

Firm Size: A Strategic Booster Of Shareholder Wealth Maximisation Among Listed Agricultural Firms In Nigeria

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Abstract : *Many agricultural firms in Nigeria find it difficult translating their size into tangible shareholder benefits, and this undermines investor confidence and hampers the sector's ability to attract long-term investment. This study, therefore, examined the effect of firm size on the shareholder wealth maximisation (proxy by share price return) among listed agricultural firms in Nigeria. Ex-post facto research design was adopted on a population comprising five listed agricultural firms in Nigeria. Census sampling was used in selecting all the population items into the sample. Secondary data for the study were sourced from the firms' annual reports over a ten year period (2014-2023). The hypothesis was tested using panel estimated generalised least square regression, which revealed that firm size has a positive and significant effect on shareholder wealth maximisation among listed agricultural firms in Nigeria ($\beta = 18.26749$; $p = 0.0028$). In conclusion, as firm size emerges as a significant driver of shareholder returns, it reflects a structural environment where economies of scale, access to finance, and operational capacity are critical to maximizing wealth. The study recommends that managers of listed agricultural firms in Nigeria should pursue strategic asset expansion initiatives, as increased firm size significantly enhances shareholder wealth through higher share price returns.*

Keywords: Firm Size, Shareholder Wealth Maximisation, Share Price Return

1.0 Introduction

In recent decades, the dynamics of business performance, firm valuation, and the pursuit of shareholder wealth maximisation have taken centre stage in corporate finance and strategic management discussions globally. The Nigerian economy, like many emerging economies, is largely driven by the performance of key sectors, including agriculture. Agriculture not only remains a primary source of livelihood for a significant proportion of the population but also serves as a vital contributor to the nation's Gross Domestic Product (GDP), employment, and foreign exchange earnings. Agricultural firms, therefore, play a crucial role in transforming Nigeria's agricultural potential into sustainable economic growth (Ikueomonisan, 2024). As these firms strive to attract and retain investors, the ability to maximise shareholder wealth becomes a strategic goal (Abdul, 2017). Within this context, the firm-specific attribute of size has increasingly come under scrutiny as a possible driver or constraint of shareholder value creation.

The concept of shareholder wealth maximisation remains a core objective of corporate entities (Shodiya, Sanyaolu, Ojenike & Ogunmefun, 2019), especially those listed on stock exchanges where transparency, accountability, and performance are heavily scrutinised by investors, regulators, and the broader market. In today's business environment, firm size is often regarded as a proxy for the operational capacity, market reach, financial flexibility, and strategic strength of a company. Larger firms are presumed to possess economies of scale, better access to finance, brand recognition, and more extensive resource bases that can be leveraged for sustainable profitability and value creation (Nworie & Mba, 2022). In contrast, smaller firms may be more agile and innovative but often face constraints in accessing capital and scaling their operations. Thus, firm size may influence not only how a firm competes in the marketplace but also how it delivers returns to shareholders (Handini & Susilo, 2025). In Nigeria's agricultural sector, where firms operate in a complex environment marked by policy instability, infrastructural deficits, and global market volatility, the relevance of firm size becomes even more significant in determining strategic outcomes.

The relevance of this relationship between firm size and shareholder wealth is further underscored by the need for investors to make informed decisions in capital markets (Chidi, 2024; Nurjanah, Yahya & Wulandari, 2024; Vuković, Tica & Jakšić, 2024). In an era where firms are evaluated not only by their profitability but also by their long-term sustainability and strategic agility, examining the role of size offers important implications for both theory and practice. For listed agricultural firms in Nigeria, where exposure to climatic, economic, and regulatory risks is relatively high, the pursuit of shareholder wealth maximisation must be guided by evidence-based analysis of key firm-level determinants such as size. Firm size, often measured by total assets, sales revenue, market capitalisation, or employee count, can significantly influence a firm's capacity to generate value for shareholders (Nwonodi, 2024). Larger agricultural firms may enjoy scale economies that reduce average costs and improve profit margins (Wahab, Akinola & Dare,

2022). They are also more likely to attract institutional investors, gain favourable credit terms, and withstand economic shocks due to their diversified operations and financial buffers.

In the Nigerian context, where access to finance remains a major hurdle for many businesses, larger agricultural firms may leverage their size to secure long-term funding necessary for innovation, expansion, and resilience. This, in turn, enhances their ability to pay dividends, increase share prices, and maximise shareholder wealth. On the other hand, it is also plausible that firm size can have diminishing or even negative effects on shareholder wealth if not properly managed (Nwonodi, 2024). Larger firms may face bureaucratic inefficiencies, slower decision-making processes, and difficulties in adapting to market changes. Moreover, the complexity that comes with size may result in principal-agent problems, where managerial interests diverge from those of shareholders. In some instances, large agricultural firms may also overinvest in unproductive assets or engage in empire-building, which could undermine value creation.

