

Firm Characteristics and Financial Performance of Consumer Goods Firms in Nigeria

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Abstract

The aim of this study is to examine the impact of firm characteristics and financial performance of consumer good firms in Nigeria. Specifically it tests the effects of firm size, firm age and leverage on financial performance (return on equity). The study uses both financial and non-financial data from annual reports of the 5 listed consumer good firms in Nigeria from 2007-2016. The data was analyzed using descriptive statistics, Pearson correlation and multiple regressions with the help of STATA version 13. The result shows that the firm size, has a positive relationship with financial performance, firm age also have a positive relationship with financial performance and leverage too has a positive relationship with financial performance.

Keywords: Firm Characteristics, Firm Performance, Firm Size, Firm Age, Leverage.

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INTRODUCTION

Background to the Study

The performance of any firm not only plays the role to increase the market value of that specific firm but also leads towards the growth of the whole industry which ultimately leads towards the overall prosperity of the economy. The subject of financial performance has received significant attention from scholars in the various areas of business and strategic management. It has also been the primary concern of business practitioners in all types of organizations since financial performance has implications to organization's health and ultimately its survival. High performance reflects management effectiveness and efficiency in making use of company's resources and this in turn contributes to the country's economy at large [1].

Profitability thus, is a life wire gauge for evaluating, monitoring managerial and measuring performance of those charged with the responsibility of corporate management, including the overall roles of the board in maintaining the wheel of the entity. Glautier, Underdown and Morris [2], see profitability as an index that expresses the gain over the cost involved. The uncertainty attached to the possibility of realizing gains in competitive markets heightens the need for the

knowledge of costs and the system of corporate governance practice that may give rise to profitability.

The problem now is whether the firm characteristics influence financial performance. Studies have shown that corporate governance can be measured through board size, board women, CEO duality, and board education, working experience, outside directors, compensation and block holders [3]. Several studies have examined the impact of CEO duality, board composition, board size, board independence on firm performance. In Nigeria, studies like Sanda, Mukailu, and Garba [4], Ehikioya [5], Babatunde and Olaniran [6], Kajola [7], and Akhalumeh and Ohiokho [8], have studied corporate governance and firm performance, but did not consider the elements of gender, age and educational qualification. Therefore, this study aims to examine the influence of firm characteristics on financial performance in Nigeria. The study intends to use firm size, firm age and leverage as measures of firm characteristics on return on equity as measure of financial performance.

Statement of Problem

Theoretical basis for arguing that firm characteristics are related to financial performance can be found in the traditional neoclassical view of the firm

and the concept of economies of scale. Economies of scale may occur for various reasons such as financial; better interest rates and better discount rate to larger firms, organizational; specialization and division of labor, and technical; division of high fixed costs across large number of units. Thus, a positive relationship between firm size and profitability is expected. A negative relationship between firm size and profitability is noted in the alternative theories of the firm, which suggest that large firms come under the control of managers pursuing self-interested goals and therefore profit maximization as the firm's objective function may be replaced by managerial utility maximization function. While, Ajagbe [4], put forward that in poor corporate management, fraud and insider abuse of power by management and board of directors is common place. There is however, a unanimous agreement that the key outcome of poor corporate governance is earnings smoothing. However, poor corporate governance practices invariably result to failure of firms [9]. Such significant failures have brought to the fore the need for a deeper understanding of the impact of corporate governance on corporate performance. Despite that regulatory agencies emphasize on corporate governance and performance, it is surprising given that many academic investigations did not report statistical relationships between the variables [10, 11] and, in some studies, they reported negative relationship between corporate governance and firm performance. Several explanations have been suggested to be responsible for the inconsistencies. Some argued that the challenge results from the adoption of either publicly available information or survey results as these sources are restricted in scope [12, 13]. Majority of these works, however, focused on either only financial institutions or non-financial institutions.

