a) they are acquired to be used in the

production of goods and services, to be rented to third parties or to be used for administrative purposes; (b) they are elements controlled by the entity and they are supposed to generate economic advantages for the entire period of usage; (c) it is common that they are used for many periods.

Ambuli, Surendher, Praveen and Pavithra (2019) were of the view that fixed asset are the assets which are acquired and are used over a long period of time in the business with the objective of making profits. Other names used for fixed assets are non-current assets, long term assets or hard assets.

Rotila (2014) adopted the definition of the Romanian accounting ministry of public finance in compliance with IFRS that fixed assets are "tangible immobilizations". These are assets that: (a) are held by an entity for use in the production of goods and services, for rental to others, or for administrative purposes; and (b) they are used over a period of time longer than one year.

Iqbal and Mati (2012) asserts that effective organization of the fixed asset is the most important part of the entire corporation in creating value for shareholders as the non-current assets are more revenue generators than the current assets but the risk involvement is more than the current assets as it is difficult to convert them into cash and the value also differ in different point of times than the current assets.

Different number of concepts have been noted which defines non-current asset in different ways from one domain to another but with the same aim of bringing profitable returns for the organization. In the words of the researcher, non-current assets are "assets that have a long span of more than one year and can generate profitable returns for the organization within a definite period".

2.2.2 Organizational Performance

The term performance emerged in the mid-nineteenth century and was first used in defining the result to a sporting contest (Ion and Criveanu 2016). In the twentieth century, the concept has evolved and developed to a series of definitions that were meant to encompass the widest sense of what is meant to be performance. The concept of performance, as it appears defined in the

dictionaries of French, English and Romanian, defines more the idea of outcome, achieved goal, quality, and less the economic aspects of efficiency and effectiveness.

The Explanatory Dictionary of the Romanian Language defines performance as ″a result (particularly good) obtained by someone in a sporting contest; a special achievement in a field of activity; the best result obtained by a technical system, a machine, a device, etc.″ The definition shows that the term performance was originally taken from the mechanics and sports fields, in order to subsequently be used to characterize the very good results also achieved in other fields. This means that performance is obtained only by a limited number of entities, those who get the best results. The Longman business dictionary also defines performance as the degree to which a company, investment, financial market is profitable; how well a machine, vehicle e.t.c. works.

Gavrea, Ilies and Stegerean (2011), confirmed the fact that defining organizational performance has been very challenging to researchers because of its many meanings. However, they traced the history of the attempted definitions of performance as noted by other researchers between 1950s and 2006. In the 50s organizational performance was defined by Georgopolis and Tannebaman (1957) as the extent to which organizations, viewed as social system fulfilled their objectives. In this era, performance evaluation focused on work, people and organizational structures. Between 60s and 70s, organizations explored new ways to evaluate their performance.

Thus performance was defined as an organization's ability to exploit its environment for accessing and using the limited resources (Yucthman & Seashore, 1967). Also in the years between 80s and 90s, identifying organizations objectives became more complex than it was originally considered. This made managers to consider organization as a successful one, if such organization is able to accomplish its goal (effectiveness) using minimum resources (efficiency). Thus, Subsequent organizational theories supported the idea of successful organization as the one which is able to achieve its performance objectives based on the constraints imposed by the limited resources. (Lusthans & Adrien, 1998; Campbell, 1970).

Gavra, Ilies and Stegerean (2011), further noted several other definitions of performance as highlighted by Lebans and Zuske (2006), this included defining performance as a set of financial and non financial indicators which offer information on degree of achievement of objectives and results.

Didier Noyé (2002) believes that the performance consists in ″achieving the goals that were given to you in convergence of enterprise orientations″. In his opinion, performance is not a mere finding of an outcome, but rather it is the result of a comparison between the outcome and the objective. Unlike other authors, Didier Noyé considers that this concept is actually a comparison of the outcome and the objective. The author's definition is far from clear, as both outcomes and objectives vary, most often, from one field of activity to another.

Singh, Darwish and Potocnik (2016) defines organizational performance in terms of financial ratios (e.g return on asset (ROA) and return on equity (ROE), market outcomes (Tobin's q, market share, stock price and growth), HR-related outcomes (job satisfaction, commitment and others) or organizational outcomes (productivity, service quality, new product development and others). Financial performance indicators can be measured with the help of published company statements or data from stock exchanges.

In Bartoli and Blatrix's opinion (2015), the definition of performance should be achieved through items such as evaluation, piloting, efficiency, effectiveness and quality. Ramiz and Junrui (2014) defined performance as an achievement of tangible, specific, measurable, worthwhile and personally meaningful goals. Performance is the ability of an organization to gain and manage its resources in several different ways to develop a competitive advantage.

Due to the large number of concepts employed in defining performance, organizational performance is confounded with notions such as productivity, efficiency, effectiveness, economy, earning capacity, profitability, competitiveness, e.t.c. currently there is no performance independent to target objectives as reaching the objectives set by the organization translates with achieving performance. Of all here above presented, one can note a different approach to the concept of organizational performance both from one author to another and from one country to another.

2.2.3 Non-Current Asset and Profit after tax
Profit after tax can be fully retained by a company to be used in the business or distributed as dividends, if declared and to the share holders. The profit after-tax figure is considered the best measure of the ability of an entity to generate a return, since it incorporates both operating income and income from other sources, such as interest income. Profit after tax is a measure of

how competent a company is with regards to converting its revenue into profits, it is also used in margin analysis to compare companies within the same industry. According to Aldridge (2015), it helps investors determine how much a company actually earns and can also help determine whether a company needs to control its costs. The profit after-tax margin is closely watched by investors to see if the income generating ability of a firm is changing over time. If so, this could be considered a valuation indicator that may result in a change in the stock price.

Profitability measures are important to company managers and owners alike as the owners (principal) who have put in their own money expects the managers (agents) to show profitability within a certain period with the usage of assets provided. Profitability ratios are a group of financial ratios that indicate how much profit a business is earning within a certain context while asset utilization ratios indicate how efficient a business is in operating its assets to generate cash. Non-current assets have to be put into use in order to generate reasonable profit.

2.2.4 Non-Current Asset and Turnover

This is a management efficiency ratio, used to check the annual revenue generated per unit of non-current asset in the organization. The greater the turnover, the greater the efficiency with which non-current asset are being used in the business, the difference in the age and condition of non-current asset may affect the operations of organization but since the yearly additions is what is being researched on, it is expected that the efficiency of the organization will improve. Sitanggang (2013) states that asset turnover has significant effect on profitability. Pramesti et al (2016) shows that the total asset turnover variable has a positive effect on profitability in the automotive and component sub sector of the Indonesian economy while Murtaldo et al (2014) were of the same view but it was researched in the real estate sector of the Indonesian economy.

2.2.5 Non-Current Asset and Return on Asset

It is expected that increase in reasonable returns are generated based on the additions to asset put to use by the organization on a yearly basis as these asset are intended to improve firm performance. According to Giner (as cited in Ridhima, 2017), profitable companies disseminate information, to stand out from less profitable ones. The company may also want to know the asset that is bringing a negative or positive inflow into the business that affects its financial position whether in the short –term or long term. According to Harahap (2006), Returns on Asset

is the profitability of a company's ability to generate earnings for a certain period. In measuring a company's profitability, this study will use the operating income over the average additions to non-current asset

2.3   Theoretical Review

2.3.1   Agency Theory

This theory was propounded by Jensen and Meckling (1976), the theory emphasized the relationship between one person (the principal) and the other (an agent) whereby the latter engage the former to perform some services on his behalf that involves delegating some decision-making authority to the agent. The said relationship should be based on trust which is also known as a fiduciary duty.

Figure 1: Relationship between the Principal and Agent.

Source: Kaplan Financial Knowledge Bank (2018).

It can be deduced from this diagram that the agency theory is an important theory as it focuses on the maximization of wealth through the resources (one of which are the non-current assets) provided by the principal to the agent. However, it is criticized for being a controversial theory because it raises a fundamental problem in organizations – self interest behavior. A corporation's manager may have personal goals that compete with the owner's goal of maximization of shareholder wealth. Since the shareholders authorize managers to administer the firm's assets, a

potential conflict of interest exist between the two groups. According to Shehata (2014), this give rise to the problem of information asymmetry as managers may have access to most of the financial information than the shareholders.

2.3.2   Stewardship Theory

Stewardship theory has its roots from psychology and sociology and is defined by Davis, Schoorman and Donaldson (1997) as "a steward protects and maximizes shareholders wealth through firm performance, because by so doing, the steward's utility functions are maximized."

