Effect of Financial Structure on Financial Performance of Non-Financial Firms in Nigeria

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Abstract: *The study examined effect of financial structure on financial performance of non-financial firms in Nigeria, specifically; 20 non-financial firms for the period of 2013-2022 (10years). The specific objectives are to explored the effect of financial structure proxied with Long Term Debt Ratio (LTDR), Debt to Equity Ratio (DTER) and Short Term Debt Ratio (STDR) in relation to financial performance proxied with Return on Assets (ROA). Secondary data (panel data) was sourced from the annual reports and accounts of non-financial firms based on the variables under study. The secondary data obtained was analyzed through the application of descriptive statistics, correlation matrix, panel unit root test, Pendronic cointegration test and panel least square regression analytical technique using the E-VIEW (version 9.0) statistical tool. The findings revealed that LTDR, DTER and STDR have positive and significant effects on ROA of listed non-financial firms in Nigeria. The study concluded that financial structure exerts significant effect on financial performance of listed non-financial firms in Nigeria. Based on the summary of findings, the study therefore, recommends that LTDR should be applied to long term business plans of the non-financial firms in Nigeria to maximize their earning potentials as well as generate reasonable utility for the debt. Again, equity financing should be the first line approach.*

Keywords: Financial Structure, Performance, Debt, Equity and Non-Financial Firms

Introduction

Financing a corporation's operations is what corporate finance is all about. A company can raise money from its own resources or from the outside. Internal and external financial flows are critical to the success or failure of the business (Olayemi & Fakayode, 2021). The business' market competitiveness will be impacted by this decision. A company's ability to grow and seize market opportunities may be constrained by its reliance on equity and internal funds alone. Companies can therefore access capital markets to fuel expansion and boost bottom lines (Opoku-Asante, Winful, Sharifzadeh, & Neubert, 2022).

The financial structure (FS) of a corporation is its overall mix of long-term financing options. Both debt and equity can be used to finance a company (Oke & Fadaka, 2021). Owners have a stake in the company through the investment of equity. To make matters worse, until the debt is paid off, the company must make interest payments every year (Oke & Fadaka, 2021). Companies that borrow money are obligated to make their loan payments regardless of whether or not they are making a profit (Ganiyu, Adelopo, Rodionova, & Samuel, 2019; Akpokerere & Obonofiemro, 2022). Internal, external, or combined finance structures are all possible for a business (Sharon & Celani, 2019; Uremadu & Onyekachi, 2019).

Experts and professionals think that a higher debt share in a company's FS can improve its long-term success (Chadha & Sharma, 2015). If a company's long-term growth is momentarily hampered by environmental factors, a high debt ratio may have a favourable effect on profitability, but it also carries the risk of bankruptcy (Oke & Fadaka, 2021; Ighoroje & Akpokerere, 2021).

Deposit money banks (DMBs) in Nigeria are more likely to lend money to businesses outside of the financial sector than they are to lend money to business owners in the retail and wholesale trade industries. FS decision making is now an essential part of management and a necessity for the survival of non-financial organisations due to the effects of competition and technological innovation. Firm survival, profitability, and viability are all threatened by FS decisions (Omukaga, 2017). Every firm needs a blend of loan and equity, according to Abubakar (2018), Maishanu (2018), Abubakar (2017), Abata and Migiro (2016), and Oladeji, Ikpefan, and Olokoyo (2015). In terms of the cost of risk, debt capital is preferable to equity financing. When it comes to how much leverage a business should have, opinions vary. There is a tipping point when the interest expense tax benefits outweigh the bankruptcy expenses (Ahmed, Awais, & Kashif, 2018).

This model demonstrates the application of the debts to equity ratio (DTER) in financing business operations. Optimise the value of your company by taking calculated risks with FSs. FS is designed to maximise both safety and profit for a company (Ehiedu & Obi, 2022). The issuance of common and preferred stock, as well as loans, bonds, Debentures, etc., are used to fund the company's operations. Investors in the company's shares are invested in its success in the long run. The debtor owes the company both interest and principal on a periodic basis, and is therefore the company's creditor (Ajayi & Zahiruddin, 2016; Onuorah, Ehiedu & Okoh,

2022). The purpose of this study is to contribute to the literature on FS and the influence of FS on the financial performance of non-financial enterprises listed on the Nigeria Exchange Group.