Studies on the effect of firm characteristics on firm performance have generated mixed results ranging from those supporting a positive relationship to those opposing it. A positive relationship between firm size and performance was found by Vijayakumar and Tamizhselvan [14]. In their study, they used different measures of size (sales and total assets) and performance (profit margin and profit on total assets). Majumdar [15], investigated the impact that firm size has on profitability and productivity of a firm. While controlling for other variables that can influence firm performance, he found evidence that larger firms are less productive but more profitable.

The problem now is whether the firm characteristics influence financial performance. Studies have shown that corporate governance can be measured through board size, board women, CEO duality, and board education, working experience, outside directors, compensation and block holders [3]. Several studies have examined the impact of CEO duality, board

composition, board size, board independence on firm performance. In Nigeria, studies like Sanda, Mukailu, and Garba [4], Ehikioya [5], Babatunde and Olaniran [6], Kajola [7], and Akhalumeh, Ohiokho, Ohiokha [8], have studied corporate governance and firm performance, but did not consider the elements of firm size, age and leverage. Therefore, this study aims to examine the influence of firm characteristics on financial performance in Nigeria

OBJECTIVES OF THE STUDY

The main objective is to examine the impact of firm characteristics on financial performance of consumer goods firms in Nigeria with the following specific objectives;

- To determine the relationship between firm size and financial performance of consumer goods firms in Nigeria.
- To examine the relationship between firm age and financial performance of consumer goods firms in Nigeria.
- To examine the relationship between leverage and financial performance of consumer goods firms in Nigeria.

Research Question

- What is the relationship between firm size and firm performance of consumer goods firms in Nigeria?
- Is there any relationship between firm age and financial performance of consumer goods firms in Nigeria?
- Is there any relationship between leverage and financial performance of consumer goods firms in Nigeria?

Statement of Hypothesis

For the purpose of this studies the following hypothesis were formulated;

HO₁: firm size does have a significant positive relationship on financial performance of consumer goods firms in Nigeria.

HO₀: firm size does have a significant negative relationship on financial performance of consumer goods firms in Nigeria.

HO₂: firm age does have a significant positive relationship on financial performance of consumer goods firms in Nigeria.

HO₀: firm age does have a significant negative relationship on financial performance of consumer goods firms in Nigeria.

HO₃: leverage does have a significant positive relationship on financial performance of consumer goods firms in Nigeria.

HO₀: leverage does have a significant negative relationship on financial performance of consumer goods firms in Nigeria.

SCOPE OF THE STUDY

This research examines the effect of firm characteristics on the financial performance of listed consumer goods firms in Nigeria, and will cover a period of ten years 2007-2016. The study used firm size, firm age and leverage as measures of firm characteristics while return on equity (ROE) will be used as a financial performance measures.

Significant of the Study

The findings of this study will help the firm in this industry to understand very well the relationship between their respective characteristics and financial performance. Results from this research will provide an appreciation of the relationship between firm characteristics and financial performance. Acquiring such evidence will enable firms in the industry to gain the benefit of amending some of their features. Interest of various related group is affected by the financial performance of a firm. Therefore, they can analyze and assess the financial performance of the firms. For instance, trade creditors are interested in the liquidity of a firm (appraisal of firm's liquidity).

And finally this research will contribute to the existing literature hence it can be used by other researcher who may wish to conduct similar research in the future

LITERATURE REVIEW

The Concept of Firm Characteristics

Firm characteristics refer to the attributes which a particular firm possesses that defines its activities. Firm characteristics are those variables that relatively affect the firm's decision both internally and externally [16].

Firm Size

The nature of the relationship between firm size and financial performance has received considerable attention in the literature and has motivated strong debate. Several arguments favor larger firm size in attaining higher performance. Large firms are more likely to exploit economies of scale and enjoy higher negotiation power over their clients and suppliers [17].

Leverage

Financial leverage can be described as the extent to which a business or investor is using borrowed money; Financial leverage is a measure of how much firm uses equity and debt to finance its assets. As debt increases, financial leverage also increases. It has been seen in different studies that financial leverage has relationship with financial performance [18].