Furthermore, shareholder wealth maximisation is closely linked to market perception, investor confidence, and the ability to deliver consistent financial performance over time. If firm size contributes to a positive perception of stability, growth potential, and competitive strength, investors may reward such firms with higher valuations in the stock market. Conversely, if size is associated with inefficiencies or governance challenges, it may deter investment and suppress market value (Jibril, Usman & Abdullahi, 2023). In an ideal business environment, firms—irrespective of their industry—are expected to align their strategies and operations toward the maximisation of shareholder wealth, which is the cornerstone of modern corporate finance. Larger firms are expected to possess significant advantages, including economies of scale, diversified operations, enhanced access to capital, and strong bargaining power, all of which can contribute positively to financial performance (Wahab, Akinola & Dare, 2022) and, by extension, shareholder value. Investors, under ideal circumstances, perceive firm size as a signal of financial health and growth potential, and they are more likely to invest in firms that demonstrate scale and stability (Adebayo, 2022).

However, many agricultural firms in Nigeria find it difficult translating their size into tangible shareholder benefits, and this undermines investor confidence and hampers the sector's ability to attract long-term investment. Hence, shareholder wealth maximisation still remains a persistent challenge (Abdul, 2017). Many of these firms, regardless of their size, struggle to deliver consistent returns to shareholders. Some large agricultural firms have been characterised by operational inefficiencies, poor corporate governance practices, and declining profitability (Wahab, Akinola & Dare, 2022), which cast doubt on the assumed positive relationship between firm size and shareholder value. Meanwhile, smaller firms, although more nimble, often face resource constraints and are unable to scale effectively or attract long-term investors. The sector is further hampered by external challenges such as infrastructural deficits, and climatic uncertainties, which impact firms of all sizes (Ikuemonisan, 2024). These realities raise critical questions about whether firm size truly influences shareholder wealth in Nigeria's agricultural sector or whether other underlying factors negate the expected benefits of size.

Worse still, reduced investor confidence in agricultural firms as a result of poor asset management limits the firms' access to capital and lowers stock market participation in the sector. Second, shareholders are deprived of optimal returns, which may prompt divestment or the redirection of capital to other sectors perceived as more viable. This undermines the potential of agriculture as a vehicle for economic diversification and rural development in Nigeria (Ikuemonisan, 2024). Moreover, the inability of firm size to translate into meaningful shareholder value, if left unaddressed, could perpetuate inefficiencies, discourage investment in the agricultural sector, and hinder national efforts to build a robust, investor-friendly agricultural industry. Therefore, there is an urgent need to empirically investigate the effect of firm size on shareholder wealth maximisation among listed agricultural firms in Nigeria to provide evidence-based hints that can inform policy, investment, and managerial decisions.

Given these considerations, this study seeks to explore the effect of firm size on shareholder wealth maximisation among listed agricultural firms in Nigeria. By doing so, it aims to contribute to the growing body of literature that interrogates firm-level determinants of market value and financial performance. It also seeks to provide actionable hints for managers, investors, and policymakers who are involved in shaping the strategic direction of agricultural enterprises in Nigeria. With increasing attention on sustainable agriculture, food security, and private sector-led economic growth, understanding how firm attributes like size influence shareholder value is both timely and critical. This study, therefore, examines the effect of firm size on the shareholder wealth maximisation (proxy by share price return) among listed agricultural firms in Nigeria.

2.0 Literature Review

2.1 Conceptual Review

2.1.1 Firm Size

Firm size refers to the magnitude or scale of a company's operations and can be measured in various ways, including revenue, number of employees, market capitalisation, or total assets (Nwonodi, 2024). When firm size is defined specifically in terms of assets, it focuses on the total value of resources that a firm owns and controls as reported in its statement of financial position. These assets include tangible assets like land, buildings, equipment, and machinery, as well as intangible assets such as patents, goodwill, and software. The asset-based measurement of firm size provides a concrete indicator of a company's operational capacity,

investment potential, and financial stability (Wahab, Akinola & Dare, 2022). It is often used by analysts, investors, and policymakers to assess the relative scale and resource endowment of a firm within its industry (Nworie, Okafor & John-Akamelu, 2022).

In the context of firm performance and strategic management, asset-based firm size is particularly relevant because it reflects the capital-intensive nature of a business (Nwonodi, 2024). A company with large asset holdings is generally considered to have the structural foundation to support expansive operations, implement large-scale projects, and withstand economic shocks (Nworie & Okafor, 2023). This makes asset size a practical and quantifiable measure for comparing firms, especially those operating within capital-dependent industries like agriculture, manufacturing, and infrastructure. In emerging markets like Nigeria, where access to credit and long-term financing is limited, a firm's asset base is often used as collateral, making asset size a critical determinant of its ability to secure funding and grow.

