ANUK COLLEGE OF PRIVATE SECTOR Accounting Journal

VOL. 1 NO. 2 DECEMBER, 2024

A Publication of College of Private Sector Accounting
ANAN University Kwall, Plateau State, Nigeria.

Published December, 2024.

Web Address: https://www.anukpsaj.com, Email: anukpsaj@gmail.com

Printed by:
MUSSAB Printers,
NB, 9 Muri road by gwari road, Kaduna State, Nigeria.
Phone contact: 07038776658,
Email: meetsuleiman009@gmail.com

Structure of Manuscript

Manuscripts must be typed on A size paper with 12 font size (Times New Roman), not more than 15 pages, double-spaced, and in English. The file name should include the corresponding author's name and a keyword from the title.

Sequence of Manuscript

I. Title page
II. Abstract (150-250 words)
III. Keywords (3-5)
IV. Introduction
V. Literature Review
VI. Methodology
VII. Results and Discussion
VIII. Conclusion and Recommendations
IX. References (APA 7th Edition)
X. Appendices (if necessary)
XI. Author Biographies (optional)

Plagiarism Policy

ANUK is committed to maintaining high standards through an indept peer-review process with sound ethical policies. Any infringements of professional ethical codes, such as plagiarism; including self-plagiarism, fraudulent use of data, are seriously frowned at by the journal with zero tolerance.

ANUK implements the Code of Conduct of the Committee on Publication Ethics (COPE), and uses the COPE Flowcharts for Resolving cases of suspected plagiarism or any publication misconduct.

In order to avoid plagiarism cases with the ANUK, the following guidelines must be strictly adhered to by authors:

Authors should ensure that they have written entirely original works, and if authors have used the work and/or words of others that this has been appropriately cited or quoted.

An author should not, in general, publish manuscripts describing essentially the same research in more than one journal or primary publication. Submitting the same manuscript to more than one journal concurrently constitutes unethical publishing behavior and is unacceptable.

Proper acknowledgment of the work of others must always be adhered to. Authors should cite publications that have been influential in determining the nature of the reported work.

Editorial Team

TABLE OF CONTENT

EFFECT OF FIRM SIZE AND PROFITABILITY ON FIRM VALUE OF LISTED CONSUMER GOODS COMPANY IN NIGERIA

Chidi Jennifer Nwanne

ABSTRACT

This study examines the impact of firm size and profitability on firm value among consumer goods companies listed on the Nigerian Stock Exchange. Panel data spanning from 2013 to 2022 are utilized, encompassing 18 firms within the consumer goods sector. The robust regression analysis is employed to explore the relationships between these variables, controlling for other relevant factors. The results reveal a statistically significant negative coefficient for firm size. Conversely, Profitability demonstrates a positive relationship with firm value, suggesting that companies with higher Profitability tend to exhibit greater market valuation. The study concludes that firm size has a significant negative impact on the firm value of listed consumer goods companies in Nigeria, indicating that larger companies may face challenges such as operational complexities and inefficiencies that can diminish their market value. Additionally, profitability does not significantly influence firm value, suggesting that other factors, like external market conditions or financial structure, may be more pivotal in determining a company's worth. To address these issues, the study recommended that consumer goods companies focus on improving operational efficiency and managing growth carefully, alongside implementing strategies that enhance profitability, such as effective cost management and innovation in products or services.

Keywords: *Firm Size, Profitability, and Firm Value*

1.0 Introduction

The listed consumer goods companies in Nigeria serves as a fundamental driver of economic growth, playing a critical role in the production of essential goods that meet both domestic and international demands (Nduonofit et al. (2023). Beyond its economic contributions, this sector is a cornerstone of social and economic development, providing employment opportunities and contributing to improved living standards across the country. The sustainability and expansion of manufacturing enterprises hinge significantly on their capacity to augment corporate value and enhance the wealth of shareholders. This necessitates strategic management decisions that prioritize efficient financial management and the allocation of resources to maximize profitability and long-term growth.