Firm Age

The age of the firm is an important variable in determining its financial performance. When the firm

becomes older, it enjoys economies of scale. This means that the firm can produce products at lower costs and this will cause an increase in revenue and profits. When a firm gets older, it can also enjoy a superior level of performance compared to newly established companies.

However, if the older firms do not change their systems to cope with the new environmental conditions, innovation and advancement, their current financial performance would be worse [19].

The Concept of Profitability

Profit is an excess of revenue over associated expenses for an activity over a period of time. Terms with similar meanings include 'earnings', 'income', and 'margin'. Lord Keynes concludes that 'Profit is the engine that drives the business enterprise'. Every business should earn sufficient profits to survive and grow a long period of time. It is the index to the economic progress, improved national income and rising standard of living. No doubt, profit is the legitimate object, but it should be over emphasized management should try to maximize its profit keeping in mind the welfare of the society. Thus, profit is not just the reward to owners but it is also related with the interest of other segments of the society. Profit is the yardstick for judging not just the economic, but the managerial efficiency and social objectives also. Owolabi [20].

Profitability means ability to make profit from all the business activities of an organization, company, firm, or an enterprise. It shows how efficiently the management can make profit by using all the resources available in the market. According to Harward & Upton [21], "profitability is the 'the ability of a given investment to earn a return from its use.'" However, the term 'profitability' is not synonymous the term 'Efficiency'. Profitability is an index of efficiency; and is regarded as a measure of efficiency and management guide to greater efficiency.

Return on Equity (ROE)

Common or ordinary shareholders are entitled profits. Rate dividend not fixed; the earnings may be distributed to shareholders or retained in the business. Nevertheless, the net profit after tax represents their return. A return on shareholder's equity is calculated to see the profitability of owners' investment. The shareholders' equity or net worth will include paid up share capital, share premium and surplus less accumulated losses. Net worth can also be found by subtracting total liabilities from the total assets. The ROE is net profit after taxes divided by shareholders' equity which is given by net worth.

ROE= profit after tax/ shareholders' equity

Empirical Studies

Maleya and Willy [22], examine the factors affecting the financial performance of listed companies at Nairobi Securities Exchange in Kenya. This was informed by trade off and the agency theories. The study adopted an explanatory research design and 29 listed firms which have consistently been operating at the Nairobi securities exchange during the period 2006-2012 were sampled. The analysis of the data collected from the financial statement followed a number of basic statistical techniques. Descriptive statistics, Pearson correlation and multiple-regression were used to analyze the data. Their findings showed that leverage had a significant negative effect on financial performance whereas, liquidity, company size and age have a significant positive effect on financial performance.

Zahid *et al.* [23], empirically investigated the factors affecting firm's performance in the food sector of Pakistan. The researchers used panel data set for the period of 2005 to 2010. The researchers used one-way fixed effect regression analysis due to the presence cross-sectional fixed effect in the data. The dependent variable was ROI as a measure of firm's financial performance while the independent variables were leverage, growth, firm size, tax, tangibility and debt tax shield. The result of the analysis revealed that the factors should be put into consideration because they significantly increase or decrease the financial performance.

Osuji and Odita [24], also confirm the negative and insignificant relationship between ROA and firms age and a positive and significant relationship between ROE and firms age in their research conducted on the impact of capital structure on financial performance of Nigerians firms using a sample of thirty non-financial firms listed on the Nigerian stock exchange during the seven period 2004-2010. Debt ratio was used as the explanatory variable and a number of controlled

variables (Asset turnover, firm size, Firm age, and Asset tangibility and growth opportunities) were used since a number of factors may impact on firm's performance.