Furthermore, the size of a firm based on its asset holdings can influence its strategic decisions, governance structure, and competitiveness in the market (Nwonodi, 2024). It is not just a reflection of current operations, but also an indicator of the firm's growth trajectory, risk-bearing capacity, and potential to attract institutional investors. In financial analysis and empirical research, asset size is frequently used as a variable to examine its effect on profitability, market value, operational efficiency, and shareholder outcomes.

2.1.2 Shareholder Wealth Maximisation

Shareholder wealth maximisation is a fundamental financial objective that asserts that the primary goal of a firm is to increase the value it delivers to its shareholders over time (Ma, Pan & Suardi, 2024). This concept centres on the idea that corporate decisions should be evaluated based on their ability to enhance the economic interests of shareholders, who are the residual claimants in the firm. Wealth, in this context, is measured primarily by the market value of the company's shares, which reflects the firm's profitability, growth potential, risk profile, and future earning capacity as perceived by the market (LoPucki, 2022). Thus, shareholder wealth maximisation involves strategies that aim to boost the firm's share price and ensure regular dividend payments, thereby generating superior returns for investors (Inkpen & Sundaram, 2022).

In other words, shareholder wealth maximisation goes beyond short-term profitability or revenue growth. It involves aligning managerial decisions with the long-term value creation of the firm (Ikwuo, Ukoha & Nworie, 2025). Every business action—be it investment in new projects, mergers and acquisitions, dividend payouts, or debt financing—should be taken with the aim of positively impacting the firm's valuation in capital markets (Abdul, 2017; Shodiya, Sanyaolu, Ojenike & Ogunmefun, 2019). This principle assumes that if a firm consistently increases its share price and returns, it is effectively managing its resources, minimizing risk, and capitalising on growth opportunities, which in turn benefits shareholders.

In publicly listed firms, such as agricultural firms on the Nigerian Exchange Group (NGX), shareholder wealth maximisation is particularly important because it serves as a benchmark for corporate performance. Investors, regulators, and stakeholders often evaluate a firm's success by how well it enhances shareholder value (Inkpen & Sundaram, 2022). Moreover, in competitive markets, firms that fail to maximise shareholder wealth risk losing investor interest, experiencing lower market valuations, and facing challenges in raising capital (LoPucki, 2022; Ikwuo, Nwite, Nworie & Nworie, 2025). As such, this concept is not only a guiding principle for corporate governance but also a critical determinant of a firm's longevity and market reputation.

2.1.2.1 Share Price Return

Share price return refers to the gain or loss realized by an investor as a result of changes in the market price of a company's stock over a specific period (Ayuba, Balago & Dagwom, 2018). It is a core metric used to evaluate the performance of an equity investment and is calculated by comparing the difference in a stock's purchase price and its current or selling price, often expressed as a percentage. This return does not account for dividend payments; rather, it focuses solely on the capital appreciation or depreciation associated with the stock's price movement. Share price return is a direct reflection of how the market values a company's present performance, future prospects, and overall investor sentiment (Peter, Ojo & Adewoye, 2020).

In financial markets, share price return is influenced by various factors including the firm's earnings announcements, macroeconomic conditions, investor perceptions, industry trends, and broader market dynamics (Roqijah, Nugroho & Nurcahyono, 2022). A positive share price return typically indicates that the firm is performing well, generating profits, and maintaining investor confidence. Conversely, a declining share price may reflect financial instability, weak earnings, or negative investor sentiment. For shareholders, especially those in publicly traded companies, the return on their investment through share price appreciation is a key indicator of wealth accumulation.

2.1.3 Nexus Between Firm Size and Shareholder Wealth Maximisation

The nexus between firm size and shareholder wealth maximisation is premised on the notion that firm size may either enhance or constrain a firm's ability to achieve its financial goals, particularly the maximisation of shareholder wealth (Handini & Susilo, 2025).

Larger firms are often presumed to possess superior financial strength, operational efficiency, and strategic influence (Nwonodi, 2024), all of which may contribute positively to increasing stock prices and delivering higher shareholder returns. In contrast, smaller firms may face limitations in resource mobilisation, market penetration, and investor attraction, potentially hindering their ability to maximise shareholder value.

This conceptual link is particularly important in capital markets, where firm characteristics like size can influence investor perceptions, market valuations, and risk assessments. Investors often regard larger firms as more stable and capable of withstanding economic turbulence, leading to higher levels of investment and elevated share prices (Chidi, 2024). These firms are also more likely to enjoy access to capital markets, benefit from economies of scale, and implement long-term strategies that foster growth and profitability (Nwonodi, 2024)—all of which feed into shareholder wealth. However, the relationship is not always linear. Large size can sometimes lead to inefficiencies, managerial complacency, or agency problems, which may offset the advantages and reduce shareholder value (Jibril, Usman & Abdullahi, 2023).