Unlike agency theory, stewardship theory stresses not on the perspective of individualism (Donaldson & Davis, 1991), but rather on the role of top management as stewards, integrating their goals as part of the organization. The stewardship perspective suggests that stewards are satisfied and motivated when organizational success is attained. Argyris (1973) was of the view that agency theory looks at an employee or people as an economic being which suppresses their own aspirations, Donaldson and Davis (1991) postulated that stewardship theory recognizes the importance of structures that empowers the steward and offers maximum autonomy built on trust. It stresses more on the position of employees or executives acting more autonomously so that shareholders returns are maximized.

Fama (1980) contend that executives and directors are also managing their careers in order to be seen as effective stewards of their organization, while Shleifer, Andlei and Vishny (1997) claims that managers return finance to investors to establish a good reputation so that they can re-enter the market for future finance. Nevertheless, Donaldson and Davis (1991) further note that returns are improved by having both of these theories combined rather than separated which implies that management must strike a balance. It follows from the above that stewardship theory unlike the agency theory focuses more on the benefit to the manager and not the owners of the firm. Nguyen (2020) and Zahra et al (2008) also mentioned that this concept emphasizes on achieving goals and dominating the business activities, focusing on the owner and agent relationship.

2.3.3   Stakeholders Theory

This theory was propounded by Freeman in 1984. Stakeholder theorists believe that taking all constituent groups into account is the better way to maximize overall firm performance. According to this theory, the intrinsic or extrinsic worth of a business is measured by a combination of financial success, usefulness to society, satisfaction of employees, the priorities determined by the makeup of the individuals and entities that together own the shares and direct the company. Stakeholder value heavily relies on corporate social responsibility and long-term financial stability as a core business strategy. Freeman, Wicks, & Parmar (2004) affirmed that stakeholder may be seen as any person or group of persons that is capable of influencing or can be influenced by the attainment of the organization's objective.

Figure 2: Diagram depicting Stakeholders Theory.

Source: Reserachgate.net (2021)

This study hinges on Agency theory as the principal believes the agent will be able to generate profitable returns with available resources to ensure organizational objectives are met as organizational performance is a multi-faceted phenomenon.

2.4 Empirical Review

Akinleye and Adeshina (2019) examined the effect of asset utilization on selected manufacturing firms in Nigeria over the past five years. Data were analyzed using descriptive statistics, correlation and regression analysis. The study concluded that asset utilization has positive and

significant effect on the performance of manufacturing firms in Nigeria and therefore concluded that attention should be paid to optimum asset utilization in manufacturing firms in Nigeria. While this study was in the same domain as the researcher, it did not look at the effect of additions to non-current asset but on how assets were utilized by manufacturing companies.

Ion and Criveanu (2016) in their study of organizational performance – a concept that self-seeks to find itself were of the view that performance is a difficult concept to characterize, and associated definitions are often too general or too specific, ambiguous or even abstract. Performance must be analyzed and defined closely to targeted objectives. As an entity's objectives are volatile, controversial and contradictory, performance is a phenomenon with strong subjectiveness. While this study was not done in the domain of the researcher, it also did not focus specifically on the financial performance aspect of organizational performance but on organizational performance as a whole.

Oliver, Ugbor and Chukwuani (2017) in their evaluation of the relationship between assets growth rate and financial performance of manufacturing firms in Nigeria selected six firms from the Nigerian stock exchange and analyzed the firms for a period of ten years using Pearson product moment correlation matrix and multiple regressions. Results showed that non-current asset growth rate and net asset growth rate of firms are positively and strongly related. It was recommended that manufacturing firms in Nigeria should increase their non-current assets and net assets value by increasing their total assets and reducing the components of their current liabilities. This study was conducted in the same domain as the researcher and the same sector but the number of selected firms used in this study is quite small as it will not form a basis for reasonable conclusion.

Sorin and Sorin (2008) in their study of the financial audit complexity of the fixed assets revealed the need for management to understand the specific internal controls in use, estimate the control risk as well as cost and advantages of the control put in place. Their study was conducted in a different domain, looked at the audit complexity of non-current asset in a corporate organization and not on the effect of additions to non-current asset as considered by the researcher.

Ubesie and Ogbonna (2013) in the study of the evaluation of the effect of non-current assets on return on assets of cement manufacturing industry in Nigeria using multiple regressions showed that non-current asset contributed to the return on asset but not significant. It recommended more

investment in non-current asset in order to increase return on asset of cement manufacturing industry in Nigeria. This study focused on the cement industry specifically in the same domain as the researcher and not on the whole fast moving consumer goods sector.

Adebawojo, Enyi and Adebawo (2015) in the study of human asset accounting and corporate performance in publicly quoted banks in Nigerian capital market using ex-post facto research design and simple regression model asserts that human beings are the most critical assets in an organization as they drive other organization's resources to achieve success but they are not accounted for in the statement of financial position like other tangible and physical assets. It concluded that capitalizing human assets would positively impact on performance of organizations and recommended its disclosure as intangible asset in the statement of financial position. This study looked at the corporate performance of firms in the banking sector and not financial performance in the fast moving consumer goods firm as considered by the researcher.

Pradip (2017) in his study of the financing pattern and utilization of fixed assets of selected steel company over a five year period using statistical measures provided by the selected company reveals sufficiency of owners funds to finance fixed asset requirements while the pace of expansion was not impressive in the years of study. This study was conducted in a different domain and a different sector from the researcher while this research is being conducted in another domain and another sector entirely.

Badingatus, Sri hastuti, Asrori and Iwan (2020) in their study on fixed assets revaluation to increase value relevance of financial statements using 12 companies that revalued their fixed assets over a three year period on the Indonesia Stock Exchange using logistic regression method show a positive effect on the decision to revalue their fixed asset but these does not affect the company's growth. This study was carried out in another domain while the researcher is examining the effect of additions to non-current asset in another domain and not fixed asset revaluation.

Nwanyanwu (2015) examined the relationship between cash flow and organizational performance from the perspective of the hospitality and print media sectors in Nigeria with a selected sample of fourty five (45) small and medium enterprises using descriptive statistics and Pearson's product moment coefficient of correlation. Results indicate a strong positive relationship between cash flow position and net profit. Hospitality and print media organizations should also consider advances in technology and quality of service delivery to enhance their cash

inflow. This study was conducted in the same domain as the researcher but in a different sector and it looked at organizational performance and not financial performance.

Al Shahrani and Tu (2016) in their study of the impact of organizational factors on financial performance: building a theoretical model studied the linkages between organizational factors including liquidity, leverage, asset utilization, market share position and firm size on financial performance in service firms and concluded that the growth of productivity in service firms is traditionally low compared to manufacturing firms; hence, the organization of factors in manufacturing firms as documented in various literatures can be linked with financial performance. This study was conducted in a different domain while the study by the researcher is conducted in a different domain.

Okwo, Ugwunta and Nweze (2012) assessed the impact of a company's investment in non-current assets on its operating profit margin. The study obtained data from the financial statements of the sampled companies operating in the Nigerian brewery sector for a period from 1999 to 2009. The data were analyzed using regression statistical method. The study indicated that there is a non- statistically significant positive relationship between investment in non-current assets and operating profit. The study did not show any strong positive impact of investment in non-current assets on the operating profit of brewery firms in Nigeria. This study was conducted in the brewery sector alone while the research work is conducted on the fast moving consumer goods firm as a whole in the same domain.

Sarafa and Joshua (2020) in their study examined the effect of asset efficiency on the financial performance of quoted manufacturing firms in Nigeria using panel data least square multiple regression from the audited annual reports of 20 manufacturing firms over a period of 14 years. The study revealed that, total asset turnover ratio, non-current asset turnover ratio and inventory turnover ratio have positive but statistically insignificant relationship with the financial performance of manufacturing firms in Nigeria while turnover ratio and firms size have positive and statistically significant relationship with the financial performance of the firms studied. The study concludes that asset efficiency has positive effect on the financial performance of manufacturing firms in Nigeria. This study was conducted in the same domain as the researcher however; the researcher is looking at the effect of additions to non-current and not asset efficiency in the same sector.

Shafi'u, Noraza and Saleh (2017) in their study of the impact of intellectual capital on the financial performance of listed Nigerian food products companies using regression models for a five year period shows a positive significant influence of intellectual capital on financial performance. Thus, companies can enhance financial performance by emphasizing on intellectual capital especially in food product companies. This study looked at the impact of intellectual capital on financial performance in the same sector as the researcher and not on the effect of additions to non-current asset as considered by the researcher.