Theoretical Framework

Contingency theory

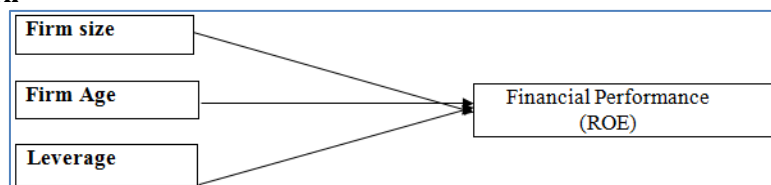
The contingency theory literatures indicate that factors such as technology and environmental affect the design and functioning organizations [25]. Its central theme is that there is no unique best structure of all organization under all circumstances; instead each organizational structure is a response to a set of contingencies. The literature shows that important characteristics (contingencies) affecting organizational structure include size, environmental uncertainty, leverage, growth, production technology, corporate strategy and market environment.

Agency Theory

The agency theory was first stated by Jensen & Meckling in 1976. The agent's unperfected behavior caused the creation of the agency problem. There are two forms of the agency cost, they are two kinds of conflict, one conflict is between the stakeholders and the managers, and the other conflict is between the shareholders and the creditors.

The first conflicts comes from that the manager are not the wholly owner of the company, if the managers wholly own all company, then the control and the ownership would be together instead of the separation, then the managers can have the all profit or pay the all cost. However, due to the mangers cannot own the whole company, so the managers cannot fully own the whole profit which is created by their hardworking, furthermore, they must accept the all cost. As such agency theory is found to be more appropriate in explaining the predictive relationship between the firm characteristics and profitability therefore it is adopted to guide this study.

Conceptual Framework



Proposed Research Model

Research Methodology

Research design

For this study, correlational research design is used. A correlational research design is use to describe the statistical association between two or more variable. It is therefore, most appropriate for this study because it allows for testing of expecting relationship between and among the variable and the making of predictions

regarding these relationship. This study involves the measurement of four independent variable and one dependent variable as well as assessment of the relationship between them.

Population of the study

This study used all consumer goods firms of the consumer goods sector that are quoted on the Nigerian stock Exchange at 31st September, 2017 as the

population of the study. There are twenty-seven (27) consumer goods firms quoted on the floor of the Nigerian Stock Exchange as at 31st September, 2017. This study covered a period of ten years from 2007 – 2016. The list of consumer goods firms that formed the population of the study is shown in table below.

Population of the Study

S/N	Company	Year of Listing
1.	7-UP bottling company	2007
2.	Big treat plc	1976
3.	Cadbury Nigeria plc	1983
4.	Champion brewery plc	2008
5.	Dangote flour mills plc	2007
6.	Dangote sugar refinery plc.	1961
7.	Dn Myre and rubber plc	1978
8.	Flour Mills Nigeria plc.	1979
9.	Golden Guinea Brewery plc.	1965
10.	Guinness Nigeria plc	2009
11.	Honeywell Flour Mill Plc	1995
12.	International Breweries Plc	1992
13.	Jos International Breweries Plc	2010
14.	Multi-Trex Integrated Foods Plc	1992
15.	National Salt Company Nigeria Plc	1961
16.	Nestle Nigeria Plc	1988
17.	Nigeria Flour Mills Plc.	1973
18.	Nigerian Brewery. Plc.	1979
19.	Nigerian Enamelware plc.	1979
20.	P S Mandrides & Co Plc	1972
21.	P Z Cussons Nigeria Plc.	1988
22.	Premier Breweries Plc	1972
23.	U T C Nig. Plc.	1973
24.	Unilever Nigeria Plc.	1993
25.	Union Dicon Salt Plc.	1978
26.	Vitafoam Nig Plc.	1990
27.	Vono Products Plc.	1978

Source: Nigerian Stock Exchange (NSE) website as at September, 2017.

Sampling Size and Sampling Techniques

The sampling technique that was employed in this study is the non-probability sampling technique of judgmental sampling base on the filter that; for any company to be included in the sample, it must satisfy the following criteria. First, a company must be listed on the floor of the Nigerian Stock on or before 31st September, 2007. Second, such a company must have complete records of all the required data for measuring the study variables covering the period of 2007 - 2016.

