JOURNAL OF GLOBAL ACCOUNTING
10(3) September, 2024.
ISSN (Online): 1597–7641; ISSN (Print): 1597-8273
https://journals.unizik.edu.ng/joga

ASSETS COMPOSITION AND MARKET VALUE OF INDUSTRIAL GOODS FIRMS IN NIGERIA

Maria Ukamaka Onuigbo[1] Tochukwu G. Okafor[2]

[1&2]*Department of Accountancy, Faculty of Management Sciences, Nnamdi Azikiwe University, Awka, Anambra State, Nigeria.*

1. Email: amakaugo11@gmail.com
2. Email: tg.okafor@unizik.edu.ng

Correspondence: amakaugo11@gmail.com

CITATION: Onuigbo, M.U. & Okafor, T.G. (2024). Assets composition and market value of industrial goods firms in Nigeria, *Journal of Global Accounting*, 10(3), 74 - 90.

Available:https://journals.unizik.edu.ng/joga

Key words: *Assets composition, Current assets turnover, Financial performance, Non-current assets.*

ABSTRACT

This study determined the effect of assets composition on financial performance of industrial goods in Nigeria. Specific objectives are to: determine the effect of Non-current assets on financial performance of listed industrial goods firms in Nigeria and ascertain the extent current assets turnover on financial performance of listed industrial goods firms in Nigeria. This study was adopted Ex Post Fact research design. The population of the study consists of twelve (12) listed industrial goods firms in Nigeria. Since the population size is not large, the researcher used a consensus sampling to adopt all the population for the study. Data were extracted from the annual reports and accounts of industrial goods firms in Nigeria 2013 to 2022. Data were analyzed with descriptive statistics, and the hypotheses were tested with Pearson correlation, and multiple regression analysis. The result revealed that P-value of the test was 0.000 less than 0.05 (5%), this study upholds that non-current assets has significantly affect financial performance of listed industrial goods firms in Nigeria. also, the second result revealed that P-value of the test was 0.000 less than 0.05 (5%), this study upholds that current assets turnover has significantly affect financial performance of listed industrial goods firms in Nigeria. the study recommended that the management of industrial goods firms should carefully consider the levels of their non-current assets investments, as they may not make any meaningful contribution to financial performance.

.

1. INTRODUCTION

Assets composition is those resources purchase today for future benefits. According to International Accounting Standards (IAS) 16, assets are the resource held by a specific entity as a result of previous transactions or events from which future economic advantages flow to the company (Peterson, 2020). They are items that a corporation owns and uses to generate revenue. Accounting Standards Board Conceptual Framework (2011) explains that assets are resources under the control of the organization, arising from past events, for future economic

benefits of the entity. Essentially, they are simply resources under the control of the organization, used by management to generate profit or increase the firm's shareholders' wealth. These assets may be tangible, intangible or wasting assets. They may also be classified into current and non-current assets. Assets composition shows the ratio between the various components or classifications of the firm's assets, which it uses to finance its operations and/or generate profit. It also refers to the way in which the assets of the organization are patterned or categorized. Organizational asset can be pattern in form of non-current asset, current asset and even working capital. Non-current asset are asset that are long term in nature. Their life span exceed more than two years while current asset are asset whose live span is between one to two years. Working capital is net of current asset after which current liabilities have been subtracted. All these resources are employed by management to generate performance. Performance on the other hand, is the bottom-line for most organizations (Lukeman, 2022). Performance is the process of measuring the result of a firm's policies and operation in monetary terms. It is used to measure firm's overall financial health over a given period of time and can also be used to compare similar firms across the same industry or to compare industries or sector in aggregation. Performance can be measured using different measures. Majority of the researchers who studied asset composition and performance used few variables for performance measures as compared to this study that utilized three independent variables (Non-current assets, Current asset and Working capital). The study also introduced the use of working capital in the Nigerian context of consumer goods industries. A number of studies (Mawih 2018, Reyhani 2018, Zhengsheng, Crue, Rose and Lamano 2020, Nangih and Onuora 2020) have been carried out with regards to asset composition and performance concentrated more on developed economies than developing countries like Nigeria. There is high need for more research work on the subject matter in Nigerian context.