Statement of the Problem

Finance and business FP are areas that developed and developing countries have researched. Despite the greatest efforts of financial managers to optimise owners' expected value, many businesses must make the difficult choice of whether to fund long-term investment potential with shares or debt. Capital allocation is a challenging topic for most businesses. Many non-financial businesses in Nigeria have gone under recently despite their vital role in the country's economy. The correct capital mix for a corporation is influenced by the size and development of Nigeria's financial markets. Most non-financial businesses rely on financial debt to fund their operations, which can be either long- or short-term. Most companies have a hard time deciding on the best mix of financing options.

The degree of debt carried by non-financial companies has an effect on their fixed expenses. The cost of borrowing money, or interest, is a constant. Companies outside of the banking sector who borrow heavily against their payables incur high loan expenses, which reduce their ability to make a profit. Non-financial companies in Nigeria are the most indebted to the banking industry, and this is despite the fact that they have received considerable loans from DMBs. Non-financial companies in Nigeria owed DMBs a total of N3.58 trillion as of February 2018 (Asaolu, 2021). Given this circumstance, an outsider could question why DMBs prioritise loans to non-financial businesses over more traditional economic players. So far as we can tell, only one study has looked at how FS affects FP within a company (Asaolu, 2021). The rest of the studies focus on a specific industry. While there is some empirical data on FS and FP in Nigerian non-financial enterprises, it varies widely.

The impact of FS on FP in Nigerian non-financial enterprises is a contentious topic among academics. For listed Nigerian petroleum marketing businesses, Bashiru and Bukar (2016) discovered a negative and significant cohabitation between FS and FP (ROA and EPS). The study's overarching goal is to bridge the knowledge gap. Using a sectorial analysis, Opoku-Asante et al. (2022) discovered a negative cohabitation between FS and FP. Debt maturity has no effect on the peaceful coexistence of FS and FP. The impact of FS on FP in Nigeria's food and beverage production industries was evaluated by Adeoye and Olojede (2022). Return on assets (ROA), return on capital employed (ROCE), and earnings per share (EPS) were all found to be negatively affected by debt financing. Olayemi and Fakayode (2021) investigated how FS affected the FP of publicly traded Nigerian companies. There is a positive and statistically significant effect of SDTAR and LDTAR on ROA, while TDTAR has a negative but not statistically significant effect on ROA and ROE. The concentrated approaches and dynamic of this study attempt to lessen differences and disagreements. The focus of this research is on FS and FP in the private sector in Nigeria.

Literature Review

Conceptual Review

Financial Structure (FS)

FS is the debt-to-equity ratio of a firm. Asaolu (2021) cites the work of Ravindra and Rao (2014), who define FS as "the sum of a firm's reserves and surpluses" (i.e., retained earnings). The success or failure of a business hinges on many factors, including the FS, the firm's mix of securities, and the FS's knowledge of its own DTER.

According to the DTER framework, as described by Kennon (2010) in Abubakar (2020) and Pandey (2005) in Mohsin (2020), a company's FS reveals the numerous tactics employed to collect funds, and the FS represents the proportionate link between LTDR. According to Abor (2005), a company's FS is the combination of DTER it employs to fund its operations. FS is the process by which a company uses debt, equity, and hybrid securities to finance its assets (Saad, 2010). Hybrid instruments in this sense have DTER components, pay either a fixed or adjustable rate of return, and can be convertible into shares of the underlying corporation. A company's FS consists of its long-term and short-term debts, as well as its common and preferred stock (San & Heng, 2011; Odita & Ehiedu, 2015).

FS is a DTER. Stock, debt, and hybrid instruments all play a role in how businesses are run, and the FS of a company is the make-up of its responsibilities when equity and debt are utilised. FS can be broken down into three distinct types, according to Asaolu (2021): equity capital, preference capital, and loan capital. They make a distinction between shareholders' contributions and retained profits, the latter being the money made in previous years that the company kept to bolster its financials and fund future growth, acquisitions, and expansion. Preference capital is a hybrid of debentures and equity shares without the benefits, while debt capital is long-term debt utilised by a firm to finance its investment choices while repaying principle and interest.