Base on the above condition, the number of consumer goods firms will reduce to five and this will sever as the sample of the study. The techniques for these sampling is in line with the studies of [25, 26, 23, 27, 28, 29].

List of sampled companies

S/N	Company	Year of Listing
1	Dangote sugar refinery Plc.	2007
2	National Salt Company Nigeria Plc	1992
3	Nigeria Flour Mills Plc	1988
4	Nestle Nigeria Plc	1961
5	Union Dicon Salt Plc	1993

Source: Generated from Table 3.1

Sources and Method of Data Collection

This study uses a secondary data; data was collected from the company's annual reports and financial statements. This is consistent with other studies that made used of company's annual reports as their main source of data [30-32, 25]. Information on firm characteristics such as firm size, firm age and leverage were all collected from the annual reports. The required data was extracted from published annual reports and accounts of the five (5) consumer goods firms covering a period of ten (10) years (2007 – 2016).

Variable Measurement

There are two set of variables in this study, these include the dependent and independent variables. However, to remain consistent with previous studies, measures pertaining to Firm Characteristics and Firm Performance. Mrwan, Aiman and Mohamed [33].

The Dependent Variable

This study used profitability as dependent variable and the following proxy return on equity was used.

Return on Equity

Common shareholders are entitled to the residue profits, the rate of dividend is not fixed; the earnings may be distributed to shareholders or retained in the business. Nevertheless, the net profit after tax represents their return. A return on shareholders' equity is calculated to see the profitability of owner's investment. The shareholders' equity or net worth will include paid up share capital, share premium and reserves. Net worth can also be found by subtracting total liabilities from the total assets. The ROE is net worth after taxes divided by shareholders equity which is given by net worth. This is in consistent with the work of Tukur and Aliyu [33].

The Explanatory Variable

These include independent

a) Independent Variable

The independent variable is firm's characteristics and will be proxies by firm size, firm age, and leverage, as used by Saleem and Rehman [27] and Tukur and Aliyu [33].

Firm Size: The total assets owned by the firm, measured as the natural logarithm of total assets

Firm Age: Measured as the number of years since its incorporation

Firm Leverage: Measured as percentage of total debt to total assets

Method of Data Analysis

In analyzing the relationship that exist between firm characteristics and financial performance of listed consumer goods firms, three techniques of data analysis was used that is descriptive statistics, correlational and multiple regression using STATA version 13 as used in the study of Saleem and Rehman [27] and Shehu [16].

Descriptive statistics

Descriptive statistics are used to organize, summarize and describe the sample and also to confirm that no predictions or inferences are made regarding the population parameters.

Correlation

The study used the Pearson correlation coefficient as a measure of association to test the association between independent and dependent variables

Multiple regressions

Multiple regressions are statistical techniques that use several explanatory variables to predict the outcome of a respond variable. The goal of multiple regressions is to model the relationship between the explanatory variable and respond variable.

Model Specification

To assess the nature and strength of the relationship between firm's characteristics and financial performance, this model was developed to test the hypothesis of the study. This is in line with the work of Saleem and Rehman [27] and Shehu [16].

$$ROE_{it} = \beta_0 + \beta_1 FSIZE_{it} + \beta_2 AGE_{it} + \beta_3 LEV_{it} + \varepsilon$$

Where;

ROE denote return on equity

FSIZE_{it} denotes firm size

AGE_{it} denotes firm age

LEV_{it} denotes leverage

B₀ represent the fixed intercept, β₁₋₅ is the coefficient of the independent variable

E, error term

Data Analysis and Presentation

Descriptive Statistics

The sample descriptive statistics is first presented in table where minimum, maximum, mean, standard deviation, of the data for the variables used in the study are captured.