In the realm of financial management, the primary objectives center on profit maximization and wealth maximization (Subanidja et al., 2016). Profit maximization entails achieving sustained increases in profitability over time, thereby ensuring that the company generates sufficient returns on its investments. Wealth maximization, on the other hand, focuses on increasing the overall value of shareholders' investments by enhancing the financial health and market standing of the company. Achieving these objectives requires comprehensive financial analysis grounded in robust accounting principles to accurately assess performance, identify growth opportunities, and guide strategic decision-making. Thus, the listed consumer goods companies not only drive economic activity but also serves as a linchpin for broader societal development in Nigeria. By producing essential goods and services, fostering employment, and contributing to GDP growth, this sector underscores its vital role in the country's economic landscape. Effective financial management practices aimed at maximizing profitability and enhancing shareholder value are crucial for sustaining the sector's growth trajectory and ensuring its continued contribution to national development goals. The valuation of a company stands as a pivotal measure of its overall success, encapsulating a blend of internal attributes disclosed in financial statements and external economic conditions (Sucuahi & Cambarihan, 2016). These internal attributes, collectively known as firms' specific characteristics, encompass critical variables such as profitability, firm size, leverage, liquidity, revenue growth, and asset expansion (Suparno & Pitoyo, 2016). These factors collectively shape the financial health and growth potential of a company, influencing its ability to attract investments and sustain competitive advantage in the market. Models like Tobin's Q are widely employed to assess firm value, leveraging these variables derived from the company's financial data. Notably, increases in firm size and profitability typically align with enhanced firm value over specific accounting periods, underscoring their importance in financial performance assessments (Carini et al., 2017).

The studies on Firm Size and Firm Value reveal several critical gaps in understanding the relationship between firm characteristics and market outcomes across various industries. Nduonofit et al. (2023) explored the influence of firm size on market value among listed manufacturing companies in Nigeria, finding a positive correlation. However, their focus on manufacturing as a whole obscure specific dynamic within sectors like consumer goods, which operate under distinct market behaviors and competitive landscapes (Nduonofit et al., 2023). Methodological limitations also emerge in several studies, undermining the robustness of their findings. For instance, Lambe et al. (2023) and Sabiya and Joel (2023) investigate the impact of firm size on social sustainability reporting and financial performance in Nigerian contexts, respectively. Lambe et al. (2023) use non-probability sampling and lack transparency in statistical techniques, while Sabiya and Joel (2023) suffer from methodological transparency issues and narrow sectoral focus (Lambe et al., 2023; Sabiya & Joel, 2023).

Moreover, contextual differences across studies originating from different countries further complicate the generalizability of findings. Egolum and Ikebudu (2023) examine earnings management in Nigerian conglomerates, highlighting insignificant impacts of firm size but significant effects of firm age on practices. Meanwhile, Orajekwe & Ogbodo (2023) study environmental disclosure among energy firms in sub-Saharan Africa, showing sector-specific challenges in disclosure practices and limiting broader applicability due to narrow focus and methodological constraints (Egolum & Ikebudu, 2023; Orajekwe & Ogbodo, 2023). Furthermore, the sector-specific focus of many studies, such as those on Indonesian agricultural firms (Purwohandoko, 2017), limits their applicability to broader sectors like Nigerian consumer goods. This study seeks to therefore examine the effect of firm size and profitability on firm value of listed consumer goods companies listed in Nigeria.

2.0 Review of Related Literature

Conceptual Review

Firm Value

Firm value can be understood in various disciplines, but this study focuses on the management science perspective, particularly in accounting, where firm value is crucial to stakeholders (Purwohandoko, 2017). Firm value can be expressed as either book value or market value, reflecting the company's worth from different viewpoints. Tobin's Q, a model introduced by economist James Tobin in 1966, became an essential tool in finance for estimating firm value, filling a gap in earlier methods that lacked reliability (Pandey, 2010; Sucuahi & Cambarihan, 2016). The model calculates firm value by comparing the market value of a company's equity and debt to the market value of its assets.

Tobin's Q formula is straightforward: it divides the market value of a company's equity and debts by the market value of its assets. However, given the challenge in determining the market value of debt and assets, the formula has been adapted to use the book value of debt and assets instead, which are easier to determine from financial statements. The revised formula for Tobin's Q is the sum of the market value of equity (MVE) and book value of debt (BVD), divided by the book value of assets (BVA). This modified model remains widely used because it leverages more accessible data while maintaining the integrity of Tobin's original concept. Mathematically, Tobin's Q = (MVE + BVD) / BVA, offering a practical approach to assess firm value based on financial statements. Therefore, the main objective of the study is to analyze the effect of firm size and profitability on the value of listed consumer goods companies in Nigeria.