Ambuli, Surendher, Praveen and Pvithra (2019) in their study on the relationship between fixed assets and financial performance with special reference to Polaris consulting and service limited considering a five year data using correlation, regression, trend analysis and ratio analysis reveals a positive relationship between fixed asset management and performance of the company and recommends that management of fixed asset is an important component for effective performance of the company. This study was conducted in a different domain from the researcher and did not considered the view of the researcher as to the effect of additions to non-current asset.

Olatunji and Tajudeen (2014) also examined the effect of investment in property, plant and equipment on profitability of listed firms in Nigeria. The study used data obtained from the annual reports and accounts of thirteen selected Nigerian commercial banks from the period from 2000 – 2012, and found that the relationship between the dependent variable (net profit) and independent variables (building, land, fixtures and fitting, and investment in computers) was positive and significant. The study concluded that investments in fixed assets had strong and positive statistical impact on the profitability of the banking sector in Nigeria. This study was conducted in the same domain as the researcher but both studies are considering different sectors in their research.

Moh'd, Muammar and Ainatul (2014) in their study on the Influence Analysis of Return on Assets (ROA), Return on Equity (ROE), Net Profit margin (NPM), Debt to Equity Ratio (DER), and Current Ratio (CR), against Corporate Profit Growth in Automotive in Indonesia Stock Exchange using secondary data over a five year period showed no significant growth with F-test when effected together while there was a significant and positive growth when effected together using T-test with the exception of Debt to Equity Ratio and Current Ratio which showed a significant but negative growth. The study revealed that companies must be able to demonstrate

a good performance, high growth potential and also deliver company information sufficient to investors about the company. Again this study was conducted in a different domain and a different sector from the researcher and only looked at Return on Asset in comparism with other ratios to make an informed judgment.

2.5   Gap for Future Research

The empirical research work herein reviewed revealed that similar works were carried out in the same domain as the researcher but in a different sector (Oliver et al, 2017; Ubesie et al, 2013; Adebawojo et al, 2015; Pradip, 2017). Other research work were also conducted, but in a different domain from the researcher (Ion et al, 2017; Sorin et al, 2008; Badingatus et al, 2020). However, no work herein reviewed researched on the effect that additions to non-current asset have on the financial performance of fast moving consumer goods firm in Nigeria.

Further research work could also be conducted in other sectors of Nigerian economy to ascertain the effect of additions to non-current asset on the financial performance of their organizations from time to time.

CHAPTER THREE

METHODOLOGY

3.1 Introduction

This section deals with the methodology adopted by the researcher for the study. It includes the design, the population and sample, the source of data, data collection and analysis used in the study.

3.2 The Design

The design of this study is directed at analyzing the impact if any that addition to non-current assets has on consumer goods firm quoted on the Nigerian stock exchange. This work adopted the ex post facto research and made use of data from the annual report and accounts of selected consumer goods firm on the Nigerian stock exchange spanning ten years from 2011 – 2020.

3.3 The Study Population

The study population consists of twenty eight (28) firms quoted on the Nigerian stock exchange from which a sample size of fifteen (17) companies was selected for the analysis based on availability of complete required data. Each of the companies had fulfilled their obligation in publishing of annual reports for the years 2011 – 2020. (See appendix (i) and (ii) for the list of quoted companies used for population and sample respectively.

3.4 Selection of Sample

The sample size of the firms used in this study was based on Krejcie and Morgan table for determining sample size from a given population as some characteristics were identified before picking each sample. A sample is a subset of the population which is used as a unit of analysis. In order to generalize from the sample to the population, the sample has to be representative of the population. Seventeen (17) firms were selected based on stratified random sampling from the twenty eight (28) firms quoted under the consumer goods section which represents 60% of the firms quoted in that section. The choice of the quoted companies is due to the fact that they are publicly available and the ease of access to complete data needed, quality of data, their age, size and the use of experienced and competent accounting firms to provide auditing and non-auditing

services. The companies have been listed on the floor of the Nigerian Stock Exchange not later than 2008 and have operated on each of the years covered by this study.

3.5 Sources of Data

The sources of data used in this study were secondary data. Data were gathered from the annual financial report and accounts of seventeen (17) sampled public companies archived in the Nigerian stock exchange from 2011 – 2020.

3.5.1 Validity

The data herein captured for this work are as documented in the annual reports and accounts of the selected consumer goods companies and is therefore valid for the purpose for which it is intended.

3.5.2 Reliability

The data captured for this research are reliable because they were sourced from the audited annual reports and accounts of the selected consumer goods firm in the Nigerian Stock Exchange for their respective years, which can be retrieved at any time without any fear of losing their value.

3.6 Method of Data Collection

Certain items of information were drawn from all the units of the sample (i.e. seventeen (17) firms selected from the Nigerian Stock Exchange using stratified random sampling technique). The data used for this study were collected from secondary sources; annual accounts and report of companies remain a regularly produced statutory document that evokes an important or valid construction of a company's social imagery. The data collected consist of seventeen (17) sampled firms over a ten year period (2011 – 2020). In addition, the use of annual reports and accounts was based on the premises that it represented what was probably the most important document in terms of firm's construction of their own financial and social status. The report is credible and reliable because it is normally audited in line with the provision of Company and Allied Matters Act (CAMA) and therefore regarded as a statutory document and produced regularly.

3.7 Model Specification

Following the hypotheses earlier formulated, a regression model is formulated to capture the impact of addition to non-current asset on organizational performance in consumer goods firm in Nigeria. This model will help in testing the stated hypothesis.

Model Specification 1: for the evaluation of the effect of additions to noncurrent assets on organizational performance using turnover (TO), a functional specification was formed as follows:

$$TO = f(ALL, AB, APM, AMV, AFE, ARPM, ACWIP) \dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots \text{(3.1)}$$

The multiple regression model of equation (3.1) is specified in its econometrics form as follow:

$$TO_{it} = \beta_0 + \beta_1 ALL_{it} + \beta_2 AB_{it} + \beta_3 APM_{it} + \beta_4 AMV_{it} + \beta_5 AFE_{it} + \beta_6 ARPM_{it} +$$
$$\beta_7 ACWIP_{it} + a_i + e_{it} \dots\dots\dots \text{(3.2)}$$

Where;

TO_t = Turnover for the year

ALL_t = Additions to leasehold land

AB_t = Additions to Buildings

APM_t = Additions to plant and machinery

AMV_t = Additions to motor vehicles

AFE_t = Additions to furniture and equipment

$ARPM_t$ = Additions to returning packaging materials

$ACWIP_t$ = Additions to capital work in progress

β_e = Constant or intercept

$\beta_e - \beta_7$ = Coefficient for independent variables

a_i = company specific variable

i = individual company

t = current period

e = the error term

Model Specification 2: for the evaluation of the effect of additions to noncurrent assets on organizational performance using profit after tax (PAT), a multiple regression model was formed and it is specified as follows:

$$PAT = f(ALL, AB, APM, AMV, AFE, ARPM, ACWIP)\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots (3.3)$$

The multiple regression model in equation (3.3) is specified in its econometrics form as follow:

$$PAT_{it} = \beta_e + \beta_1 ALL_{it} + \beta_2 AB_{it} + \beta_3 APM_{it} + \beta_4 AMV_{it} + \beta_5 AFE_{it} + \beta_6 ARPM_{it} +$$
$$\beta_7 ACWIP_{it} + a_i + e_{it}\dots\dots\dots (3.4)$$

Where;

PAT_t = Turnover for the year

ALL_t = Additions to leasehold land

AB_t = Additions to Buildings

APM_t = Additions to plant and machinery

AMV_t = Additions to motor vehicles

AFE_t = Additions to furniture and equipment

$ARPM_t$ = Additions to returning packaging materials

$ACWIP_t$ = Additions to capital work in progress

β_e = Constant or intercept

$\beta_e - \beta_7$ = Coefficient for independent variables

a_i = company specific variable

t = current period

e = the error term

Model Specification 3: for the evaluation of the effect of additions to non-current assets on organizational performance using returns on asset (ROA), a functional specification was formed as follows:

$$ROA = f(ALL, AB, APM, AMV, AFE, ARPM, ACWIP)\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots (3.5)$$

The multiple regression model of equation (3.5) is specified in its econometrics form as follow:

$$ROA_{it} = \beta_0 + \beta_1 ALL_{it} + \beta_2 AB_{it} + \beta_3 APM_{it} + \beta_4 AMV_{it} + \beta_5 AFE_{it} + \beta_6 ARPM_{it} +$$
$$\beta_7 ACWIP_{it} + a_i + e_{it}\dots\dots\dots (3.6)$$

Where;