Descriptive Statistics of the variables

Variable	Obs	Mean	Std. Dev.	Min.	Max
ROE	50	30.62555	29.20473	-50.100	92.78868
FS	50	15.62631	2.479587	11.13469	18.98563
FA	50	29.5	14.57738	2	47
LEVERAGE	50	1.074976	1.566516	0.3139175	8.5793

Source: Descriptive Statistic Results Using STATA 13.

The table shows the detail account of the descriptive statistics for the dependent and independent variables respectively (ROE = Return on Equity FS = Firm Size, FA = Firm Age and Leverage). On average, during the period of the study, the return on equity have a mean value of 30.62555, firm size recorded an average of 15.62631, also the firm age recorded an average value of 29.5 while leverage mean stood at 1.074976. This indicates that the leverage by the companies during the period was far and below 2%. Amongst the Independent variables, the firm age had the highest standard deviation of 14.57738 signifying its

low contribution in enhancing financial performance of consumer goods firms in Nigeria. While leverage had the lowest standard deviation among the independent variables which indicated its highest contribution in enhancing financial performance of consumer goods firms in Nigeria. Finally, the study is considered valid when it is based on valid data or information, and this information is considered valid if obtained from the data quality. Therefore, the result from the normality test signified the normality of the data and further substantiated the validity of the regression result.

CORRELATION RESULTS

Correlation Results of the variables

	ROE	FS	FA	LEVERAGE
ROE	1.0000			
FS	0.6341	1.0000		
FA	0.1569	0.0886	1.0000	
LEVERAGE	0.2291	0.2913	0.7188	1.0000

Source: Correlation Matrix Results Using STATA 13.

The coefficient of the correlation results revealed that;

Firm size has a strong positive relationship with return on equity (ROE = 0.6341). Firm age has a positive relationship with firm size (FS = 0.0886), it has a positive relationship with return of equity (ROE = 0.1569). Leverage has a weak positive relationship with return on equity (ROE = 0.2291) and a weak and positive relationship with firm size (FS = 0.2913), while a strong negative relationship with firm age (FA = -0.7188).

The coefficient of the correlation results revealed that a weak positive correlation relationship exist between the variables. The correlation matrix also revealed that no two explanatory variables were perfectly correlated. This means that there is the absence of multi collinearity problem in the model.

Analysis of the Results of Regression Estimates

The result of the pooled ordinary least squares (OLS) regression estimates for research model. The result helps to explain the empirical relationship between the dependent variable (return on equity) and the independent and control variables. The explanatory power of the pooled OLS regression model, coefficient of determination or R – square shows that the prediction variables: FS, FA, and LEVERAGE reviewed the weak ability to predict profitability proxy – return on equity and accounts for about 0% of the cross sectional variations in the dependent variable of ROE. This implies that the remaining 100% variation in ROE cannot be explained because it is related to other variables which are not depicted in the model. The implication is that there may be number of variables which can have an impact on financial performance of firm characteristics that need to be studied.

Analysis of the Results of Regression Estimates

Variable	Coefficient	t-Statistic	P-values
FS `	5.944426	3.96	0.000
FA	.7091999	2.02	0.050
LEVERAGE	6.273331	1.84	0.072
CONS	-89.92895	-4.31	0.000
R ²			0.4526
Adjusted R ²			0.4169
F-Stat			12.68
F-Significance			0.000

Source: Results output from STATA 13.

Source: Results output from STATA 13.

In these results the interpretation for the level of significance is based on 0 per cent (0.000) critical value.

Thus, FS has t-statistics value of 3.96 with an associated probability of 0.00 that is insignificant for the 0% (0.000) significant level to lead to the conclusion that firm size has a positive and weak relationship with return on equity. Also the reported regression coefficient value of 5.944426 for FS holds that a unit increase in FS will lead to about 5.94 unit increases in ROE with 0 per cent probability level.