Financial Performance (FP)

FP is the monetary measurement of a company's activities (Erikie & Osagie, 2017), and it is reflected in metrics like return on investment (ROI), return on assets (ROA), value produced, and others. FP is a metric that evaluates a company's primary source of

income. Odita, Ehiedu, and Kifordo (2020) note that this term is sometimes used to make broad comparisons between businesses operating in the same field.

According to Ehiedu and Priscilla (2022), an organization's performance is all of its actions across time measured against metrics like cost-effectiveness, management accountability, and other similar metrics. The quality of the results and the presentation is the yardstick by which performance is judged. The company's performance is the deciding factor in its prosperity, conditions, and conformity (Ehiedu & Priscilla, 2022). The key revenue generators of a firm determine its overall success. When gauging a company's success, various stakeholders look at various metrics (Dev & Rao, 2016).

Nwude and Anyalechi (2018), Osuji and Odita (2012), and others predicted that return on assets (ROA) would be utilised to evaluate business performance. Return on Assets was calculated by dividing net profit by total assets (Nwude and Anyalechi, 2018).

Theoretical Review
Pecking Order Theory (POT)

One well-known concept for using leverage in business is Donaldson's POT of FS. It runs counter to the common wisdom that businesses should mix debt and equity to cut costs. Long-term investment finance has a predetermined hierarchy, according to the idea. A company should put its retained earnings, then its debt, and finally its outside equity, in that order. He predicts that when businesses succeed, they will need to borrow less money to invest (Uremadu and Onyekachi, 2019).

Olarewaju (2019) argues that Myers and Majluf's (1984) modification of POT accurately reflects how uneven information can lead to mispriced new assets. Investors have faith that management fully understands data that could affect stock prices. Investors think high-priced managers will only distribute high-risk investments. Newly issued shares are perceived to be undervalued by investors. Underpricing might result in significant losses for current stockholders. To mitigate the effects of information scarcity, businesses resort to retained earnings, debt, and external equity financing (Olarewaju, 2019). Since POT includes all relevant aspects of corporate FS (STDR, LTDR, DTER, and TDR), it was chosen for this investigation. The POT mandates that for optimal performance, businesses use the most suitable FS available.

Empirical Review

Asaolu (2021) looked at what happened to oil and gas firms (OGFs) and Manufacturing in the United States after FS was implemented there. The research looks at secondary NYSE/NASDAQ data from 2010 to 2019 and uses Panel least square estimation and sector analysis to break it all down. For all firms considered, it was found that debt structure boosted performance while leverage hampered operations. Several factors influence the final tally, including fungibility, interest and dividend growth, directors' shares/inside ownership, and a lack of debt tax shield. Overall productivity in both sectors is boosted by tax avoidance strategies that work well.

The effect of FS on FP in Nigerian businesses was evaluated by Egwurube, Lateef, and Onipe (2020). From 2009-2018, official annual reports were used from 71 different companies. LTDR and STDR were both contributors to FP. The research, which employed dynamic system GMM, found that LTDR has a little favourable effect on ROA, but STDR has a significantly negative one. Increases in both long-term and short-term debt in the FS have an effect on the FP of companies listed on the NGX.

Using secondary data from seven publicly traded Nigerian OGFs and the NGXs daily official lists, Abubakar (2020) investigated the impact of financial leverage (FL) on FP from 2005 to 2016. Using a random effects panel estimator (ROE), we examined how FL factors like STDR, LTDR, and TDER impacted FP as assessed by return on equity. TDER has a negative significant impact on ROE, while STDR and LTDR have no discernible impact on FP. The return on equity (ROE) is impacted by the increased FL in the FS of publicly traded Nigerian OGFs. Incentives, rights, and a larger share of retained revenues should be used by OGFs to replace at least 90% of their FS (DTER).

Oyakhire (2019) looked at how FS affected OGFs' FP in Nigeria between 2014 and 2018. The NEG's whole collection of OGFss was evaluated. The correlation between FS and FP was analysed using a multivariate regression model. Debt ratio (DR) is used to calculate ROE and ROA. The studies show that FS and FP are connected. In order to improve FP, the report recommends that oil and gas CEOs use short-term debt management.

Ogiriki, Andabai, and Bina (2018) used OLS to investigate the impact of FL on the performance of Nigerian businesses from 1999 to 2016, focusing on LTDR, ROA, and ROE. The study indicated that both ROA and ROE have a beneficial effect on LTDR for businesses. The research concluded that FL has an effect on the efficiency of Nigerian businesses and urged the prudent management of long-term loans.