More so, most of the related studies were conducted in the banking industry, consumer goods firms and service firms. This observed dearth of research on assets composition and financial market value in industrial goods firms in Nigeria has been considered as another motivation to execute this study. This study was conducted on industrial goods firms which most prior studies are yet to consider in their research. This study therefore comes to fill the gap by establishing whether there is a relationship between assets composition and market value of industrial goods firms in Nigeria.

JOURNAL OF GLOBAL ACCOUNTING
10(3) September, 2024.
ISSN (Online): 1597–7641; ISSN (Print): 1597-8273
https://journals.unizik.edu.ng/joga

1.1 Objectives

The main objective of the study is to determine the effect of assets composition on market value of industrial goods in Nigeria. Specific objectives are to:

1. determine the effect of Non-current assets on market value of listed industrial goods firms in Nigeria.
2. ascertain the extent current assets turnover on market value of listed industrial goods firms in Nigeria.

1.2 Hypotheses

Ho_1: Non-current assets affect market value of listed industrial goods firms in Nigeria.

Ho_2: Current assets turnover affect market value of listed industrial goods firms in Nigeria.

2. LITERATURE REVIEW

2.1 Conceptual Review

2.1.1 Assets Composition

According to Zheng and Sheng (2019) asset composition entails how resources are diversely allocated which can be divided into turnover assets, production assets and wasting assets. Koralun- Bereźnicka, Zung and Runus (2019) on their part, posits that asset composition is the way the firm's assets are structured; which were identified as tangible non-current assets, intangible noncurrent assets and current assets. A similar approach was taken by Schmidt (2019), where asset composition was described in terms of: current assets; long term investments; tangible non-current assets; intangible assets; and others assets.

The composition of assets can be of importance in leverage financing. For instance, firms with more tangible assets are more likely to secure larger loans using them as collaterals, as the lender has confidence in that his loan is secure compared to firms with low level of tangible assets. Similarly, Frank and Goyal (2017) believe that the higher the tangible assets that can be pledged as collateral, the higher the leverage financing of the firm. The study of Vo and Ellis (2018) indicates that larger tangible assets reveal the borrowing capacity and stability of the firms, those factors effect positively on the value of the firm. Assets as organizational resources are held and controlled by management to achieve the wealth maximization objective of the firm. They are used to in the production process, generate inflow and can be used to secure favorable funding. Excess investment in noncurrent assets can tie down investable capital, affect working capital, leads to high depreciation and impairment cost, and high maintenance costs. While the inadequate investment in noncurrent assets can lead to low

production output, these, no doubt can lead to low firm value. Having the appropriate composition of those assets can enable the management to achieve a competitive edge, better performance and value by a firm.

2.1.2 Non-Current Asset

Nangih and Onuora (2020) posit that non-current assets are distinguished from other current assets because they are long term in nature; not usually procured for resale, and are normally employed to generate income directly or indirectly for entity. On their part, Wernerfelt and Montgomery (2023) assert that the level of property, plant and equipment assets available to a computer invariably influences how well they will perform. Non-current asset is classified into tangible noncurrent and intangible non-current assets. Tangible asset composition shows the ratio of tangible non-current assets to total assets of the firm as at a particular point in time. Tangible non-current assets are also known as property, plant and equipment. According to IAS 16, Property, plant and equipment are tangible assets such as plant and machinery, motor vehicles, land and buildings (free or leasehold) and plant & machinery held for either rentals; for the production supply of goods and services or for administrative purposes. A firm acquires plant and machinery and other productive fixed assets for the purpose of generating sales. Therefore, the efficiency of tangible non-current assets could be judged in relation to the firm's revenue generated.