Firm Size

Firm size refers to the optimal growth trajectory a company follows, aiming to increase revenue, profit, workforce, or facilities. In fast-evolving industries, companies prioritize expanding manufacturing capacity, geographical reach, and market share as key survival strategies (Suparno & Pitoyo, 2016). Growth can also be sustained by hiring motivated employees who contribute to the company's success through innovation and expertise. The size of a firm is shaped by the availability of local resources and labor, and it is a critical factor in how governance and regulatory bodies position companies within industries. As firms expand, their value typically increases, especially when growth is supported by a balanced capital structure with minimal reliance on debt. By acquiring assets on credit and paying off liabilities with retained earnings, companies can boost asset bases and shareholder value while reducing debt. Therefore, the second objective of the study is to evaluate the effect of firm size on the value of listed consumer goods companies in Nigeria.

Profitability

Profitability is a fundamental financial metric for the success of listed companies in Nigeria, shaping strategic management decisions aimed at growth. Defined as the positive difference between revenue and incurred expenses, profit reflects a company's ability to sell products beyond costs such as sales, administrative, distribution, and finance costs, as well as taxes (Suparno & Pitoyo, 2016). However, accounting profit may not fully represent a company's financial health due to non-cash items like depreciation and bad debt provisions (Reschiwati et al., 2019). Key profitability indicators like Return on Assets (ROA) and Return on Equity (ROE) offer insights into a company's operational efficiency. ROA shows how effectively assets generate profit, while ROE evaluates profitability in relation to shareholders' equity (Pandey, 2010; Hirdinis, 2019; Ayako & Wamalwa, 2015). Return on Capital Employed (ROCE) further assesses how efficiently long-term capital is used to generate revenue (Suresh & Sengottaiyan, 2015). These measures collectively assess financial health and operational efficiency. ROA is used in this study to measure profitability. Therefore, the second objective of the study is to examine the effect of profitability on the value of listed consumer goods companies in Nigeria.

Empirical Review

Firm Size and Firm Value

The studies presented explore various aspects of how firm-specific characteristics, including profitability, firm size, and capital structure, influence firm value across different sectors and geographical contexts, particularly in Nigeria and Indonesia. Nduonofit et al. (2023) examined the influence of firm-specific factors on the market value of Nigerian manufacturing companies, finding a significant positive effect of firm size. However, the general focus on manufacturing companies across sectors, including industrial goods and oil and gas, limits the direct relevance of these findings for the consumer goods sector, which operates under distinct market conditions and consumer behavior trends. This highlights a gap in understanding the unique dynamics of consumer goods companies in Nigeria.

Other studies like Lambe et al. (2023) and Sabiya and Joel (2023) provide additional insights into firm size's influence, focusing on different metrics such as social sustainability reporting and financial performance in Nigerian listed companies and Pension Fund Administrators (PFAs). While both studies reveal significant positive impacts of firm size, they suffer from methodological limitations, such as non-probability sampling and insufficient discussion on statistical techniques, affecting the robustness and generalizability of their findings. Similar issues are observed in studies by Egolum and Ikebudu (2023) and Orajekwe and Ogbodo (2023), where firm size's influence on earnings management and environmental disclosure is analyzed but lacks comprehensive methodological transparency and broader implications for practice and policy.

In contrast, studies like Chabachib et al. (2020) focus on consumer goods companies listed on the Indonesia Stock Exchange, exploring the effects of firm size, capital structure, and profitability on firm value. The study reveals a positive effect of profitability on firm value, with capital structure showing an insignificant effect on profitability. However, the differences in regulatory environments, market structure, and economic conditions between Indonesia and Nigeria limit the direct application of these findings to Nigerian consumer goods companies. This creates the need for more focused the effect of firm size on firm value in the Nigerian consumer goods sector, which remains underexplored in the literature. Based on this, the first hypothesis for this study is: $\mathbf{H_{01}}$: Firm size has no effect on firm value of consumer goods companies in Nigeria.

Profitability and Firm Value

The studies collectively examine how various firm attributes, particularly profitability, influence company value across different sectors and countries, with a focus on the Indonesia Stock Exchange (ISE) and Nigerian markets. Chabachib et al. (2020) analyzed consumer goods companies in Indonesia and found that profitability significantly enhances firm value, a finding that was similarly echoed by Endri & Fathony (2020) in the financial sector. Both studies utilized path analysis and regression techniques, affirming a strong positive relationship between profitability and firm value. However, they caution that these results may not be directly applicable to Nigerian consumer goods companies due to differences in market conditions.