Literature Gap: The empirical research into the connection between a company's FS and FP is contradictory. That is to say, scholars have different opinions on how FS affects FP in Nigerian businesses. These discrepancies pointed to a need for more empirical study into the FS and FP of publicly traded companies. Thus, the goal of this investigation is to fill in the gaps and reduce the size of the knowledge gap to the greatest extent possible.

Research Methodology

The Ex-Post Facto research design was used. The population of this study is a finite population, that is, the total 64 non-financial firms listed in the Nigeria Exchange Group (NEG) as at August 31st, 2022 but a sample of 20 non-financial firms was drawn for the study. The secondary source of data is used for this study. The annual reports and accounts of the total 20 non-financial firms listed in the NEG during the financial years of 2013 to 2022 and analyzed using descriptive statistics, correlation analysis, panel unit root test, Pendronic cointegration and panel least square regression analysis using ordinary least square (OLS) method by using the pooled model with the aid of E-VIEW 9.0. The model which specifies that FP (proxy with Return on Assets (ROA) is significantly influenced variables of FS {Long Term Debt Ratio (LTDR), Debt to Equity Ratio (DTER) and Short-Term Debt Ratio (STDR)} is formulated as follows,

ROA = f (LTDR, DTER, STDR)
ROA= β_0+ β_1LTDR + β_2DTER + β_3STDR +E
Where; E = Error Term, β_0 = Intercept, β_1–β_3 = Coefficient of the Independent Variables and the a priori expectation is β_1, β_2, β_3, is greater than 0.

Table 3.1:   Measurement of Variables

Variables	Formula	Expected Signs
ROA	Net Profit/Total Asset	+/-
LTDR	Long Term Debt/Total Asset	+/-
DTER	Total Debt/Total Equity	+/-
STDR	Short Term Debt/Total Asset	+/-

Source: Computation Basis for the Variables, 2023.

Result and Discussions

Descriptive Statistics

This study made used of descriptive statistics for the purpose of detailed description of the pannel data which comprises of the minimum, maximum, mean and standard deviation (Std. Dev.) values.

Table 4.2.1:   Descriptive Statistics

	ROA	LTDR	DTER	STDR
Mean	-2.161400	72.35226	0.670000	44.57500
Median	-2.570000	75.00000	1.000000	41.50000
Maximum	16.41000	94.44440	1.000000	84.00000
Minimum	-6.940000	7.692300	0.000000	5.000000
Std. Dev.	2.420686	13.78957	0.471393	20.26494
Observations	200	200	200	200

Source: E-VIEW Version 9.0 Output, 2023.

Table 4.2.1 above shows the descriptive statistics for the LTDR, DTER, STDR and ROA. From the result above, LTDR have a minimum value of 7.6923, maximum value of 94.4444, an average value of 72.3523 and Std. Dev. value of 13.7896. Since the mean value is greater than the Std. Dev., it implies that (with the mean value of 72.3523) the non-financial firms has being been collecting long term loans. DTER have a minimum value of 0.0000, maximum value of 1.0000, an average value of 0.67000 and Std. Dev. value of 0.4714. It implies (with the mean value of 0.6700) that DTER is heavily practice among the firms. STDR has a minimum value of 5.0000, maximum value of 84.0000, a mean value of 44.5750 and a Std. Dev. of 20.2649. ROA measures the level of returns on assets in the companies; ROA has a minimum value of -6.9400, a maximum value of 16.4100, an average value of -2.1614 and Std. Dev. value of 2.4207. Since the mean value is lower than the Std. Dev. value, it implies that the ROA in the firms has increased over the years.

Table 4.3.1: Correlation Output

	ROA	LTDR	DTER	STDR
ROA	1.000000			

LTDR	0.035173	1.000000		
DTER	0.065907	-0.160548	1.000000	
STDR	0.061524	0.056619	-0.132062	1.000000

Source: E-VIEW Version 9.0 Output, 2023.

From Table 4.3.1 above, it showed that LTDR, DTER and STDR has positive effect on ROA, and there is absent of multicolinearity, since their respective correlation coefficients values of (LTDR=0.0352, DTER= 0.0659 and STDR= 0.0615), showed the absent of multicolinearity since their respective coefficients is lesser than 0.8.