2.1.3 Current Asset Turnover

Current assets represent the value of all assets that are reasonably expected to be converted into cash within one year in the normal course of business (Chan & Sougiannis, 2018). Current assets include inventory, accounts receivable, marketable securities, cash, prepaid expenses and other liquid assets that can be readily converted to cash. In personal finance, current assets are all assets that a person can readily convert to cash to pay accrued debts and cover liabilities without having to sell fixed assets. In other words, current assets are anything of value that is highly liquid. Other forms of current asset include receivables, cash in hand and bank, prepayments etc. The term accounts receivable denotes all claims involving a future inflow of cash. These accounts receivable result from business transactions involving sales of goods and services, loans and miscellaneous claims (Scott, 2019). Accounts receivable are representing as amounts due to the firm in exchange for goods or services provided. Trade receivables sometimes take the form of commercial credit instruments such as promissory notes or time drafts while other receivables are sometimes generated from sources other than

trade receivables. Among these are short-term advances to customers or subcontractors, insurance claims, claims for rebates taxes or other overpayments, sale of plant and equipment and accruals of interest, rent, royalties, etc. Such receivables are properly classified as current assets when collection is expected within one year and as other assets or miscellaneous assets if a longer collection period is anticipated.

2.1.4 Market Value

Market value is the term used to describe how much an asset or a company is worth on the financial market, according to market participants. It is commonly used to refer to the market capitalization of a company, which is calculated by multiplying the number of shares in circulation by the current market price. Market value can give an indication of whether a company's shares are over- or undervalued, depending on the difference between market value and the fair value. Traders and investors will often buy and sell stocks based on their findings. This allows them to take advantage of the disconnect between the two prices when the market corrects itself. The market value has received great care from researchers in recent years. When investors want to invest in shares listed in the financial market, there are procedures that must be taken before investing in them in order to help determine the value of shares and give a mental picture of their future expectations, Hence, its importance lies in providing the necessary information to make the decision to invest or not (Marsha and Murtaqi, 2017). The Tobin Q is the most popular measure of market value because it reflects the replacement cost of the firm's asset in the financial market
(Yaseen and Mohammed, 2023).

Tobin Q is extensively used in the financial literature as a proxy for future investment opportunities. The Tobin Q ratio is defined as the market value of a firm divided by the replacement cost of the firm's assets (Shim, 2022). The numerator of the ratio and the market value of the firm depends on the discounted expected future cash flows generated by the firm's assets. Since the denominator of the ratio is simply replacement cost of assets and its expressed in present value terms, it therefore implies that a positive association exist between a firm's Tobin Q and its future cash flows. Tobin Q ratio has been used in a variety of situations in the financial literature to examine different financial phenomena and decisions.

2.2 Empirical Review

Alkomsan (2024) investigated the impact of capital structure, total assets turnover, and liquidity on the financial performance of companies listed on the Egyptian Stock Exchange

food Sector, manufacturing sector, pharmaceutical sector, real estate sector, and services sector from 2019 to 2022. The researcher used the panel data from these companies in panel regression analysis. The research findings highlighted three key outcomes. First, higher debt levels, measured by debt ratio, are found to have a significant negative impact on profitability measured by ROA and ROE across most sectors. Second, total assets turnover has a significant positive effect on ROA but mixed results for ROE and Tobin's Q across sectors.

Nworie, Moedu and Onyali (2023) examined the effect of current asset management on the financial performance of listed consumer goods firms in Nigeria spanned from 2011 to 2020. Purposive sampling technique was deployed to determine the twelve (12) consumer goods firms that made up the sample participants of the study, out of a population of twenty-one. The hypotheses formulated were tested using Ordinary Least Square technique at 5% level of significance. The findings revealed that while debtor turnover ratio and inventory turnover ratio have a positive effect on earnings per share, cash ratio negatively affects the Earnings Per Share of listed consumer goods firms on the Nigerian Exchange Group. However, the effects were not significant at 5% level.