The relationship between firm size and firm value or financial performance has produced mixed empirical results across sectors and countries, highlighting the complexity of this interaction. For instance, Handini and Susilo (2025) found no direct significant influence of firm size on firm value among listed food and beverage firms in Indonesia, a result echoed by Jibril, Usman, and Abdullahi (2023), who observed an insignificant relationship between firm size and financial performance in Nigerian deposit money banks. Similarly, Adebayo (2022) and Nwonodi (2024) reported negative and statistically insignificant effects of firm size on equity return and return on equity, respectively, in Nigeria's consumer goods sector. These findings suggest that in certain contexts, increased firm size may not necessarily translate to improved shareholder outcomes, possibly due to diminishing returns to scale, operational inefficiencies, or structural rigidities within larger firms.

Conversely, several studies documented a positive and significant impact of firm size on firm value or performance, indicating that larger firms can benefit from enhanced capacity, brand equity, and economies of scale. Notably, Nurjanah, Yahya, and Wulandari (2024) found a significant positive relationship in Indonesia's real estate sector, while Vuković, Tica, and Jakšić (2024) reported similar findings across a broad sample of European firms, reinforcing the argument that firm size can boost market valuation and performance under the right conditions. Supporting this perspective, Tipis (2022) showed that firm size significantly improved the return on assets of Kenyan banks, and Jibril and Idris (2022) reported a strong positive relationship between firm size and financial performance among conglomerates in Nigeria. In the Nigerian agricultural sector, Wahab, Akinola, and Dare (2022) also identified a positive influence of firm size, indicating that operational expansion can be advantageous in sectors where growth aligns with market potential and resource utilization.

Nevertheless, some evidence points to a more nuanced and even negative effect of firm size on firm value. Chidi (2024), for instance, found that larger consumer goods firms in Nigeria experienced a statistically significant decline in market value, attributing this to operational complexity and reduced agility. This finding contradicts the general notion that larger firms always perform better and highlights the importance of industry-specific dynamics, managerial efficiency, and strategic alignment. The divergence in empirical outcomes across the reviewed studies emphasizes the contextual nature of the firm size-performance nexus, suggesting that the impact of firm size on shareholder wealth maximisation is far from uniform and must be interpreted in light of firm-specific, sectoral, and macroeconomic factors. In the context of Nigeria's agricultural sector, the nexus between firm size and shareholder wealth maximisation becomes even more relevant given the sector's exposure to operational, regulatory, and climatic risks.

2.2 Theoretical Framework and Development of Research Hypothesis

The study is anchored on Resource-Based View (RBV) Theory originated from the field of strategic management and was formally introduced by Birger Wernerfelt in his seminal paper titled "*A Resource-Based View of the Firm*" published in 1984 (Lockett, Thompson & Morgenstern, 2009). Although earlier contributions can be traced to Edith Penrose's 1959 work "*The Theory of the Growth of the Firm*," Wernerfelt's articulation of the RBV provided a structured framework that emphasized internal resources as the primary source of a firm's competitive advantage (Gellweiler, 2018). The RBV emerged as a reaction to earlier external, market-based theories of firm performance, such as Porter's Five Forces, by shifting attention to the unique resources and capabilities that firms control internally.

The core postulation of the RBV is that firms are heterogeneous entities endowed with different bundles of resources—both tangible and intangible—that determine their capacity to achieve competitive advantage and superior performance (Madhani, 2010). According to the theory, resources must possess four key attributes to confer sustained advantage: they must be valuable, rare, inimitable, and non-substitutable (commonly referred to as the VRIN criteria). Tangible resources like physical assets, infrastructure, and financial capital, as well as intangible ones such as knowledge, reputation, and proprietary technology, are all critical to shaping firm outcomes. The RBV suggests that firms that effectively acquire, manage, and deploy these strategic resources are better positioned to deliver long-term value, outperform competitors (Lubis, 2022), and maximise returns for stakeholders.

The relevance of the RBV theory to this study lies in its conceptual framing of firm size as a strategic resource. In the context of agricultural firms listed on the Nigerian Exchange Group (NGX), the size of a firm's asset base can reflect its operational capacity, resilience, and potential to scale activities efficiently (Wahab, Akinola & Dare, 2022). A larger firm, endowed with more resources, may be better positioned to invest in innovation, modern equipment, supply chain integration, and market expansion—all of which contribute to enhancing firm performance and ultimately increasing shareholder wealth. By viewing firm size through the lens of the RBV, the study underscores the importance of internal resource strength in determining a firm's ability to achieve shareholder value maximisation in a competitive and volatile agricultural sector.