Several other studies reinforced the relationship between profitability and firm value, albeit in different sectors. Jeroh (2020) and Rabiu (2019) focused on Nigerian, with Jeroh highlighting the significance of return on assets in determining firm value metrics like share price and Tobin's Q, and Rabiu affirming profitability's substantial influence on share prices in industrial goods companies. These findings further demonstrate the critical role of profitability in shaping firm value, though sector-specific factors and regional market differences suggest limited direct application to consumer goods companies in Nigeria.

Other studies explored additional firm attributes, such as capital structure and ownership concentration. Ifada et al. (2019) examined firms on the Jakarta Islamic Index, finding that ownership concentration positively impacts firm value, while liquidity negatively affects capital structure. Ceriawati & Endri (2018) also supported the positive effects of profitability and capital structure on firm value but found liquidity and market share had minimal influence. Purwohandoko (2017) added complexity by showing that profitability negatively impacts capital structure in agricultural firms, highlighting the varied effects of profitability across sectors. These studies suggest that while profitability is a crucial factor in firm value, its impact may vary depending on market context, capital structure, and sectoral dynamics. Based on this, the second hypothesis for this study is: $\mathbf{H_{02}}$: Profitability has no effect on firm value of consumer goods companies in Nigeria.

Theoretical Review

Signaling Theory

Signaling theory, introduced by Spence (1973), highlights the role of reliable accounting information in decision-making, especially for investment purposes. It posits that well-performing firms send credible signals through their financial statements, distinguishing themselves from underperforming companies. These signals, such as profitability and firm size, provide investors with insights into the firm's future prospects and operational efficiency. The theory addresses the information asymmetry between managers, who have inside knowledge of firm operations, and investors, who rely on publicly available financial reports. In this study, signaling theory is used to examine how firm-specific characteristics like profitability and size influence the firm value of Nigerian manufacturing companies, emphasizing the quality of accounting data as a key factor in decision-making (Spence, 1973; Fama, 1991).

The theory suggests that strong financial performance, such as profit maximization, sends positive signals to investors, indicating the firm's ability to generate wealth and sustain operations. These signals can influence investor confidence, leading to changes in share prices and an increase in firm value. In this context, signaling theory is highly relevant as it underscores how the firm characteristics reported in financial statements guide investment decisions and impact firm value. This study leverages signaling theory to explore the relationship between firm size, profitability, and firm value, showing how financial disclosures act as indicators of future performance for stakeholders and capital markets.

3.0 Methodology

The study employed a quantitative research design, chosen for its systematic approach in analyzing empirical data gathered from annual reports. This design was particularly suited for examining causal relationships and patterns within the context of listed consumer goods companies in Nigeria, involving the manipulation and control of variables to test hypotheses. To ensure rigor and reliability, the research utilized panel data, integrating both time series and cross-sectional elements. This approach facilitated a comprehensive exploration of dynamics and variations over time and across different companies.

The study meticulously extracted all data variables from the published annual reports and financial statements of listed consumer goods companies in Nigeria, covering the period from 2013 to 2022. This rigorous methodology underscores the study's reliance on current and pertinent data sources, ensuring alignment with its research objectives. Specifically, the study sampled 18 out of the 21 consumer goods companies listed on the Nigerian Exchange Group as of December 31, 2022, whose financial reports were accessible and included all required data at the time of the study. This is to ensure the transparency of the selection process and confirms the representativeness of the sample subset chosen for analysis

By utilizing a quantitative approach, the study aimed to establish robust empirical evidence on the factors influencing firm value within the Nigerian consumer goods sector. This methodological choice allows for rigorous hypothesis testing and statistical analysis, contributing to a deeper understanding of how firm size and profitability impact market value. The findings are intended to provide valuable insights for stakeholders, policymakers, and researchers interested in enhancing the financial performance and strategic management of consumer goods companies in Nigeria.