Yanti, Brahmayanti and Ratnawati (2023) determined the effect of asset structure, Capital Structure, and structure ownership against performance finance and risk business in Indonesia in the years 2019–2021. Population of the study comprised company mines in the selected coal sector (*coal production*) in a manner of perceptive sampling and selected 13 coal mining companies with a period of research from 2019 to 2021. Data processing techniques in research used PLS with Outer Model Analysis tests, Inner Model analysis tests, and Hypothesis Testing. The results of the study showed among others that Asset structure is not influential and significant to Risk business; Asset Structure has no significant effect on financial performance.

Odeniya (2022) examined liquidity effect of leverage on the financial performance of Nigerian listed firms using data of seventeen consumer goods firms listed on the Nigerian Stock Exchange using the annual report of 2012 to 2017. The study adopted multiple regression method, with pooled Ordinary Least Squares as estimation technique. The population of the study was made up of 28 consumer goods firms that are listed on the floor of the Nigerian Exchange Group as of December 31, 2018. 17 companies were chosen as a sample for the study from 2012 to 2017 using a purposive sampling technique. The finding

revealed that leverage proxies- degree of operating leverage and degree of combined leverage have significant effect on financial performance.

Kaur and Singh (2020) conducted a study on Bombay Stock Exchange to investigate efficient management of working capital by using 200 firms as sample from 2010 to 2018. The score of working capital of each firm was calculate via three parameters i.e. normalized days working capital, operating cycle and cash conversion efficiency (CCE). Using descriptive statistics, the finding of the study indicated that firm performance is directly and significantly affected by efficient capital management.

Kajola, Alao, Sanyaolu and Ojurongbe (2020) ascertained effect of leverage and liquidity on financial performance of Nigerian firms using data of seventeen consumer goods firms listed on the Nigerian Stock Exchange during the financial years, 2012 to 2017. The study adopted multiple regression method, with pooled Ordinary Least Squares as estimation technique. The finding revealed that leverage proxies- degree of operating leverage and degree of combined leverage have significant effect on financial performance. The study could not however provide empirical evidence in support of liquidity proxies- current ratio and quick asset ratio having significant effect on performance of the companies.

Kakanda, Bello and Abba (2019) in a study assessed the effect of capital structure on the financial performance of listed Consumer goods companies in Nigerian. Secondary data was utilized from the annual financial reports of the sampled firms from the year 2008 – 2013,which was obtained from African Financial website and official website of Nigerian Exchange Group. Descriptive statistics, correlation, and hierarchical multiple regression analyzes were carried out to test the hypotheses developed in the study. The study found that there is a positive and significant relationship between firm's capital structure and corporate financial performance. The study specifically found that short-term debt (STD) has no significance positive effect on return on equity (ROE) while Long-term debt (LTD) has positive relation and significantly effect on ROE. Gill,

Biger, and Mathur (2019) studied US manufacturing firm by considering working capital management on performance over a period of 2015 to 2017. The study finding show that cash conversion cycle (CCC) positively affect firm performance and receivable collection periods have found a negatively affect firm performance, while account payable. The study concluded that the efficient management of cash conversion cycle (CCC) and reducing the account receivable can be improve the firm profitability.

Cyril and Ogbonna (2019) studied the effect of noncurrent assets on the profitability of cement companies in Nigeria. Non-current asset was broken down into fixed asset and intangible asset while profitability was measured with earnings per share. They collected the data over a period of 2013 to 2018. Data for the period was analyzed using regression analysis. The result revealed that there is effect of noncurrent assets on return on assets but not significant.

Mathuva (2019) studied the effect of working capital management on the performance in Kenya. Data were collected from a sample of 30 firms listed in Nairobi Stock Exchange for a period of sixteen years (2011 to 2018). Fixed effect regression model of data analysis was used to analyze the collected data. Direct relationship was detected between the time taken to collect cash from customers and the firm's profitability. This implies that firms that make more profits take less time to collect cash from their customers when compared to less profitable firms that take longer time to collect cash from their customers. Also, a positive relationship was detected between the time when inventories were brought in and sold and profitability.