In line with the theory above, we hypothesise that:

Firm size significantly and positively affects shareholder wealth maximisation by increasing share return on listed agricultural firms in Nigeria.

2.3 Empirical Review

Handini and Susilo (2025) conducted a study to investigate the relationship between firm size and firm value among publicly traded firms in Indonesia. The study adopted a quantitative research design, utilizing data from 17 food and beverage companies listed on the Indonesia Stock Exchange. The analysis incorporated statistical tools including path analysis, classical assumption testing, and hypothesis evaluation. Their findings indicated that firm size does not exert a direct and significant influence on firm value.

In a related study, Chidi (2024) explored the effect of firm size on the value of consumer goods firms listed on the Nigerian Stock Exchange. Drawing on panel data from 18 companies over the period 2013 to 2022, the study applied robust regression analysis to evaluate the interaction between firm size and firm value, while accounting for other relevant factors. The empirical results showed that firm size has a statistically significant negative effect on firm value. This suggests that as firms grow larger, they may encounter challenges such as increased operational complexity and inefficiencies, which in turn could negatively affect their market valuation.

Nurjanah, Yahya, and Wulandari (2024) examined how firm size impacts the value of property and real estate firms listed on the Indonesia Stock Exchange between 2020 and 2023. The study employed a quantitative methodology using panel data regression techniques. Financial information was extracted from company reports and statements, and data analysis was performed using E-Views software. The results revealed a positive and significant relationship, indicating that firm size enhances firm value within the property and real estate sector.

Vuković, Tica, and Jakšić (2024) investigated the impact of firm size on the value of companies across various European countries between 2015 and 2020. The study utilised panel data drawn from 158 companies in Eastern and Western Europe, resulting in 948 observations. By applying panel regression analysis, the researchers found that firm size has a statistically significant and positive effect on firm value, suggesting that larger firms in Europe tend to experience enhanced market valuation.

Nwonodi (2024) focused on the influence of corporate size on return on equity among listed consumer goods manufacturing firms in Nigeria. The study relied on secondary data from 15 quoted companies covering the period from 2013 to 2022. Return on equity was examined as a function of total asset ratio, leverage, investment, and sales size. A panel data approach was used with the fixed effects model serving as the primary estimation technique at a 5% level of significance. The model specification was tested using fixed effects, random effects, and pooled regression, while the Hausman test identified the most suitable model. Findings indicated that the total asset ratio had a negative and statistically insignificant effect on return on equity among the firms studied.

Jibril, Usman, and Abdullahi (2023) assessed how firm size affects the financial performance of deposit money banks listed on the Nigerian Exchange. The study was based on secondary data derived from annual financial statements covering a span of eleven years from 2011 to 2021. The authors employed descriptive statistics, correlation analysis, and multiple regression techniques using STATA software version 14.0. The results showed that both firm leverage and firm size had a negative and statistically insignificant influence on the financial performance of the sampled banks.

Wahab, Akinola, and Dare (2022) focused their research on the relationship between firm size and financial performance within Nigeria's agricultural and agro-allied sector. The study drew its theoretical foundation from stewardship and signaling theories. Using panel data covering five listed agricultural firms from 2015 to 2021, the research collected financial information from the firms' annual reports. The study applied panel regression analysis to examine the impact of firm size on financial outcomes. Findings indicated that firm size had a positive influence on financial performance, suggesting that as these companies grow, they may experience improved financial outcomes due to expanded operations and increased market reach.

Tipis (2022) investigated the role of firm size in shaping the financial performance of commercial banks operating in Kenya. Firm size was measured using the natural logarithm of total assets. The research employed a descriptive design and considered all 41 commercial banks in Kenya as of December 2021. The study gathered secondary data spanning from 2017 to 2021 from the Central

Bank of Kenya and the banks' financial reports. Analytical techniques included descriptive statistics, correlation, and regression analysis. The multivariate regression results indicated that firm size had a statistically significant and positive effect on return on assets, with a strong coefficient suggesting firm size plays a major role in enhancing bank profitability.

Jibril and Idris (2022) conducted a study on how firm size influences the financial performance of listed conglomerate companies in Nigeria. The study utilized financial data from company reports published between 2015 and 2021. After subjecting the panel data to multiple regression analysis and various robustness tests, the results demonstrated a significant and positive effect of firm size on financial performance. This implies that larger firms within the conglomerate sector may benefit from economies of scale or increased operational capabilities that enhance their financial outcomes.

Adebayo (2022) explored whether firm size has predictive power over equity returns in Nigeria's consumer goods manufacturing industry. The study applied an *ex-post facto* research design, relying on financial statement data due to the nature of the variables, which were already established. The longitudinal approach involved analyzing data from firms listed on the Nigerian Exchange. The analysis revealed a negative and statistically insignificant relationship between firm size and equity return. This suggests that larger firm size may not necessarily lead to improved returns for shareholders within the consumer goods manufacturing sector.