ROA_t = Returns on Asset

ALL_t = Additions to leasehold land

AB_t = Additions to Buildings

APM_t = Additions to plant and machinery

AMV_t = Additions to motor vehicles

AFE_t = Additions to furniture and equipment

$ARPM_t$ = Additions to returning packaging materials

$ACWIP_t$ = Additions to capital work in progress

β_e = Constant or intercept

$\beta_e - \beta_7$ = Coefficient for independent variables

a_i = company specific variable

i = individual company

t = current period

e = the error term

3.8   Method of Data Analysis

This analysis is carried out using a panel data estimation framework. The preference of this estimation method is because it enables a cross-sectional time series analysis which usually makes provision for broader set of data points, but also because of its ability to control for heterogeneity and endogeneity issues. Hence panel data estimation allows for the control of individual specific effects usually unobservable which may be correlated with other explanatory variables included in the specification of the relationship between dependent and explanatory variables. The use of panel data regression methodology in this study was based on three fundamental justifications: (1) The data collected had time series and cross sectional attributes which enabled us to study the time series as well across the sampled quoted companies; (2) Panel data analysis provided better results since it increased sample size and reduces the problem of degree of freedom; (3) The use of panel regression avoided the problem of multicolinearity, aggregation bias and endogeneity problems. The panel data was preferred as it allowed for analysis and consideration of the cross-sectional and time series characteristics of the sampled companies. In order to circumvent the endogenity problems, panel estimation techniques of fixed and random effects will be adopted for this study. Decisions will be made between the fixed and random effect models using the Hausman specification test.

Moreover, in order to undertake a statistical evaluation of our analytical model, so as to determine the reliability of the result obtained and the coefficient of correlation (r) of the regression, the coefficient of determination (R^2), the student T-test and F-test were employed.

(i)   Coefficient of Determination (r^2) Test – this measures the explanatory power of the independent variables on the dependent variables. For example, to determine the proportion of economic growth into our model, we used the coefficient of determination. The coefficient of determination varies between 0.0 and 1.0.

(ii)   F-Test: This measure the overall significance, the extent to which the statistic of the coefficient of determination is statistically significant is measured by the F-Test. The F-Test can be done using the F-statistic or by the probability estimate

(iii)   T-Test: This measures the individual statistical significance of the estimated independent variables at 5% level of significance.

(v)   Regression coefficient: This measures the extent in which the predictor variables affect the dependent variables in the study.

3.8.1   Panel Data Unit Root

Dickey and Fuller looked at the distribution of this kind of test statistic and found that OLS estimates are biased down (toward stationary) and OLS standard errors. Thus, it is possible that many series that you would have thought were stationary based on OLS regression were in fact generated by random walks, we shall therefore subject all the variables to unit root test using the Augmented Dickey Fuller (ADF) test using the drift term. If in the above $\delta = 0$, then we conclude that there is a unit root. Otherwise there is no unit root, meaning that it is stationary.

3.8.2   Panel Granger Causality Test

The study will make use of panel granger causality test to address the third objective. However, to investigate the third objective, the concept of causality and endogeneity will be introduced. Granger (1996) proposed the concept of causality and endogeneity thus: a variable Y_t is said to cause X_t, if the predicted value of X_t is ameliorated when information related to Y_t is incorporated in the analysis.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND DISCUSSIONS OF FINDINGS

4.0   Introduction

This chapter deals with the presentation, analysis and interpretation of data obtained from annual reports of selected quoted firms. The purpose of this study is to investigate the impact that additions to non- current asset has if any on corporate performance of consumer goods firm in Nigeria.

4.1   Descriptive Statistics

The result of the descriptive statistics presented in table 4.1 was generated through the estimation of panel Summary statistics. It shows the raw level form of the data which also depicts characteristics of the variables in term of overall, between and within the panel.

Table 4.1 Summary Statistics of variables

```
. xtsum TO PAT ROA ALL AB APM AMV AFE ARPM ACWIP
```

Variable		Mean	Std. Dev.	Min	Max		Observations	
TO	overall	8.07e+07	1.07e+08	389215	3.95e+08	N =	170
	between		9855214	6.50e+07	9.11e+07	n =	10
	within		1.06e+08	-9897714	3.85e+08	T =	17
PAT	overall	1.06e+07	2.72e+07	-1.26e+07	2.10e+08	N =	170
	between		5552621	4532953	1.95e+07	n =	10
	within		2.67e+07	-1.01e+07	2.01e+08	T =	17
ROA	overall	.5051944	36.40885	-456.1094	75.92859	N =	168
	between		9.322402	-25.75583	6.093392	n =	10
	within		35.29995	-429.8484	70.34039	T-bar =	16.8
ALL	overall	126252.9	487969.6	0	4375749	N =	170
	between		90387.01	35980.15	273119.5	n =	10
	within		480331.1	-146866.6	4228882	T =	17
AB	overall	152743.6	629368.7	0	6089793	N =	170
	between		178570	23922.79	637349.3	n =	10
	within		606000.5	-484605.7	5605187	T =	17
APM	overall	1135360	2620111	0	1.83e+07	N =	170
	between		686896.9	611877.3	2790900	n =	10
	within		2537287	-1655541	1.73e+07	T =	17
AMV	overall	689580.2	1604626	0	1.12e+07	N =	170
	between		223523.8	286819.6	1015302	n =	10
	within		1590469	-325721.6	1.11e+07	T =	17
AFE	overall	301087.2	764427.2	0	5179077	N =	170
	between		114364.2	165818.5	462326.7	n =	10
	within		756642.6	-161239.5	5038959	T =	17
ARPM	overall	917592.4	3101703	0	1.88e+07	N =	170
	between		276971.7	499762.5	1311456	n =	10
	within		3090487	-393863.9	1.84e+07	T =	17
ACWIP	overall	4694780	1.30e+07	-6312	1.18e+08	N =	170
	between		3212916	1268090	1.05e+07	n =	10
	within		1.27e+07	-5771004	1.13e+08	T =	17

.

Source: Stata 12 Output for Summary statistic of variables used in the study

Table 4.1 shows the result of summary statistics of the variables used in the study. It could be observed that all the variables exhibit sufficient variations with varying mean, standard deviations values and their corresponding minima and maxima.

4.2   Unit Root Test of the Variables

The study used Fisher panel unit root test based on Augmented Dicky-Fuller (ADF) with drift term to examine the stationarity of the panel data. That is, to test if the panel series contains a unit root. The null hypothesis of the Fisher ADF panel unit root test assumed that all panels contain a unit root. As N tends infinity, the number of panels that do not have a unit root should

grow at the same rate as N, under the alternative hypothesis. Table 4.2 shows the summary results of the Fisher ADF panel unit root test.

Variables	Inverse chi-squared P	Inverse Normal Z	Inverse logit L*	Modified Inv. Chi-squared Pm	p-values	Order of Integration
Turnover	137.0168	-9.7096	-12.0563	18.5020	0.0000	I(0)
Profit after Tax	154.9326	-10.4562	-13.6335	21.3347	0.0000	I(0)
Return on Asset	145.0058	-10.0470	-12.7593	19.7652	0.0000	I(0)
ALL	139.5519	-9.7522	-12.2774	18.9028	0.0000	I(0)
AB	373.8850	-17.2698	-32.9044	55.9541	0.0000	I(0)
APM	166.5787	-10.8433	-14.6567	23.1761	0.0000	I(0)
AMV	202.0703	-12.1481	-17.7818	28.7878	0.0000	I(0)
AFE	363.7127	-16.9546	-32.0091	54.3457	0.0000	I(0)
ARPM	501.6608	-20.8353	-44.1496	76.1573	0.0000	I(0)
ACWIP	134.3914	-9.5723	-11.8247	18.0869	0.0000	I(0)

Table 4.2: Result of Augmented Dicky-Fuller (ADF) unit root test of the variables

Source: Author's compilation from the result of Fisher ADF unit root Test

Table 4.2 shows the result of Fisher ADF unit root test of the variables using drift term in the fast moving consumer goods firm in Nigeria. The Fisher ADF panel unit root test combines the p-value from the panel-specific unit root tests using the four methods proposed by Choi (2001). Three of the methods differ in whether they use the inverseχ^2, inverse normal, or inverse log

transformation of p-values and the fourth is a modification of the inverse χ^2 transformation that is suitable for when N tends to infinity. The inverse normal and inverse logit transformations can be used whether N is finite or infinite.

However, it could be observed from table 4.2 that all the four tests of the Fisher ADF panel unit root strongly reject the null hypothesis that all the panels contain unit roots. This is because the inverse logit L^* test typically agrees with the inverse normal Z test. More so, the inverse χ^2 P test also agrees with the modified inverse χ^2 Pm test. The P-values of all the variables indicate that they are all significant at levels and as such, are integrated of order zero (i.e. I(0)).