Azam and Haider (2019) investigated the effect of working capital management on firms" performance for non-financial institutions listed in Karachi Stock Exchange (KSE30). A panel data was collected from 21 non-financial firms listed in Karachi Stock Exchange for a period of 10 years (2011 to 2018). Canonical Correlation statistical tool was used to analyze the collected data so as to ascertain the relationship between working capital management and firm's performance. Result shows that current asset growth has significant effect on firms" performance and it is concluded that managers can increase value of shareholder and return on asset by reducing their inventory size, cash conversion cycle and net trading cycle.

Deloof, (2018) explored that how working capital management can effect firm performance by taking a large sample from 2010-2016. The study used regression analysis to test the data, and the results revealed that account receivable, inventory days and account payable was found negative and significant effect on firm performance. Finding also suggested that some profitable firms take more time to pay their debts, where shareholder value is enhanced by minimizing inventory days and account receivable days.

García-Teruel and Martinez-Solano (2018) examined Spanish small medium enterprises by taking a sample of 8872 firms for the period 2011-2016. The output results indicate that account payable, inventory days and account receivable is highly negative and significant

effect on firm profitability. Additionally significantly negative relationship was found between cash conversion cycle and firm performance. Hence, by reducing the cash conversion cycle length can be improving the firm performance.

Chen, Yao and Zhang (2018) examined the effect of corporate asset growth on stock returns using data on nine equity markets in the Pacific-Basin region including Japan (a well-developed economy), China (one of the most rapid growing economies), as well as Hong Kong, Taiwan, Korea, Malaysia, Singapore, Thailand, and Indonesia. The data were collected from two sources, stock return and accounting data from the Pacific Basin Capital Market Research (PACAP) databases (available via Wharton Research Data Services). The Japanese market has the longest sample period from 2014 to 2017. Data were analyzed using simple regression. The findings reveal that there is a significant effect of corporate asset growth on stock returns.

Irungu, Muturi, Nasieku and Ngumi (2018) examined the effect of asset tangibility and performance of quoted companies in the Nairobi Securities Exchange Kenya. The panel data were collected from the financial statements and were analyzed using dynamic panel data regression model while analysis of variance. The finding shows positive significant relationship exists between asset tangibility and financial performance. Also, tangibles have positive and significant effect on performance, while intangible assets have negative insignificant effect on the performance of quoted companies in the Nairobi Securities Exchange Kenya.

Farkoosh, Farkoosh and Naseri (2018) examined the effect of net assets value in purchasing the shares of investment companies in Iran. The dependent variable is the decision of investors in companies that listed on capital markets in Tehran. The independent variable is the net asset value and other factor. A sample of 500 respondents was selected from a population of 2000. Primary data collection method was adopted whereby questionnaires were administered to the 500 respondents out of which 464 of them responded. Standard deviation was determined by using the SPSS software and Excel. The relationships between variables were investigated at various levels using Excel software, SPSS software, demographic Kruskal-Wallis tests as well as Friedman test. Result shows that net asset value with 12.91 points and interest rates with 7.99 points have respectively a key role in investment decisions. This implies that financial variables have the greatest influence on investment decisions and political factors have a second position.

JOURNAL OF GLOBAL ACCOUNTING
10(3) September, 2024.
ISSN (Online): 1597–7641; ISSN (Print): 1597-8273
https://journals.unizik.edu.ng/joga

3. MATERIAL AND METHOD

This study will adopt *Ex Post Fact* research design. *Ex-post facto* means after the event, meaning that the events under investigation had already taken place and data already exist. The population of the study will consist of twelve (12) listed industrial goods firms in Nigeria, according to the Nigeria Exchange Group (2022), as at 31st December 2022. Since the population size is not large, the researcher will use consensus sampling to adopt all the population for the study. To obtain reliable information that will help the researcher to ensure the effectiveness of the study in question, data were extracted from the annual reports and accounts of industrial goods firms in Nigeria 2012 to 2022. The variables include; Non-current assets, and current assets turnover for independent variables, while Tobin's Q of financial reports represent dependent variable, and firm leverage for the control variable.