Model Specification:

$FVALU_{it} = \beta_0 + \beta_1 FSIZE_{it} + \beta_2 PROF_{it} + \varepsilon_{it}$

Where: FVALU is Firm value; FSIZE is Firm size; PROF is Profitability; i is firm; t is time/period of study and ε is Error term capturing unobserved

Table 3.1 Variable Measurement

Variable	Notation	Measurement	Source
Firm value	FVALU	Tobin's Q	Jeroh (2020)
Firm size	FSIZE	Natural log of total assets	Ememobong et al. (2023)
Profitability	PROF	Net Income/Total Assets	Endri & Fathony (2020)

Source: Author's Compilation, 2024

4.0 Data Analysis, Results And Interpretations

In this section, the study analyzed the data collected using Descriptive statistics, Correlation analysis and multiple linear regression analysis. Heteroscedasticity tests to ensure that residual variances remain consistent across independent variables. The Variance Inflation Factor (VIF) test to identifies multicollinearity among predictors. The results are presented thus:

Table 4.1: Descriptive Statistics

Variable	N	Mean	SD	Min	Max
FVALU	180	13	14	-5.1	63
FSIZE	180	12	2.2	5.1	15
ROF	180	0.061	0.5	-2.4	6.2

Source: STATA 15 Output, 2024

The descriptive statistics for firm value (FVALU) reveal an average value of 13, with a significant standard deviation of 14, indicating substantial variability around this mean. The range of firm values spans from -5.1 to 63, suggesting that while most firms exhibit positive values, there are a few with negative values. This negative valuation could indicate financial distress or other underlying issues for those firms. Overall, the high variability in firm value points to a diverse set of firms in terms of their valuation within the sample.

In terms of firm size (FSIZE), the average size is reported at 12, with a relatively low standard deviation of 2.2. This indicates that the sizes of the firms are fairly consistent across the sample. The range of firm sizes is from 5.1 to 15, demonstrating that the firms included in the sample fall within a relatively narrow size band. The low variability in firm size suggests that the sample comprises firms that are relatively similar in scale.

Profitability (PROF) shows an average of 0.061, which is close to zero, highlighting that the firms, on average, are barely breaking even. However, the standard deviation of 0.5 reveals substantial variability in profitability among the firms. The range extends from -2.4 to 6.2, indicating that while some firms are highly profitable, others are experiencing significant losses. This wide range of profitability outcomes suggests a heterogeneous sample in terms of financial performance.

Table 4.2: Correlation Analysis

Variable	FVALU	FSIZE	PROF
FVALU	10000		
FSIZE	0.2577	10000	
PROF	0.6139	0.2073	10000

Source: STATA 15 Output, 2024

The correlation between firm value (FVALU) and firm size (FSIZE) is 0.2577, indicating a positive but relatively weak relationship. This suggests that, generally, larger firms tend to have higher firm values. However, the strength of this correlation is modest, meaning that while there is a tendency for firm size to be associated with firm value, it is not a strong predictor. This implies that other factors besides firm size significantly influences firm value.

The correlation between firm value (FVALU) and profitability (PROF) is 0.6139, which is a moderately strong positive relationship. This indicates that more profitable firms tend to have higher firm values. The strength of this correlation suggests that profitability is a significant factor in determining firm value. Firms that are able to generate higher profits are typically valued more highly, reflecting investor confidence and the firm's potential for sustained financial performance.

Table 4.3:Heteroskedasticity Test

Breusch-Pagan Cook-Weisberg/ test for heteroskedasticity
chi2(1) = 597.35
Prob > chi2 = 0.0000

Source: STATA 15 Output, 2024

The study resorts to robust regression methods due to strong evidence of heteroskedasticity, as indicated by the Breusch-Pagan/Cook-Weisberg test results (chi2(1) = 597.35, Prob > chi2 = 0.0000). Robust regression techniques adjust the standard errors to account for heteroskedasticity, ensuring more reliable and valid statistical inferences about the relationships between the variables.

Table 4.4: Multicollinearity Test

Variable	VIF	1/VIF
FVALU	1.79	0.558221
FSIZE	1.71	0.58454
PROF	1.34	0.746521
Mean VIF	**1.613**	

Source: STATA 15 Output, 2024

The Variance Inflation Factor (VIF) values for firm value, firm size and profitability are all below 2, with FVALU at 1.79, FSIZE at 1.71, and PROF at 1.34, indicating low to moderate multicollinearity. The mean VIF is 1.50, reinforcing that multicollinearity is not a significant issue in this regression model. VIF values below 5 are generally considered acceptable, meaning that the coefficient estimates are reliable and the individual impact of each predictor can be interpreted with confidence, supporting the robustness of the study's findings

Table 4.5: Robust Regression

Linear regression		Number of OBS	=	180
		F(5, 179)	=	3.03
		Prob > F	=	0.0119
		R-squared	=	0.3153
FVALU	**Coef.**	**Robust Std. Err.**	**T**	**P>t**
FSIZE	-3.822149	1.216869	-3.14	0.002
PROF	-2.631154	8.591217	-0.31	0.760
Cons	49.30633	15.46578	3.19	0.002

Source: STATA 15 Output, (2024)

The results of the linear regression analysis indicate that the model explains 31.53% of the variability in firm value (FVALU), as denoted by the R-squared value of 0.3153. This means that approximately 31.53% of the variance in firm value is explained by the independent variables included in the model. Furthermore, the F-statistic (F (5, 179) = 3.03) with a corresponding p-value (Prob > F) of 0.0119 signifies that the overall model is statistically significant at the 5% level, suggesting that at least one of the predictors significantly relates to firm value, and the model provides a better fit than a model without predictors.