4.2.1 Normality Test: Skewness and Kurtosis

. sktest TO PAT ROA ALL AB APM AMV AFE ARPM ACWIP

Skewness/Kurtosis tests for Normality

Variable	Obs	Pr(Skewness)	Pr(Kurtosis)	adj chi2(2)	joint Prob>chi2
TO	170	0.0000	0.0355	32.09	0.0000
PAT	170	0.0000	0.0000	.	0.0000
ROA	168	0.0000	0.0000	.	0.0000
ALL	170	0.0000	0.0000	.	0.0000
AB	170	0.0000	0.0000	.	0.0000
APM	170	0.0000	0.0000	.	0.0000
AMV	170	0.0000	0.0000	.	0.0000
AFE	170	0.0000	0.0000	.	0.0000
ARPM	170	0.0000	0.0000	.	0.0000
ACWIP	170	0.0000	0.0000	.	0.0000

Source: Researcher's computation 2021 (STATA 12.0)

Table 4.2.1 above shows the normality of the variables using skewness and kurtosis. Turnover, profit after tax, return on assets, Additions to leasehold land, Additions to buildings, Additions to plant and machinery, Additions to motor vehicles, Additions to furniture and equipment, Additions to returnable packaging materials, Additions to capital work in progress showed p-values of 0.0000 which are less than 0.05, this implies that these variables are not normally distributed.

4.3 Model Estimation for Objective One

4.3.1 Hausman Test

Hausman test is a model selection test between fixed effect and random effect. The null hypothesis for this test is that difference in coefficients not systematic (random effect is the correct model) against the alternative that random effect is not the correct model. The decision is to reject the null hypothesis if the probability Chi-square value of Hausman test is less than 0.05. Otherwise, the null hypothesis should not be rejected at 0.05 level of significance.

Table 4.3.1:   Result of Hausman Test for Profit after Tax

```
                    ──── Coefficients ────
                  (b)            (B)           (b-B)        sqrt(diag(V_b-V_B))
              fixed_group    random_group    Difference           S.E.

     ALL      -1.531858      -.965749        -.5661086          .5456215
      AB      -9.207673      -9.758857        .5511839          .5836664
     APM       1.231829       1.095946        .1358832          .1600259
     AMV       4.378997       4.477232       -.098235           .1675972
     AFE       4.40887        4.35028         .05859            .4110283
    ARPM      -.3608768      -.2913445       -.0695324          .0781873
   ACWIP       1.611604       1.61631        -.0047054          .0190263


                       b = consistent under Ho and Ha; obtained from xtreg
          B = inconsistent under Ha, efficient under Ho; obtained from xtreg

    Test:  Ho:  difference in coefficients not systematic

            chi2(7) = (b-B)'[(V_b-V_B)^(-1)](b-B)
                    =        2.43
           Prob>chi2 =       0.9323
```

Source: Researcher's compilation from the result of Hausman Test

Table 4.3.1 shows the result of Hausman conducted. It could be observed that the probability Chi-square (0.9323) of Hausman test conducted is greater than 0.05. This implies that the null hypothesis of difference in coefficients is systematic cannot be rejected at 0.05 level. This therefore means that random effect model is the best model for this study.

4.3.2 Model Estimation to determine the effect of additions to Non-Current Assets on Profit after Tax

The objective here is to find out if there is any significant relationship between additions to Non-Current Assets and profit after tax of the organization. From the result of Hausman test, the random effect model for this objective is presented in table 4.3.2

```
. xtreg PAT ALL AB APM AMV AFE ARPM ACWIP, re

Random-effects GLS regression              Number of obs    =       170
Group variable: YEARS                      Number of groups =        10

R-sq:  within  = 0.9141                     Obs per group: min =        17
       between = 0.9503                                    avg =      17.0
       overall = 0.9155                                    max =        17

                                            Wald chi2(7)     =   1754.97
corr(u_i, X)   = 0 (assumed)                Prob > chi2      =    0.0000


        PAT |      Coef.   Std. Err.      z    P>|z|     [95% Conf. Interval]
------------+----------------------------------------------------------------
        ALL |  -.965749   1.976631    -0.49   0.625    -4.839874    2.908376
         AB | -9.758857    1.54462    -6.32   0.000    -12.78626   -6.731457
        APM |  1.095946   .4340907     2.52   0.012     .2451441    1.946748
        AMV |  4.477232   .5697915     7.86   0.000     3.360461    5.594003
        AFE |   4.35028   1.487899     2.92   0.003     1.434052    7.266508
       ARPM | -.2913445   .3079676    -0.95   0.344      -.89495     .312261
      ACWIP |   1.61631   .0554399    29.15   0.000      1.50765     1.72497
      _cons | -758484.3   710928.8    -1.07   0.286     -2151879    634910.5
------------+----------------------------------------------------------------
    sigma_u |         0
    sigma_e | 8211489.1
        rho |         0   (fraction of variance due to u_i)
```

.

Source: Researcher's compilation from the result of random effect estimation

Table 4.3.2 shows the result of regression output of the random effect model estimation for objective one. It could be observed that most of the variables in the model were found to be statistically significant at 5 per cent. However, additions to Leasehold Land and additions to Returnable Packaging Materials were found to be statistically insignificant at 5 percent respectively. This could be as a result of not much investment in leasehold land and returnable packaging materials which the organizations may not own totally and would not want to put in much investment.

The ceteris paribus interpretation of the model shows that holding all other variables in the model constant, one unit increase in additions to building will lead to about 9.75 per cent decrease in profit after tax. This is true because having more buildings does not mean the organizations would make more profit as they are capital in nature and would only aid housing the factors of production in an organization. Also, additions to building are an indispensable factor that most organizations ought to have in moderate measure to improve on their profit.

Also, additions to plant and machinery was observed to be another indispensable factor in improving the profit of fast moving consumer goods firm. The study found that holding other variables constant, one unit increase in additions to plant and machinery would lead to about

1.09 per cent increase in profit after tax. This also is true as most fast moving goods firm need their plant and machinery to work round the clock in order to meet set target.

Similarly, additions to motor vehicles were observed to play a crucial role in determining the level of profit made by fast moving consumer goods firm. The study found that holding other variables in the model constant, one unit increase in additions to motor vehicles would lead to about 4.47 per cent increase in profit after tax. This is also true as fast moving firms need to invest heavily in motor vehicles that will help in the movement of their goods from one location to another in order to improve on their returns. If adequate provisions are not made for vehicles to move their goods, their produce could become bad which will not help meet corporate objective.

Another indicator in the study is additions to furniture and equipment. The study also found that holding all other variables constant in the model, one unit increase in additions to furniture and equipment would lead to about 4.35 per cent increase in profit after tax. This is also paramount as both the human resources and equipment of the organization need to be in top shape to achieve corporate targets.

It therefore means that with the exception of additions to leasehold land and additions to returnable packaging materials, all other variables have significant effect on profit after tax.

4.4 Model Estimation for Objective Two

4.4.1 Hausman Test

Hausman test is a model selection test between fixed effect and random effect. The null hypothesis for this test is that difference in coefficients not systematic (random effect is the correct model) against the alternative that random effect is not the correct model. The decision is to reject the null hypothesis if the probability Chi-square value of Hausman test is less than 0.05. Otherwise, the null hypothesis should not be rejected at 0.05 level of significance.

Table 4.4.1:   Result of Hausman Test for Turnover

```
            ──── Coefficients ────
             (b)          (B)            (b-B)       sqrt(diag(V_b-V_B))
          fixed_group  random_group    Difference          S.E.

   ALL      4.084988     1.682155       2.402833         4.426842
    AB    -29.10577    -24.78815       -4.317618         4.838285
   APM      2.780415     1.994441        .7859748        1.324913
   AMV      7.200274     8.090647       -.8903728        1.367391
   AFE     64.51976     64.02375         .4960144        3.335074
  ARPM      4.506958     4.425151        .0818073         .6289057
 ACWIP      3.537924     3.412521        .125403          .1569109

                    b = consistent under Ho and Ha; obtained from xtreg
          B = inconsistent under Ha, efficient under Ho; obtained from xtreg

    Test:  Ho:  difference in coefficients not systematic

            chi2(7) = (b-B)'[(V_b-V_B)^(-1)](b-B)
                    =        2.71
        Prob>chi2 =      0.9102
```
.

Source: Researcher's compilation from the result of Hausman Test

Table 4.4.1 shows the result of Hausman conducted. It could be observed that the probability Chi-square (0.9102) of Hausman test conducted is greater than 0.05. This implies that the null hypothesis of difference in coefficients is systematic cannot be rejected at 0.05 level. This therefore means that random effect model is the best model for this study.