Panel Unit Root TEST

This test is carried out to check if the data series are stationary or not. It is important to note that if a set of data is not stationary, then the result obtained would be absurd and hence, the result from such data would be unacceptable. The best way of checking the stationary of a set of panel data is to carry out a panel unit root test using the Levin, Lin & Chu Test, Im Pesaran and Shin W-Test, Augmented Dicker-Fuller's (ADF) Test and PP Fisher Test. The summarized result is presented in the Table 4.4.1 below;

Table 4.4.1:   **Panel Unit Root Test Result**

Non-Financial Firms					
Variables	**Method**	**Statistics**	**Probability**	**@Ist Diff.**	**Check for Stationary**
ROA	Levin, Lin & Chu Test	-11.9393	0.0000	1(1)	Stationary
	Im Pesaran and Shin W-Test	-4.92876	0.0000	1(1)	Stationary
	ADF Test	102.489	0.0000	1(1)	Stationary
	PP Fisher Test	254.101	0.0000	1(1)	Stationary
LTDR	Levin, Lin & Chu Test	-3.56519	0.0002	1(1)	Stationary
	Im Pesaran and Shin W-Test	-2.73589	0.0031	1(1)	Stationary
	ADF Test	73.0364	0.0011	1(1)	Stationary
	PP Fisher Test	209.380	0.0000	1(1)	Stationary
DTER	Levin, Lin & Chu Test	-8.81232	0.0000	1(1)	Stationary
	Im Pesaran and Shin W-Test	-3.36631	0.0004	1(1)	Stationary
	ADF Test	50.9038	0.0002	1(1)	Stationary
	PP Fisher Test	56.0221	0.0000	1(1)	Stationary
STDR	Levin, Lin & Chu Test	-2.49373	0.0376	1(1)	Stationary
	Im Pesaran and Shin W-Test	-2.07019	0.0192	1(1)	Stationary
	ADF Test	42.5792	0.0111	1(1)	Stationary
	PP Fisher Test	114.841	0.0000	1(1)	Stationary

Source: E-Views 9.0 Output (2023).

Table 4.4.1 above reveals the summary of the panel unit root test carried out for the independent variables namely; LTDR, DTER and STDR and the ROA for the twenty non financial companies listed in the Nigeria exchange group. The null hypothesis states that the data is not stationary. if the Levin, Lin & Chu Test, Im Pesaran and Shin W-Test, ADF Test and PP Fisher Test, results show probability values that are lower than the critical value at any level of significance, in order to reject the null hypothesis. It was observed from Table 4.4.1 above, all probability values of Levin, Lin & Chu Test, Im Pesaran and Shin W-Test, ADF Test and PP Fisher Test for the variables of ten companies each in the non-financial firms are less than (0.05)5% level of significance. Therefore, we hereby reject the null hypothesis which states that the data is not stationary and the data series are normally distributed and suitable multiple regression.

Pedroni Panel Cointegration Test Results

The first difference value of the each variable in the panel root test reveals that the variable were stationary leading to the rejection of null hypothesis at the 5% level of significance. Therefore, we gain ground to assert that the variables were I(1) order and thereby lending credence for the application of Pedroni panel cointegration test. This is presented below:

Table 4.5.1:   **Pedroni Panel Cointegration Test Results**

Non-Financial Firms	
Panel Statistics	**Group Statistics**

Panel	Statistics	Probability	Group	Statistics	Probability
v-Statistic	-0.037981	0.5151	rho-Statistic	2.669619	0.9962
rho-Statistic	1.672460	0.9528	PP-Statistic	-7.973231	0.0000
PP-Statistic	-5.073626	0.0000	ADF-Statistic	-3.482066	0.0002
ADF-Statistic	-5.968216	0.0000			

Source: E-VIEW, 9.0 Outputs, 2023.

Pedroni panel cointegration test results for the panel and group Statistics with denotes statistical significance at the 5% (0.05), it could be seen from the Table 4.5.1 the coefficients of panel statistics for v, panel PP, panel ADF and group PP statistics and ADF were significant at 5% level of significant. As such the null hypothesis proposing no cointegration relation among the variables is rejected in all cases for panel v, panel PP, and group PP as well as panel and group ADF statistics were statistically significant. Therefore, the panel cointegration tests point to the existence of a long-run relationship among the variables under study. It also, help to in resolving the problem of unit root test since the ADF has a probability that is less than 0.05, this showed that the data are stationary and suited for multiple regression.