Analyzing the coefficients (Coef.) of the predictors, firm size has a coefficient of -3.822149, indicating that for each unit increase in firm size, firm value decreases by approximately 3.822 units, holding other factors constant. This coefficient is statistically significant with a T-statistic of -3.14 and a p-value (P>t) of 0.002, providing strong evidence against the null hypothesis that the coefficient is zero. The finding shows that firm size has a significant negative effect on firm value of listed consumer goods companies in Nigeria.

Profitability (PROF) exhibits a coefficient of -2.631154, suggesting a negative relationship with firm value, although this relationship is not statistically significant. The T-statistic for PROF is -0.31, with a p-value of 0.760, indicating insufficient evidence to reject the null hypothesis that the coefficient is zero. The finding reveals that profitability has no significant effect on firm value of listed consumer goods companies in Nigeria.

Discussion of Findings

Firm Size and Firm Value

The negative relationship between firm size and firm value identified in this study contrasts with prevailing literature that typically associates larger firms with higher valuations due to economies of scale and market dominance. Studies such as those by Lodikero et al. (2023) and Lambe et al. (2023) underscore sector-specific variations in the impact of firm size on corporate performance metrics. Lodikero et al. (2023), for instance, found mixed evidence of stakeholder power influencing corporate social responsibility disclosures among Nigerian industrial goods companies, suggesting that industry dynamics and firm-specific factors play pivotal roles in shaping performance outcomes. Similarly, Lambe et al. (2023) highlighted that while firm size positively affects social sustainability reporting in Nigerian manufacturing firms, the implications for firm value can vary significantly across sectors. The contradiction between the negative coefficient observed in this study and the generally positive association found in broader literature may stem from several factors specific to Nigerian consumer goods companies. These factors could include inefficiencies related to scale, higher operational costs, market perceptions favoring smaller, more agile firms, or regulatory constraints disproportionately affecting larger entities.

Profitability and Firm Value

Analyzing the influence of profitability on firm value across various studies reveals both consistent findings and divergences. Chabachib et al. (2020) and Endri & Fathony (2020) from Indonesia found that profitability positively impacts firm value in consumer goods and financial sectors, respectively. Both studies utilized robust methodologies like path analysis and multiple regression, highlighting a significant and positive relationship between profitability and firm value. Similarly, Ifada et al. (2019) focused on the Jakarta Islamic Index and identified a positive effect of profitability on firm value, emphasizing its relevance in Islamic finance contexts. However, Jeroh (2020) explored Nigerian financial service firms and found that return on assets positively influences firm value metrics like share price and Tobin's Q, suggesting a broader applicability within the Nigerian context. These findings collectively underscore the importance of profitability as a crucial determinant of firm value, albeit within specific market contexts that may vary considerably across regions and sectors.

Conversely, studies like Rabiu (2019) and Ceriawati & Endri (2018) present findings that may not directly align with the positive correlation observed between profitability and firm value. Rabiu (2019) focused on Nigerian industrial goods companies and concluded that profitability significantly enhances share prices, indicating a positive relationship similar to other contexts but within a different sector. Ceriawati & Endri (2018), examining cigarette companies in Indonesia, also highlighted positive effects of profitability on firm value but noted insignificant impacts of liquidity and market share, suggesting sector-specific dynamics. These variations in findings underscore the impact of profitability on firm value across different sectors and regional markets, reflecting varying competitive landscapes, regulatory environments, and consumer behaviors. Thus, while profitability generally enhances firm value across diverse settings, the degree and nature of this relationship can differ significantly based on industry-specific factors and market conditions.

5.0 Conclusion And Recommendations

Based on the study's findings which shows that firm size has a significant negative impact on the firm value of listed consumer goods companies in Nigeria. This suggests that as these companies grow larger, their market value may decline, possibly due to increased operational complexities, inefficiencies, or difficulties in maintaining optimal performance at larger scales. This highlights the need for careful growth management to prevent adverse effects on firm value.