4.4.2 Model Estimation to determine the effect of additions to Non-Current Assets on Turnover

The second objective here is to find out if there is any significant relationship between additions to Non- Current Assets and turnover of the organization. From the result of Hausman test, the random effect model for this objective is presented in table 4.4.2

```
. xtreg TO ALL AB APM AMV AFE ARPM ACWIP, re

Random-effects GLS regression                    Number of obs      =        170
Group variable: YEARS                            Number of groups   =         10

R-sq:  within  = 0.6087                          Obs per group: min =         17
       between = 0.0776                                         avg =       17.0
       overall = 0.6002                                         max =         17

                                                 Wald chi2(7)       =     243.22
corr(u_i, X)   = 0 (assumed)                     Prob > chi2        =     0.0000

─────────────────────────────────────────────────────────────────────────────────
          TO │      Coef.   Std. Err.       z    P>|z|     [95% Conf. Interval]
─────────────┼───────────────────────────────────────────────────────────────────
         ALL │   1.682155   16.82947      0.10   0.920      -31.303    34.66731
          AB │  -24.78815   13.15124     -1.88   0.059      -50.5641    .9877941
         APM │   1.994441   3.695944      0.54   0.589     -5.249477    9.238358
         AMV │   8.090647   4.851331      1.67   0.095     -1.417787    17.59908
         AFE │   64.02375    12.6683      5.05   0.000      39.19434    88.85316
        ARPM │   4.425151   2.622104      1.69   0.091     -.7140792    9.564382
       ACWIP │   3.412521   .4720277      7.23   0.000      2.487363    4.337678
       _cons │    3.71e+07    6053004      6.13   0.000      2.52e+07    4.90e+07
─────────────┼───────────────────────────────────────────────────────────────────
     sigma_u │          0
     sigma_e │   69686510
         rho │          0   (fraction of variance due to u_i)
─────────────────────────────────────────────────────────────────────────────────

.
```

Table 4.4.2 shows the result of regression output of the random effect model estimation for objective two. It could be observed that most of the variables in the model were found not to be statistically significant at 5 per cent. However, additions to Buildings, additions to Furniture and Equipment and additions to Capital Work in Progress were found to be statistically significant at 5 percent respectively.

The ceteris paribus interpretation of the model shows that holding all other variables in the model constant, one unit increase in additions to building will lead to about 24.78 per cent decrease in turnover. This is true because having more buildings does not mean the organizations would increase their turnover as they are capital in nature and would only aid housing the factors of production in an organization. Also, additions to building are an indispensable factor that most organizations ought to have in moderate measure to improve on their turnover.

Similarly, additions to furniture and equipment was observed to play another role in determining the extent to which turnover is affected. The study found out that holding other variables in the model constant, a unit increase in the additions to furniture and equipment will lead to about 64.02 decreases in turnover. This is surprising as one would expect a positive relationship

between turnover and furniture and equipment as increase in furniture and equipment should increase the turnover of the organization

Another indicator in the study is additions to capital work in progress. The study found out that holding all other variables constant, a unit increase in additions to capital work in progress will lead to about 1.61 increases in turnover. Again, this is surprising as one would wonder how additions to capital work in progress will improve turnover as the capital work in progress could be reclassified to any of the non-current asset at a later period.

4.5   Model Estimation for Objective Three

4.5.1   Granger Causality Test

The granger causality test is a statistical hypothesis test for determining whether one time series is useful in forecasting another time series. If the probability value is less than the significance level, then the hypothesis would be rejected at that level.

Table 4.5.1:   Result of Granger Causality Test for Return on Asset

```
. replace ROAA =0 if ROAA ==.
(2 real changes made)

. xtgcause ROAA TANCA


Dumitrescu & Hurlin (2012) Granger non-causality test results:
-------------------------------------------------------------
Lag order: 1
W-bar =          0.2242
Z-bar =         -1.7349   (p-value = 0.0828)
Z-bar tilde =   -1.5692   (p-value = 0.1166)
-------------------------------------------------------------
H0: TANCA does not Granger-cause ROAA.
H1: TANCA does Granger-cause ROAA for at least one panelvar (YEARS).
```

Source: Researcher's compilation from Granger Causality Test

4.5.2 Model Estimation to determine the effect of additions to Non-Current Assets on Return on Assets.

Table 4.5.1 shows the granger causality test carried out on the total additions to Non-current asset and return on asset over the respective years. The ceteris paribus interpretation of the model shows that the p-value (0.08) is higher than the significance level acceptable which means that the total additions to non-current asset over the years does not significant effect on the returns on asset of fast moving consumer goods firm.

4.6   Evaluation of Research Hypothesis

Hypothesis 1 (H_{01}): There is no significant relationship between the additions to Non-current Asset and profit after tax.

Decision Rule: Reject the null hypothesis if the probability value of any of the determinants of additions to Non-current asset is less than 0.05 or 5 percent. Otherwise, the null hypothesis is not to be rejected at 5 percent level of significant.

Conclusion: it could be observed from the analysis of data that much of the variables have significant impact on profit after tax as their addition aid the organization in improving their profit for the benefit of all stakeholders. Therefore, the null hypothesis is to be rejected at 5 percent level of significance.

Hypothesis 2 (H_{02}): The addition to Non-current asset does not affect the turnover of organization's operation.

Decision Rule: Reject the null hypothesis if the probability value of any of the determinants of additions to Non-current asset is less than 0.05 or 5 percent. Otherwise, the null hypothesis is not to be rejected at 5 percent level of significant.

Conclusion: It could be observed from the analysis of data presented above that much of the variables do not significantly affect turnover. Therefore we accept the null hypothesis at 5 per cent level of significance.

Hypothesis 3 (H_{03}): The additions to Non-current asset have no impact on the return on asset of the organization

Decision Rule: Reject the null hypothesis if the probability value of any of the determinants of return on asset is less than 0.05 or 5 percent. Otherwise, the null hypothesis is not to be rejected at 5 percent level of significant.

Conclusion: It could also be observed from the granger causality test carried out that the total addition to non-current asset does not have significant effect on the return on asset over the years. Therefore we accept the null hypothesis at 5 per cent level of significance.

4.7   Summary of Findings

1.   It was observed that additions to Non-Current asset have significant impact on profit after tax over time; this is expected as it shows the importance of these additions to the profit of the organizations over time. This was also collaborated in the work of Ubesie et al, 2013; Oliver et al, 2017.

2.   It was discovered that additions to Non-Current asset does not have significant impact on turnover over time; this was not expected but it may be due to the fact that it's just a component of total asset and not the total asset.

3.   It was also observed that additions to Non-Current asset do not have significant impact on return on asset of fast moving consumer goods firm in Nigeria. These may be due to the fact that additions to Non-Current asset is just a component of the total asset and is not expected to have significant impact in comparism to the total asset of the organization. Ubesie et al 2013 also corroborated this fact.

4.8   Limitations of the Study

In carrying out this work, the researcher made use of secondary data which were not prepared by him. Consequently, these data though from the audited reports of the financial statements of quoted companies, may have been manipulated by the preparers. Be that as it may, the researcher is optimistic that these data are sufficiently reliable enough to make relevant and useful findings on this topic.

Similarly, some of the quoted companies do not have the complete data required for this work as investigated by the researcher which meant that those companies could not be used for this research work.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.0   Introduction

This chapter deals with summary and conclusion of this research work followed by some necessary recommendations.

5.1   Summary of major findings

The main objective of this study was to examine the effect of additions to non-current asset on organizational performance of selected companies in the fast moving consumer goods firm registered and active on the Nigerian Stock Exchange. To address this, relevant data were collected and analyzed and from the analysis, results were obtained and discussed. From the discussion of the results, it was observed that additions to non-current asset was found to have significant impact on profit after tax but there was no significant impact recorded for turnover respectively. It was also observed that addition to non-current asset does not have significant impact on return on asset of fast moving consumer goods firm in Nigeria.

5.2   Conclusion

Additions to non-current asset are vital components that organizations especially fast moving goods firm need to constantly take into consideration to help improve on their profit, turnover. Adequate maintenance of the asset is required and organizations should also ensure that proper planning is done ahead to mitigate asset breakdown, failure or lack of proper maintenance.

5.3   Recommendations

It is pathetic to note that most research conducted were generally on the effect that net asset has on the financial performance of organizations and not on the additions to non-current asset. Even shareholders may not be concerned with their asset status but with the profit most organizations can generate during a particular financial year. It is on this premise that the following recommendations are put forward by the researcher:

1.   That fast moving consumer good firms should keep trend with their non-current asset to know when replacement or additions are needed to enhance profit.