The reported t-statistics value of 2.02 for FA has probability value of 0.050 reveals that there is a positive and insignificant relationship between firm age and return on equity (ROE). Further, the coefficient

value of 0.7091999 for FA holds that a unit increase in FA will lead to about 0.71 units increase in ROE with 5 percent probability level.

In addition to reported t-statistics of 1.84 and associated probability of 0.072 for leverage indicates positive relationship with ROE and as such, the regression coefficient value of 6.273331 for leverage implies that a unit increase in leverage will bring about 6.27 unit increase in ROE with 7.2% probability level.

Result of Test of Hypothesis

This section present the analysis carried out in order to test the hypotheses states in chapter one. Also robustness check was conducted to examine the outputs under varying circumstance. The robustness test gave greater reliability and credibility to the overall findings

of the study. The regression result used for the hypotheses test is presented in table.

Variable Coefficient			
Variable	t-Values	P-Values	Tolerance/VIF
FS	3.96	0.000	0.731392/1.37
FA	2.02	0.050	0.386311/2.59
LEVERAGE	1.84	0.072	0.356325/2.81

Source: Result output from STATA 13.

Statement of Hypothesis One

HO₁: firm size does have a significant positive relationship on financial performance of consumer goods firms in Nigeria.

HO₀: firm size does have a significant negative relationship on financial performance of consumer goods firms in Nigeria.

The research model is used to test whether firm size has a positive relationship with financial performance is measured by return on equity. Which shows the reported t – statistics value of 3.96 and associated probability value of 0.00 and the 0% (0.000) level of significance shows that there is a positive and insignificant association between firm size and return on equity. Therefore, alternate hypothesis (HO₁) is accepted.

Statement of Hypothesis Two

HO₂: firm age does have a significant positive relationship on financial performance of consumer goods firms in Nigeria.

HO₀: firm age does have a significant negative relationship on financial performance of consumer goods firms in Nigeria.

The research model is used to test whether firm age has a positive relationship with financial performance is measured by return on equity. Which shows the reported t – statistics value of 2.02 and associated probability value of 0.050 and the 0% (0.000) level of significance shows that there is a positive and insignificant association between firm age and return on equity. Therefore, alternate hypothesis (HO₂) is accepted

Statement of Hypothesis Three

HO₃: leverage does have a significant positive relationship on financial performance of consumer goods firms in Nigeria.

HO₀: leverage does have a significant negative relationship on financial performance of consumer goods firms in Nigeria.

The research model is used to test whether leverage has a positive relationship with financial

performance is measured by return on asset. Which shows the reported t – statistics value of 1.84 and associated probability value of 0.072 and the 0% (0.000) level of significance shows that there is a positive and insignificant as association between board size and return on assets. Therefore, alternate hypothesis (HO₃) is accepted

CONCLUSION

Firm characteristics play a pivotal role in determining the performance of the firm. In this regard, firms that are able to align certain firm features with the characteristics of the environment outperform other firms.

The results showed tests on the differences in means of all variables of the financial performance model considered. The positive values implied that the variables under the model are significant in determining the financial performance of consumer goods firms in Nigeria. The findings showed the correlations between the independent variables considered in the regressions: firm size, firm age and leverage as independent variables in the model and ROE as a measure of financial performance of consumer goods firms in Nigeria.

RECOMMENDATION

The study found that firm size is the most significant factor influencing financial performance of consumer goods firms in Nigeria. The study recommends a high consideration of increasing the company assets. This is because the size of the company is an important factor as it influences its competitive power. Small companies have less power than large ones; hence they may find it difficult to compete with the large firms particularly in highly competitive markets. Great attention should be paid to leverage since companies that are highly leveraged may be at risk of bankruptcy if they are unable to make payments on their debt; they may also be unable to find new lenders in the future. On the other hand, leverage can increase the shareholders' return on their investment and make good use of the tax advantages associated with borrowing. There is a significant need to have highly qualified employees in the top managerial staff since the age of the company has no influence on its good financial performance.

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