Furthermore, the study reveals that profitability does not have a significant influence on firm value in listed consumer goods companies in Nigeria. This indicates that factors beyond profitability, such as external market forces or the company's financial structure, may play a more crucial role in determining firm value. It suggests that firms should consider a broader range of strategies beyond merely focusing on profitability to enhance their market value.

Recommendations

Based on these findings, the following recommendations are proposed:

i. Given the negative relationship between firm size and firm value, consumer goods companies in Nigeria should focus on improving operational efficiency and scaling operations appropriately. This might involve optimizing resource allocation and exploring economies of scale to enhance profitability per unit of size.

ii. While profitability did not show a significant effect in this study, it remains a critical factor for firm value. Therefore, consumer goods companies in Nigeria should prioritize strategies that boost profitability, such as cost management, revenue diversification, and innovation in product offerings or services.

References

Ani, T. M., and Odo, A. M. (2019). Relationship between financial analysis and firms' value in food and drinks service industry in Nigeria. *International Journal of Business and Management Science*, 3(1), 50-64.

Arhin, S. (2018). Shareholder value: An analysis of return on assets and equity and their impact on corporate strategic donation using profit margin and turnover. *Global Journal of Business, Economics and Management: Current Issues*, 8(2), 74-88.

Ary, D., Jacobs, L. C., and Sorensen, C. (2010). *Introduction to Research in Education: Eight (8) Edition*. Wadsworth Cengage Learning International Edition-USA, UK and Australia, 88p.

Ayako, A., and Wamalwa, F. (2015).

Determinants of firm value in Kenya: Case of commercial banks listed at the Nairobi Securities Exchange. *Applied Finance and Accounting Journal*, 1(10), 22-34.

Carini, C., Comincioli, N., Poddi, L., and Vergalli, S. (2017). Measure the performance with the market value added: Evidence from CSR companies. *Sustainability*, 9(21), 1-19.

Ceriawati, D., and Endri, E. (2018). Determinants of firm value: A case study of cigarette companies listed on the Indonesia Stock Exchange (ISE). *International Journal of Managerial Studies and Research*, 6(8), 51- 59.

Chabachib, M., Hersugondo, H., Ardiana, E., and Pamungkas, I. D. (2020). Analysis of company characteristics of firm values: Profitability as intervening variables. *International Journal of Financial Research*, 11(1), 60-70.

Efuntade, A. O., and Akinola, A. O. (2020). Firm characteristics and financial performance in quoted manufacturing companies in Nigeria. *International Journal of Business and Finance Management Research*, 7, 25-32.

Efut, A., et al. (2023). Firm Characteristics, Financial Reporting Quality, Earnings Management Practice, and Profitability. *International Journal of Innovative Finance and Economics Research*, 11(1), 68-78.

Egolum, P.U. and Ikebudu, E.V. (2023). Firm Characteristics and Earnings Management of Listed Conglomerate Firms in Nigeria. *Journal of Global Accounting*, 9(2), 213 – 231. https://journals.unizik.edu.ng/joga

Ememobong D. J., Uwem E. U., and Emmanuel S. U. (2023). Firm Characteristics and Earnings Predictability of Listed Manufacturing Companies in Nigeria. *AKSU Journal of Administration and Corporate Governance,* 3(2), 179-193.

Endri, E., and Fathony, M., (2020). Determinants of firm's value: Evidence from financial industry. *Management Science Letters*, 10, 111-120.

Handoko, D. (2016). The influence of firm characteristics on capital structure and firm value: An empirical study of Indonesia insurance companies. *International Journal of Economics, Commerce and Management*, 4(4), 1181-1206.

Harsha, V., Nikitha, M., Madhura, S., and Girish, S. (2018). Financial determinants of firm's value: Evidence from energy sector firms. *International Journal of Research and Analytical Reviews*, 5(4), 273-277.

Hirdinis, M. (2019). Capital structure and firm size on firm value moderated by profitability. *International Journal of Economics and Business Administration*, 7(1), 174-191.

Ifada, L. M., Faisal, F., Ghozali, I., and Udin, U. (2019). Company attributes and firm value: Evidence from companies listed on Jakarta Islamic index. *Revista Espacios*, 40(37), 1-14.

Jeroh, E. (2020). Corporate financial attributes and the value of listed financial service firms: The Nigerian evidence. *Academy of Accounting and Financial Studies Journal*, 24(2), 1-13.