2.   That managers should understand that the lack of significant relationship between additions to non-current and turnover coupled with return on asset is a short term effect and that in the long-run the effect becomes significant..

5.4   Contribution to Knowledge

Much work has been carried on organization performance using the total assets on the annual reports of active companies, however focus as not been placed on additions to non-current asset as this is very pivotal to the growth if the company. This study has helped in looking at the relevance of additions to non-current asset to the growth of companies in terms of turnover, profit and returns on assets.

5.5   Suggestion for further studies

Further research should consider involving additional variables, or more number of years to also include the current year, and increase the sample size with active stocks on the Nigerian Stock Exchange. More so, other sectors in the Nigerian economy could also be researched upon in the Nigerian stock Exchange.

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APPENDIX I

QUOTED FAST MOVING CONSUMER GOODS FIRM ON NIGERIAN STOCK EXCHANGE

S/N	COMPANY NAME
1	NIGERIAN BREWERIES PLC
2	NESTLE NIGERIA PLC
3	GUINNESS NIGERIA PLC
4	BERGER PAINT NIGERIA PLC
5	BETA GLASS NIGERIA PLC
6	DANGOTE CEMENT NIGERIA PLC
7	DANGOTE SUGAR REFINERY PLC
8	CHAMPION BREWERIES NIGERIA PLC
9	PZ CUSSONS NIGERIA PLC
10	CAP PLC
11	GLAXO SMITH NIGERIA PLC
12	UAC NIGERIA PLC
13	UNILEVER NIGERIA PLC
14	FLOUR MILLS NIGERIA PLC
15	VITAFOAM NIGERIA PLC
16	PHARM DEKO NIGERIA PLC
17	NATIONAL SALT COMPANY OF NIGERIA PLC

18	7UP BOTTLING COMPANY PLC
19	MC NICHOLS PLC
20	INTERNATIONAL BREWERIES
21	NIGERIA ENAMELWARE PLC
22	HONEYWELL FLOUR MILL PLC
23	MULTI –TREX INTEGRATED FOODS PLC
24	NORTHERN NIGERIA FLOUR MILLS PLC
25	CADBURY NIGERIA PLC
26	GOLDEN GUINEA BREWERIES NIGERIA PLC
27	LIVESTOCK FEEDS
28	OKOMU OIL PALM NIGERIA PLC

APPENDIX II

SELECTED QUOTED FAST MOVING CONSUMER GOODS FIRM ON NIGERIAN STOCK
EXCHANGE.

S/N	COMPANY NAME
1	NIGERIAN BREWERIES PLC
2	NESTLE NIGERIA PLC
3	GUINNESS NIGERIA PLC
4	BERGER PAINT NIGERIA PLC
5	BETA GLASS NIGERIA PLC
6	DANGOTE CEMENT NIGERIA PLC
7	DANGOTE SUGAR REFINERY PLC
8	CHAMPION BREWERIES NIGERIA PLC

9	PZ CUSSONS NIGERIA PLC
10	CAP PLC
11	GLAXO SMITH NIGERIA PLC
12	UAC NIGERIA PLC
13	UNILEVER NIGERIA PLC
14	FLOUR MILLS NIGERIA PLC
15	VITAFOAM NIGERIA PLC
16	PHARM DEKO NIGERIA PLC
17	NATIONAL SALT COMPANY OF NIGERIA PLC

APPENDIX III

```
. xtunitroot fisher TO, dfuller drift lags(0)

Fisher-type unit-root test for TO
Based on augmented Dickey-Fuller tests
─────────────────────────────────────
Ho: All panels contain unit roots        Number of panels  =     10
Ha: At least one panel is stationary      Number of periods =     17

AR parameter: Panel-specific              Asymptotics: T -> Infinity
Panel means:  Included
Time trend:   Not included
Drift term:   Included                    ADF regressions: 0 lags
────────────────────────────────────────────────────────────────────
                                     Statistic      p-value
────────────────────────────────────────────────────────────────────
 Inverse chi-squared(20)    P        137.0168        0.0000
 Inverse normal             Z         -9.7096        0.0000
 Inverse logit t(54)        L*       -12.0563        0.0000
 Modified inv. chi-squared  Pm        18.5020        0.0000
────────────────────────────────────────────────────────────────────
 P statistic requires number of panels to be finite.
 Other statistics are suitable for finite or infinite number of panels.
────────────────────────────────────────────────────────────────────
```

Unit Root Test for Turnover

```
. xtunitroot fisher ALL, dfuller drift lags(0)

Fisher-type unit-root test for ALL
Based on augmented Dickey-Fuller tests
─────────────────────────────────────
Ho: All panels contain unit roots        Number of panels  =     10
Ha: At least one panel is stationary      Number of periods =     17

AR parameter: Panel-specific              Asymptotics: T -> Infinity
Panel means:  Included
Time trend:   Not included
Drift term:   Included                    ADF regressions: 0 lags
────────────────────────────────────────────────────────────────────
                                     Statistic      p-value
────────────────────────────────────────────────────────────────────
 Inverse chi-squared(20)    P        139.5519        0.0000
 Inverse normal             Z         -9.7522        0.0000
 Inverse logit t(54)        L*       -12.2774        0.0000
 Modified inv. chi-squared  Pm        18.9028        0.0000
────────────────────────────────────────────────────────────────────
 P statistic requires number of panels to be finite.
 Other statistics are suitable for finite or infinite number of panels.
────────────────────────────────────────────────────────────────────
```

Unit Root Test for Additions to Leasehold Land

```
. xtunitroot fisher AB, dfuller drift lags(0)

Fisher-type unit-root test for AB
Based on augmented Dickey-Fuller tests
─────────────────────────────────────
Ho: All panels contain unit roots          Number of panels  =     10
Ha: At least one panel is stationary        Number of periods =     17

AR parameter: Panel-specific                Asymptotics: T -> Infinity
Panel means:  Included
Time trend:   Not included
Drift term:   Included                       ADF regressions: 0 lags

─────────────────────────────────────────────────────────────────────
                                Statistic      p-value
─────────────────────────────────────────────────────────────────────
 Inverse chi-squared(20)   P       373.8850       0.0000
 Inverse normal            Z       -17.2698       0.0000
 Inverse logit t(54)       L*      -32.9044       0.0000
 Modified inv. chi-squared Pm       55.9541       0.0000
─────────────────────────────────────────────────────────────────────
 P statistic requires number of panels to be finite.
 Other statistics are suitable for finite or infinite number of panels.
─────────────────────────────────────────────────────────────────────
```

Unit Root Test for Additions to Buildings

```
. xtunitroot fisher PAT, dfuller drift lags(0)

Fisher-type unit-root test for PAT
Based on augmented Dickey-Fuller tests
─────────────────────────────────────
Ho: All panels contain unit roots          Number of panels  =     10
Ha: At least one panel is stationary        Number of periods =     17

AR parameter: Panel-specific                Asymptotics: T -> Infinity
Panel means:  Included
Time trend:   Not included
Drift term:   Included                       ADF regressions: 0 lags

─────────────────────────────────────────────────────────────────────
                                Statistic      p-value
─────────────────────────────────────────────────────────────────────
 Inverse chi-squared(20)   P       154.9326       0.0000
 Inverse normal            Z       -10.4562       0.0000
 Inverse logit t(54)       L*      -13.6335       0.0000
 Modified inv. chi-squared Pm       21.3347       0.0000
─────────────────────────────────────────────────────────────────────
 P statistic requires number of panels to be finite.
 Other statistics are suitable for finite or infinite number of panels.
─────────────────────────────────────────────────────────────────────
```

Unit Root Test for Profit after Tax

```
. xtunitroot fisher ROA, dfuller drift lags(0)
(2 missing values generated)

Fisher-type unit-root test for ROA
Based on augmented Dickey-Fuller tests
───────────────────────────────
Ho: All panels contain unit roots         Number of panels      =      10
Ha: At least one panel is stationary       Avg. number of periods =  16.80

AR parameter: Panel-specific               Asymptotics: T -> Infinity
Panel means:  Included
Time trend:   Not included
Drift term:   Included                      ADF regressions: 0 lags
────────────────────────────────────────────────────────────
                                  Statistic      p-value
────────────────────────────────────────────────────────────
 Inverse chi-squared(20)    P       145.0058       0.0000
 Inverse normal             Z       -10.0470       0.0000
 Inverse logit t(54)        L*      -12.7593       0.0000
 Modified inv. chi-squared  Pm       19.7652       0.0000
────────────────────────────────────────────────────────────
 P statistic requires number of panels to be finite.
 Other statistics are suitable for finite or infinite number of panels.
────────────────────────────────────────────────────────────
```