Panel Least Squares
Dependent Variable: BMS
Method: **Panel Least Squares**
Date: 06/04/23   Time: 13:49
Sample: 2012 2021
Periods included: 10
Cross-sections included: 20
Total panel (balanced) observations: 200

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-3.506851	1.067057	-3.286471	0.0012
LTDR	2.008361	1.002616	2.003121	0.0183
DTER	1.529545	0.371729	4.114678	0.0003
STDR	1.018654	0.008549	2.182011	0.0126

R-squared	0.014991	Mean dependent var	-2.161400
Adjusted R-squared	-0.000086	S.D. dependent var	2.420686
S.E. of regression	2.420790	Akaike info criterion	4.625862
Sum squared resid	1148.604	Schwarz criterion	4.691829
Log likelihood	-458.5862	Hannan-Quinn criter.	4.652558
F-statistic	0.994326	Durbin-Watson stat	1.858211
Prob(F-statistic)	0.036580		

Source: E-VIEW, 9.0 Outputs, 2023.

The p-value of LTDR is 0.0182 which is less than the set value of 0.05 and the t-ratio value is 2.0031 which indicate the extent of significance to which LTDR affects ROA. The coefficient of LTDR is 2.0083 which imply that LTDR has a positive significant effect with ROA. One percent (1%) movement in LTDR would lead to 20.08% increase in ROA. LTDR has a significant influence on ROA of listed non-financial firms in Nigeria this is line with the findings of Asaolu (2021), Ogiriki, Andabai, and Bina (2018) and Egwurube, Lateef, and Onipe (2020) but contrary to the finding of Abubakar (2020).

The p-value of DTER is 0.0003 which is lesser than the set value of 0.05 and the t-ratio value is -4.1147 which indicate that the extent of significance between DTER and ROA. The coefficient of DTER is 1.5295 which implies that DTER has a positive trend with ROA. One percent (1%) movement in DTER would lead to 15.30% increase in ROA. DTER has a significant influence on ROA of listed non-financial firms in Nigeria. This is line with the findings of Egwurube, Lateef, and Onipe (2020) but contrary to the finding of Abubakar (2020).

The p-value of STDR is 0.0126 which is less than the set value of 0.05 and the t-ratio value is -2.1820 which indicate the extent of significance to which STDR is significance to ROA. The coefficient of STDR is 1.0184 which implies that p-value of STDR has a positive trend with ROA. One percent (1%) movement in p-value of STDR would lead to 10.18% increases in ROA. STDR has a significant influence on ROA of listed non-financial firms in Nigeria. his is line with the findings of Egwurube, Lateef, and Onipe (2020) but contrary to the finding of Abubakar (2020).

Conclusion and Recommendations

Firms' operations are financed by either internal or external capital. It is imperative on the organization's management to decide which means best suits the firm at a particular point in time. The study examined effect of financial structure on financial performance of non-financial firms in Nigeria, specifically; 20 non-financial firms for the period of 2013-2022 (10years). Secondary data (panel data) was sourced from the annual reports and accounts of non-financial firms based on the variables under study. The secondary data obtained was analyzed through the application of descriptive statistics, correlation matrix, panel unit root test, Pendronic cointegration test and panel least square regression analytical technique using the E-VIEW (version 9.0) statistical tool. The findings revealed that Long Term Debt Ratio (LTDR), Debt to Equity Ratio (DTER) and Short Term Debt Ratio (STDR) has positive and significant effects on Return on Assets (ROA) of listed non-financial firms in Nigeria. The study concluded that financial structure exerts significant effect on financial performance of listed non-financial firms in Nigeria. Based on the summary of findings, the study therefore, recommends that;

i). Similarly, LTDR should be applied to long term business plans of the non-financial firms in Nigeria to maximize their earning potentials as well as generate reasonable utility for the debt. Again, equity financing should be the first line approach.

ii) Non-financial firms quoted on the NEG should increase the equity portion of the debt-equity mix in their financial structure to improve firms' financial performance.

iii). Short-term debts in non-financial firms in Nigeria should be applied to short term business proposals to maximize their significance in FS decisions which has the tendency to affect their ROA. These companies should rely more on equity financing.

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