2.4 Gap in Literature

While several studies have explored the relationship between firm size and various financial performance indicators or firm value across sectors and geographical regions, there remains a paucity of empirical evidence directly linking firm size to shareholder wealth maximisation, particularly within the agricultural sector in Nigeria. For instance, Handini and Susilo (2025), Nurjanah, Yahya, and Wulandari (2024), as well as Vuković, Tica, and Jakšić (2024), examined how firm size affects firm value in Indonesia and Europe, but did not address shareholder-centric metrics such as share price return. Chidi (2024) and Adebayo (2022) investigated similar constructs within Nigeria's consumer goods sector, yet their findings on firm value and equity return do not offer a sector-specific perspective on shareholder wealth. Furthermore, Wahab, Akinola, and Dare (2022) focused on firm size and financial performance in Nigeria's agricultural sector, but omitted market-based measures of shareholder value. Additionally, studies by Jibril, Usman, and Abdullahi (2023), Jibril and Idris (2022), and Nwonodi (2024) emphasized profitability and return on equity across other industries, leaving a critical gap in understanding how firm size impacts shareholder wealth maximisation in agriculture—a sector with distinct operational and investment characteristics. This study, therefore, addresses this literature gap by examining the effect of firm size on shareholder wealth, proxied by share price return, among listed agricultural firms in Nigeria.

3.0 Methodology

This study adopted an *ex-post facto* research design to examine the effect of firm size on shareholder wealth maximisation, measured by share price return, among listed agricultural firms in Nigeria. The choice of this design is appropriate because the study investigates events that have already occurred without manipulating any of the variables (Rohwer, 2022). Firm size and share price returns are historical in nature and cannot be influenced by the researcher. This design enables the analysis of secondary data over a period of time to determine the relationship between the firm-level attribute (firm size) and shareholder outcomes.

The population of the study comprises all agricultural firms listed on the Nigerian Exchange Group as of November 14, 2023. According to the Nigerian Exchange Group (2023), five (5) firms were listed in this sector. These firms are presented in Table 3.1:

Table 3.1: Population of the Study

S/N	Name of Company
1	Ellah Lakes Plc
2	FTN Cocoa Processors Plc
3	Livestock Feeds Plc
4	Okomu Oil Palm Plc
5	Presco Plc

Source: Nigerian Exchange Group (2024)

Given the small number of listed agricultural firms, a census sampling technique was employed. This approach ensures that all five firms are included in the sample, thereby enhancing the reliability and generalizability of the findings within the sector. Consequently, the sample size is equal to the population size.

Secondary data were collected from the published annual reports and financial statements of the selected firms, as well as from stock market reports and the Nigerian Exchange Group database. The period of study spans ten years, from 2014 to 2023. Data were obtained on firm size (measured by the natural logarithm of total assets) and share price return (proxy for shareholder wealth maximisation).

The study used both descriptive and inferential statistical techniques. Descriptive statistics was used to summarise the characteristics of the data, including the mean, standard deviation, minimum, and maximum values of the variables. To test the effect of firm size on shareholder wealth maximisation, the study applied panel data regression analysis, which accommodates both time-series and cross-sectional data characteristics. The use of panel regression allows the researcher to control for heterogeneity across firms and over time, thus producing more robust and efficient estimates. The econometric model is specified as follows:

$$SPR_{it} = \beta_0 + \beta_1 FSZ_{it} + \epsilon_{it} \quad \text{eqi}$$

Where:

SPR_{it} = Share Price Return for firm i in year t (proxy for shareholder wealth maximisation)

FSZ_{it} = Firm size (natural logarithm of total assets)

β_0 = Intercept

$\beta_1, \beta_2, \beta_3$ = Coefficients of the explanatory variables

ϵ_{it} = Error term

i = Firm

t = Time (Year)

Table 3.2: Operationalization of Variables

Variable	Type	Measurement/Proxy
Share Price Return	Dependent	$(P_1 - P_0)/P_0$, where P_0 = opening share price and P_1 = closing share price for each year
Firm Size	Independent	Natural logarithm of total assets

Source: Researcher's Compilation (2025)

4.0 Data Analysis

4.1 Descriptive Analysis

Table 4.1 Descriptive Analysis

	Share Price Return	Total Asset (₦'000)	FSZ (Natural log of total asset)
Mean	24.64407	30158673	7.095627
Median	0.000000	7399462.	6.869193
Maximum	537.9310	157340222	8.196840
Minimum	-60.00000	1155831.	6.062894
Std. Dev.	91.23030	38656944	0.614067
Skewness	3.924192	1.530800	0.148094
Kurtosis	21.64862	4.544536	1.947099
Jarque-Bera	852.8506	24.49789	2.492350
Probability	0.000000	0.000005	0.287603
Observations	50	50	50