Unit Root Test for Returns on Asset

```
. xtunitroot fisher APM, dfuller drift lags(0)

Fisher-type unit-root test for APM
Based on augmented Dickey-Fuller tests
───────────────────────────────
Ho: All panels contain unit roots         Number of panels  =      10
Ha: At least one panel is stationary       Number of periods =      17

AR parameter: Panel-specific               Asymptotics: T -> Infinity
Panel means:  Included
Time trend:   Not included
Drift term:   Included                      ADF regressions: 0 lags
────────────────────────────────────────────────────────────
                                  Statistic      p-value
────────────────────────────────────────────────────────────
 Inverse chi-squared(20)    P       166.5787       0.0000
 Inverse normal             Z       -10.8483       0.0000
 Inverse logit t(54)        L*      -14.6567       0.0000
 Modified inv. chi-squared  Pm       23.1761       0.0000
────────────────────────────────────────────────────────────
 P statistic requires number of panels to be finite.
 Other statistics are suitable for finite or infinite number of panels.
────────────────────────────────────────────────────────────
```

Unit Root Test for Additions to Plant and Machinery

```
. xtunitroot fisher AMV, dfuller drift lags(0)

Fisher-type unit-root test for AMV
Based on augmented Dickey-Fuller tests
─────────────────────────────────────
Ho: All panels contain unit roots          Number of panels  =      10
Ha: At least one panel is stationary        Number of periods =      17

AR parameter: Panel-specific                 Asymptotics: T -> Infinity
Panel means:  Included
Time trend:   Not included
Drift term:   Included                       ADF regressions: 0 lags
────────────────────────────────────────────────────────────────────
                                  Statistic      p-value
────────────────────────────────────────────────────────────────────
 Inverse chi-squared(20)   P       202.0703       0.0000
 Inverse normal            Z       -12.1481       0.0000
 Inverse logit t(54)       L*      -17.7818       0.0000
 Modified inv. chi-squared Pm       28.7878       0.0000
────────────────────────────────────────────────────────────────────
 P statistic requires number of panels to be finite.
 Other statistics are suitable for finite or infinite number of panels.
────────────────────────────────────────────────────────────────────
```

Unit Root Test for Additions to Motor Vehicles

```
. xtunitroot fisher AFE, dfuller drift lags(0)

Fisher-type unit-root test for AFE
Based on augmented Dickey-Fuller tests
─────────────────────────────────────
Ho: All panels contain unit roots          Number of panels  =      10
Ha: At least one panel is stationary        Number of periods =      17

AR parameter: Panel-specific                 Asymptotics: T -> Infinity
Panel means:  Included
Time trend:   Not included
Drift term:   Included                       ADF regressions: 0 lags
────────────────────────────────────────────────────────────────────
                                  Statistic      p-value
────────────────────────────────────────────────────────────────────
 Inverse chi-squared(20)   P       363.7127       0.0000
 Inverse normal            Z       -16.9546       0.0000
 Inverse logit t(54)       L*      -32.0091       0.0000
 Modified inv. chi-squared Pm       54.3457       0.0000
────────────────────────────────────────────────────────────────────
 P statistic requires number of panels to be finite.
 Other statistics are suitable for finite or infinite number of panels.
────────────────────────────────────────────────────────────────────
```

Unit Root Test at Additions for Furniture and Equipment

```
. xtunitroot fisher ARPM, dfuller drift lags(0)

Fisher-type unit-root test for ARPM
Based on augmented Dickey-Fuller tests
─────────────────────────────────────
Ho: All panels contain unit roots          Number of panels  =      10
Ha: At least one panel is stationary        Number of periods =      17

AR parameter: Panel-specific                Asymptotics: T -> Infinity
Panel means:  Included
Time trend:   Not included
Drift term:   Included                       ADF regressions: 0 lags
───────────────────────────────────────────────────────────────────────
                               Statistic       p-value
───────────────────────────────────────────────────────────────────────
 Inverse chi-squared(20)    P     501.6608       0.0000
 Inverse normal             Z     -20.8353       0.0000
 Inverse logit t(54)        L*    -44.1496       0.0000
 Modified inv. chi-squared  Pm     76.1573       0.0000
───────────────────────────────────────────────────────────────────────
 P statistic requires number of panels to be finite.
 Other statistics are suitable for finite or infinite number of panels.
───────────────────────────────────────────────────────────────────────
```

Unit Root Test for Additions to Returnable Packaging Materials

```
. xtunitroot fisher ACWIP, dfuller drift lags(0)

Fisher-type unit-root test for ACWIP
Based on augmented Dickey-Fuller tests
─────────────────────────────────────
Ho: All panels contain unit roots          Number of panels  =      10
Ha: At least one panel is stationary        Number of periods =      17

AR parameter: Panel-specific                Asymptotics: T -> Infinity
Panel means:  Included
Time trend:   Not included
Drift term:   Included                       ADF regressions: 0 lags
───────────────────────────────────────────────────────────────────────
                               Statistic       p-value
───────────────────────────────────────────────────────────────────────
 Inverse chi-squared(20)    P     134.3914       0.0000
 Inverse normal             Z      -9.5723       0.0000
 Inverse logit t(54)        L*    -11.8247       0.0000
 Modified inv. chi-squared  Pm     18.0869       0.0000
───────────────────────────────────────────────────────────────────────
 P statistic requires number of panels to be finite.
 Other statistics are suitable for finite or infinite number of panels.
───────────────────────────────────────────────────────────────────────
```

Unit Root Test for Additions to Capital Work in Progress

APPENDIX IV

```
. xtreg PAT ALL AB APM AMV AFE ARPM ACWIP, fe

Fixed-effects (within) regression            Number of obs      =       170
Group variable: YEARS                        Number of groups   =        10

R-sq:  within  = 0.9143                       Obs per group: min =        17
       between = 0.9414                                       avg =      17.0
       overall = 0.9153                                       max =        17

                                              F(7,153)           =    233.18
corr(u_i, Xb)  = 0.0066                       Prob > F           =    0.0000
```

PAT	Coef.	Std. Err.	t	P>|t|	[95% Conf. Interval]	
ALL	-1.531858	2.050554	-0.75	0.456	-5.582913	2.519197
AB	-9.207673	1.651217	-5.58	0.000	-12.4698	-5.945545
APM	1.231829	.4626479	2.66	0.009	.3178269	2.145832
AMV	4.378997	.5939286	7.37	0.000	3.205637	5.552356
AFE	4.40887	1.543628	2.86	0.005	1.359294	7.458447
ARPM	-.3608768	.3177378	-1.14	0.258	-.9885966	.2668429
ACWIP	1.611604	.0586139	27.50	0.000	1.495807	1.727401
_cons	-789484.1	724466.5	-1.09	0.278	-2220733	641764.9
sigma_u	1344645					
sigma_e	8211489.1					
rho	.02611436	(fraction of variance due to u_i)				

```
F test that all u_i=0:     F(9, 153) =      0.42             Prob > F = 0.9230

.
```

Fixed Effect Test on Profit after Tax

```
. xtreg TO ALL AB APM AMV AFE ARPM ACWIP, fe

Fixed-effects (within) regression            Number of obs      =       170
Group variable: YEARS                        Number of groups   =        10

R-sq:  within  = 0.6094                       Obs per group: min =        17
       between = 0.0525                                       avg =      17.0
       overall = 0.5995                                       max =        17

                                              F(7,153)           =     34.10
corr(u_i, Xb)  = -0.0799                      Prob > F           =    0.0000
```

TO	Coef.	Std. Err.	t	P>|t|	[95% Conf. Interval]	
ALL	4.084988	17.40195	0.23	0.815	-30.29414	38.46412
AB	-29.10577	14.01299	-2.08	0.039	-56.7897	-1.421837
APM	2.780415	3.926245	0.71	0.480	-4.976235	10.53707
AMV	7.200274	5.040354	1.43	0.155	-2.7574	17.15795
AFE	64.51976	13.09994	4.93	0.000	38.63964	90.39988
ARPM	4.506958	2.696471	1.67	0.097	-.820163	9.83408
ACWIP	3.537924	.4974246	7.11	0.000	2.555217	4.520631
_cons	3.64e+07	6148159	5.92	0.000	2.42e+07	4.85e+07
sigma_u	12745007					
sigma_e	69686510					
rho	.03236635	(fraction of variance due to u_i)				

```
F test that all u_i=0:     F(9, 153) =      0.53             Prob > F = 0.8480

.
```

Fixed Effect Test on Turnover