Kothari, C. R., and Garg, G. (2014). *Research methodology-methods and techniques, third edition.* New Delhi: New age international publishers, 24p.

Kumar, B. R. (2015). Determinants of value creation: An empirical examination from UAE market. *International Journal of Economics and Financial*, 5(1), 75-85.

Lambe, I., Arumona, O. J., and Okoli, T. (2023). Firm Performance Attributes and Social Sustainability Reporting: A Case of Listed Non-Financial Companies in Nigeria. *International Journal of Business Management and Economic Review,* 6(2), 1-16

Mbugua, C. M., Oluoch, J. O., and Ndambiri, A. N. (2018). Determinants of firm value of securities for companies that had issued initial public offering at the Nairobi Securities Exchange (NSE). *The Strategic Journal of Business and Change Management*, 5(2), 769-787.

Muraina, S. A. (2018). Determinant of listed deposit money banks' profitability in Nigeria. *International Journal of Finance* *and Banking Research*, 4(3), 40-56.

Nduonofit C.B., Etim, R.S. and Edet J.P. (2023). Empirical Investigation of Firms' Characteristics on Market Value of Listed Manufacturing Companies in Nigeria. *Global Journal of Communication and Humanities,* 2(1), 95-121

Onuoha, B. C. (2012). The environments of the manufacturing sector in Nigeria: Strategies towards Vision 2020. *International Business and Management*, 5(1), 67-74.

Orajekwe, J. C., and Ogbodo, O. C. (2023). Firm Attributes and Environmental Disclosure: A Study of Energy Corporations in Nigeria. *International Journal of Trend in Scientific Research and Development,* 7(4), 425-432.

Orajekwe, J. C., and Ogbodo, O. C. (2023). Firm-specific characteristics and environmental disclosure of energy firms in Sub-Saharan Africa. *International Journal of Financial, Accounting, and Management,* 5(2), 251-264. https://doi.org/10.35912/ijfam.v5i2.1601

Pandey, I. M. (2010). *Financial Management* (10th ed.), New Delhi: Vikas publishing house PVT Ltd, 10-24.

Purwohandoko, K. (2017). The influence of firm's size, growth, and profitability on firm value with capital structure as the mediator: A study on the agricultural firms listed in the Indonesian Stock Exchange. *International Journal of Economics and Finance*, 9(8), 103-110.

Rabiu, N. B. (2019). Impact of firm attributes on share prices of listed industrial goods companies in Nigeria. *International Journal of Applied Business and Management Studies*, 4(1), 1-17.

Reschiwati, R., Syahdina, A., and Handayani, S. (2019). Effect of liquidity, profitability, and size of companies on firm value. *Project Academic Non-Profit, Developed Under the Open Access Initiative*, 25(6), 325- 331.

Sabiya, A., and Joel, M. (2023). Firm Characteristics and Financial Performance of Pension Fund Administrators in Nigeria. *Journal of Arid Zone Economy,* 1(2), 35-47.

Sandoval, E. (2018). Financial performance measures and shareholder value creation: An empirical study for Chilean companies. *The Journal of Applied Business Research*, 17(3), 109-122.

Shuaibu K., Jikan-Jatum A.M., Yusuf A., and Muhammed N. (2023). Corporate Financial Attributes and Waste Disposal Cost Disclosure of Listed Industrial Goods Companies in Nigeria. *European Journal of Accounting, Auditing and Finance Research,* 11(8), 27-45.

Shuaibu, K., Ali, I., and Amin, I. M. (2019). Company attributes and firm value of listed consumer goods companies in Nigeria. *Journal of Research in Humanities and Social Science*, 7(5), 40-49.

Spence, M. (1973). Value and reliability of accounting information. *American Economic Review*, 71, 419- 430.

Subanidja, S., Rajasa, A., Suharto, E., and Atmanto, J. D. (2016). The determinants of firm value: The role of earnings management and good corporate governance. *Corporate Ownership and Control*, 13(4), 609-615.

Sucuahi, W., and Cambarihan, J. M. (2016). Influence of profitability to the firm value of diversified companies in the Philippines. *Accounting and Finance Research*, 5(2), 149-153.

Suparno, G., and Pitoyo, D. (2016). Determinant factor of firm's value on manufacturing company in Indonesian Stock Exchange (ISE). *Advances in Economics, Business and Management Research*, 15, 138-147.