Source: Eviews Output (2025)

In Table 4.1, the descriptive statistics for Share Price Return, which is the proxy for shareholder wealth maximisation, reveal a high level of variability and non-normality in returns among listed agricultural firms in Nigeria. The mean share price return is 24.64%, suggesting that on average, shareholders experienced a positive return during the period under review. However, the wide gap between the maximum return of 537.93% and the minimum of -60% indicates significant disparities in firm performance, possibly reflecting varying levels of market confidence, operational efficiency, or external shocks. The standard deviation of 91.23% further emphasizes the high volatility in share price returns. A skewness of 3.92 and a kurtosis of 21.65 point to a distribution that is heavily right-skewed and leptokurtic, meaning that a few firms recorded extremely high returns, deviating substantially from the mean. The Jarque-Bera probability of 0.000000 confirms that the data for share price return is not normally distributed, underscoring the presence of extreme values and potential outliers.

Regarding Total Asset, which represents the raw size of the firms in monetary terms, the mean value of ₦30.16 billion reflects a moderate average asset base across the listed agricultural firms. However, the range is substantial, with the maximum asset value at ₦157.34 billion and the minimum at ₦1.16 billion, indicating a wide disparity in firm size within the sector. The standard deviation of ₦38.66 billion further reflects this considerable variation in asset holdings. The skewness of 1.53 and kurtosis of 4.54 suggest a

right-skewed and moderately peaked distribution, indicating that a few firms are significantly larger than the rest. The Jarque-Bera probability of 0.000005 shows that the distribution of total assets is not normal, which may have implications for the statistical robustness of size-related inferences.

For Firm Size (FSZ), which is measured as the natural logarithm of total assets, the transformation has moderated the scale and reduced the influence of extreme asset values. The mean FSZ is 7.10, suggesting that, on average, the log-transformed asset base of the firms lies between 10 million and 100 million. The maximum and minimum values are 8.20 and 6.06, respectively, indicating less variability compared to the raw asset figures. This is confirmed by a standard deviation of 0.61, which is considerably lower than that of the untransformed total assets. The distribution of FSZ is nearly symmetric with a skewness of 0.15 and is relatively flat (platykurtic) with a kurtosis of 1.95. The Jarque-Bera probability of 0.2876 suggests that the FSZ data is approximately normally distributed, making it more suitable for regression analysis and hypothesis testing.

4.2 Test of Hypothesis

Ha1: Firm size significantly and positively affects shareholder wealth maximisation by increasing share return on listed agricultural firms in Nigeria.

Table 4.2 Test of Hypothesis

Dependent Variable: Share_Price_Return

Method: Panel EGLS (Cross-section weights)

Date: 04/01/25 Time: 01:07

Sample: 2014 2023

Periods included: 10

Cross-sections included: 5

Total panel (balanced) observations: 50

Linear estimation after one-step weighting matrix

Variable	Coefficient	Std. Error	t-Statistic	Prob.
FSZ	18.26749	5.797993	3.150657	0.0028
C	-117.4974	39.13423	-3.002419	0.0042
Weighted Statistics				
R-squared	0.171366	Mean dependent var		31.64441
Adjusted R-squared	0.154103	S.D. dependent var		86.74253
S.E. of regression	83.59357	Sum squared resid		335418.5
F-statistic	9.926643	Durbin-Watson stat		1.631171
Prob(F-statistic)	0.002804			

Source: Eviews Output (2025)

In Table 4.2, the regression model assesses the effect of firm size on shareholder wealth maximisation, with shareholder wealth proxied by share price return and firm size measured by the natural log of total assets (FSZ). The model includes a constant term and was estimated using panel EGLS with cross-section weights to correct for heteroskedasticity across firms.

Assessing the model's overall validity, the R-squared value of 0.1714 implies that approximately 17.14% of the variation in share price return can be explained by changes in firm size. While this may appear modest, it is meaningful in the context of financial data, where many external and unmeasured factors influence share prices. The F-statistic probability of 0.0028 confirms that the model is statistically significant as a whole, indicating that firm size contributes meaningfully to explaining variations in shareholder wealth. The Durbin-Watson statistic of 1.6312 is close to 2, suggesting that there is no serious autocorrelation in the residuals, which enhances the reliability of the model's estimates.

As per the constant term (C), the coefficient is -117.4974, and it is statistically significant at the 5% level with a p-value of 0.0042. This negative constant suggests that when firm size (FSZ) is zero — although theoretical in practice due to logarithmic scaling — the expected share price return would be deeply negative. This value helps to anchor the regression line but has limited standalone interpretative power since zero FSZ is unrealistic.