The study adapted the model of Saleh (2018). The model establishes the relationship between the dependent firm value and independent variables: tangible fixed assets, intangible fixed assets.

Saleh's model is STR = TANG, INTANG, CR ……Eqn 1.

The model was modified to suit the variables selected for this study, as follows

TOBINìt = βO+β1NCA ìt+β2CAT ìt+β4LEV ìt+µìt …….Eqn 2

Where:

TOBIN = TOBIN's Q

NCA = Non-Current Asset

CAT = Current Asset Turnover LEV = Leverage β_O– β_2 = Slope Coefficients ì=ìth Firm t=Time Period µ = Error Term

Data were analyzed with descriptive statistics, and the hypotheses will be tested with Pearson correlation, and Panel regression analysis. Since the focus of the study is to examine the effect of asset composition on financial performance, regression analysis becomes appropriate tool for it. Descriptive statistics employed to summarily describe the mean, median, standard deviation, kurtosis and skewness of the study variables. Inferential statistics will also be utilized with the aid of E-Views 9 using Panel regressions analysis: Regression analysis predicts the value the dependent variable based on the value of the independent variable and explains the impact or effect of changes in the values of the variables.

Decision Rule : Accept the alternative hypothesis, if the Probability value (P-value) of the test is less than 0.05 (5%). Otherwise reject.

JOURNAL OF GLOBAL ACCOUNTING
10(3) September, 2024.
ISSN (Online): 1597–7641; ISSN (Print): 1597-8273
https://journals.unizik.edu.ng/joga

4. RESULT AND DISCUSSIONS

4.1 Data Analysis

Table 1: Descriptive statistics

	TOBIN Q	NCA	CAT	LEV
Mean	-0.040907	1453120.	0.135114	0.095126
Median	-0.038126	1484705.	0.059946	0.067489
Maximum	0.009732	1708756.	0.308010	0.230298
Minimum	-0.096754	1218439.	0.032042	0.032253
Std. Dev.	0.033481	152159.8	0.114460	0.067239
Skewness	-0.159036	-0.100385	0.436663	0.750351
Kurtosis	2.027835	1.883227	1.299129	2.208741
Jarque-Bera	26.15684	32.18725	91.39150	71.95496
Probability	0.000002	0.000000	0.000000	0.000000
Sum	-24.54438	8.72E+08	81.06846	57.07549
Sum Sq. Dev.	0.671469	1.39E+13	7.847565	2.708095
Observations	120	120	120	120

Source: E-View output, 2024

The descriptive statistics in table 1 revealed that the TOBIN Q of the sampled companies is 0.041; the maximum of 0.009 with a minimum of -0.096 with a standard deviation of 0.033. The average non-current assets (NCA) from the sampled observations are 1453120.0; standard deviation of 152159.8; a maximum observation of 1708756.0 with a minimum value of 1218439.0. The mean value of current assets turnover (CAT) stood at 0.135, a standard deviation of 0.114; maximum observation of 0.308 with a minimum value of 0.032. The mean of firm leverage (LEV) is at the average of 0.095; standard deviation of 0.067; a maximum observation of 0.230 with a minimum value of 0.322.

Skewness is the measure of how much the probability distribution of a random variable deviates from the normal distribution. Table 1 delineates that the probability distribution for NCA (0.000); CAT (0.00); and LEV (0.000) are positively skewed distribution.

JOURNAL OF GLOBAL ACCOUNTING
10(3) September, 2024.
ISSN (Online): 1597–7641; ISSN (Print): 1597-8273
https://journals.unizik.edu.ng/joga

4.2 Test of Hypotheses

4.2.1 Hypothesis One

Ho_1: Non-current assets affect market value of listed industrial goods firms in Nigeria.