The coefficient of firm size (FSZ) is 18.26749, indicating a positive marginal effect on shareholder wealth maximisation. Specifically, a one-unit increase in the natural logarithm of total assets is associated with an 18.27 percentage point increase in share price return, holding other factors constant. This effect is statistically significant at the 5% level, as evidenced by a p-value of 0.0028, which is well below the threshold. This means that firm size exerts a statistically significant and positive effect on shareholder wealth maximisation among listed agricultural firms in Nigeria ($\beta = 18.26749$; $p = 0.0028$).

4.3 Discussion of Findings

The finding that firm size has a positive and significant effect on shareholder wealth maximisation among listed agricultural firms in Nigeria ($\beta = 18.26749$; $p = 0.0028$) suggests that as these firms grow in size—especially in terms of total assets—they tend to generate higher shareholder returns, as reflected in share price appreciation. This positive relationship can be attributed to the advantages that larger firms typically enjoy. These include improved access to capital markets, better bargaining power with suppliers, and economies of scale that reduce per-unit costs. Additionally, investors may perceive larger agricultural firms as more stable and capable of weathering economic fluctuations, leading to increased investor confidence and demand for their shares. In the agricultural sector, where volatility due to seasonal and climate factors is common, firm size may also provide the necessary buffer to absorb shocks, thereby enabling more stable and attractive returns for shareholders.

The finding of a positive and significant effect of firm size on shareholder wealth maximisation aligns with several empirical studies. For instance, Wahab, Akinola, and Dare (2022) found that firm size positively influences financial performance in Nigeria's agricultural sector, which supports the notion that larger firms benefit from expanded operations and market reach. Similarly, Nurjanah, Yahya, and Wulandari (2024) reported a positive and significant relationship between firm size and firm value in Indonesia's property and real estate sector, suggesting that the benefits of scale and enhanced investor perception may transcend industries. In the same vein, Vuković, Tica, and Jakšić (2024) found a positive link between firm size and market valuation across European firms, reinforcing the global relevance of size as a driver of shareholder value. Jibril and Idris (2022) also lend support with their findings in Nigeria's conglomerate sector, noting that larger firms tend to experience improved financial performance, potentially due to operational synergies and market dominance. These studies collectively bolster the present study's conclusion that firm size is a valuable asset in driving shareholder wealth.

Contrarily, some empirical evidence challenges this conclusion. Handini and Susilo (2025) found no significant direct effect of firm size on firm value in Indonesian food and beverage firms, implying that other internal or external variables may mediate this relationship. Similarly, Chidi (2024) reported a negative and significant impact of firm size on firm value among Nigerian consumer goods companies, attributing it to operational complexities and inefficiencies that may accompany expansion. Adebayo (2022) further questions the effectiveness of firm size as a predictor of shareholder value, showing a negative and insignificant effect in Nigeria's consumer goods sector. These contrasting results may stem from industry-specific challenges or the inefficiency of scale, indicating that the positive effect of firm size is not universal and may depend heavily on the sector, management capacity, and prevailing economic conditions.

5.0 Conclusion and Recommendation

The finding that firm size exerts a positive and significant effect on shareholder wealth maximisation among listed agricultural firms in Nigeria carries important implications for understanding the structural dynamics within the sector. It suggests that the expansion of a firm's asset base is not merely a sign of growth but a functional driver of shareholder value. Larger firms may possess greater operational efficiencies, market influence, and bargaining power, all of which can translate into increased profitability and, consequently, higher share price returns. This association implies that size itself becomes a critical component in shaping market expectations and investor perception of firm performance in the Nigerian agricultural industry. Moreover, the implication extends to how agricultural firms are positioned within the financial markets. A positive link between firm size and shareholder wealth indicates that investors may perceive larger firms as less risky or more stable, which could influence investment decisions and stock valuation patterns. As firm size emerges as a significant driver of shareholder returns, it reflects a structural environment where economies of scale, access to finance, and operational capacity are critical to maximizing wealth. This emphasizes the reality that size may enable firms to absorb sectoral shocks more effectively, undertake large-scale innovations, and diversify revenue streams in ways that smaller firms cannot. The implications therefore touch not only on firm-level performance but also on broader patterns of competitiveness and resilience within the agricultural sector in Nigeria. Hence, the study makes the following recommendations.

1. To agricultural firm managers: It is recommended that managers of listed agricultural firms in Nigeria pursue strategic asset expansion initiatives, as increased firm size significantly enhances shareholder wealth through higher share price returns.

2. To investors and shareholders: Investors are advised to consider firm size as a critical indicator when evaluating investment opportunities within the agricultural sector, as larger firms have shown a strong potential to deliver higher shareholder value.

3. To regulatory and policy-making bodies such as the Securities and Exchange Commission (SEC): It is recommended that policy frameworks support the scaling-up of agricultural firms through incentives or access to capital, since larger firm size has been empirically linked to improved shareholder wealth.

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