Table 2 PLS Regression analysis testing the effect between TOBIN Q, NCA, and LEV

Dependent Variable: TOBIN Q

Method: Panel Least Squares

Date: 06/18/24 Time: 08:35

Sample: 2013 2022

Periods included: 10

Cross-sections included: 12

Total panel (balanced) observations: 120

Variable	Coefficient	Std. Error	t- Statistic	Prob.
C	-0.213697	0.011011	-19.40760	0.0000
NCA	1.22E-07	7.60E-09	15.99114	0.0000
LEV	-0.039726	0.017195	-2.310256	0.0212
	0.299935			
R-squared		Mean dependent var		-0.040907
Adjusted R-squared	0.297590	S.D. dependent var		0.033481
S.E. of regression	0.028060	Akaike info criterion		-4.303922
Sum squared resid	0.470072	Schwarz criterion		-4.281937
Log likelihood	1294.177	Hannan-Quinn criter.		-4.295364
F-statistic	127.8889	Durbin-Watson stat		2.747227
Prob(F-statistic)	0.000000			

Source: E-Views 9.0 Correlation Output, 2024

In Table 2, R-squared and adjusted Squared values were (0.299) and (0.298) respectively. The indicates that all the independent variables jointly explain about 30% of the systematic variations in performance of our samples firms over the ten years periods (2013-2022). Table 2 revealed an adjusted R^2 value of 0.30. The adjusted R^2, which represents the coefficient of the determinations imply that 30% of the total variation in the dependent variable (return on equity) of quoted industrial goods firms in Nigeria is jointly explained by the explanatory variables (NCA and LEV). The adjusted R^2 of 30% did not constitute a problem to the study because the F- statistics value of 127.8889 with an associated Prob.>F = 0.000 indicates that the model is fit to explain the effect expressed in the study model and further suggests that

JOURNAL OF GLOBAL ACCOUNTING
10(3) September, 2024.
ISSN (Online): 1597–7641; ISSN (Print): 1597-8273
https://journals.unizik.edu.ng/joga

the explanatory variables are properly selected, combined and used. The value of adjusted R^2 of 30% also shows that 70% of the variation in the dependent variable is explained by other factors not captured in the study model.

Test of Autocorrelation: using Durbin-Waston (DW) statistics which we obtained from our regression result in table 2, it is observed that DW statistics is 2.747 and an Akika Info Criterion and Schwarz Criterion which are 4.304 and 4.282 respectively also further confirms that our model is well specified. Table 2 indicates that non-current assets of firms have a positive significant effect on TOBIN Q of listed industrial goods firms in Nigeria. This can be observed from the beta coefficient (β_1) of 1.220 with p value of 0.000 which is highly statistically significant at 5% level of significance.

Decision : Since the P-value of the test was 0.000 less than 0.05 (5%), this study upholds that non-current assets have significantly affect market value of listed industrial goods firms in Nigeria. Thus, null hypothesis is Rejected and alternative hypothesis Accepted.

4.2.2 Hypothesis Two

Ho_2: Current assets turnover affect market value of listed industrial goods firms in Nigeria.

Table 3 PLS Regression analysis testing the effect between TOBIN Q, CAT, and LEV

Dependent Variable: TOBIN Q

Method: Panel Least Squares

Date: 06/18/24 Time: 08:36

Sample: 2013 2022

Periods included: 10

Cross-sections included: 12

Total panel (balanced) observations: 120

Variable	Coefficient	Std.Error	t- Statistic	Prob.
C	-0.045462	0.00186	-24.44482	0.0000
CAT	-0.433281	0.021854	-19.82617	0.0000
LEV	0.663297	0.037202	17.82961	0.0000
R-squared	0.39706	Mean dependent var		-0.040907
Adjusted R-squared	0.395040	S.D. dependent var		0.033481
S.E. of regression	0.026041	Akaike info criterion		-4.453278
Sum squared resid	0.404855	Schwarz criterion		-4.431293

JOURNAL OF GLOBAL ACCOUNTING
10(3) September, 2024.
ISSN (Online): 1597–7641; ISSN (Print): 1597-8273
https://journals.unizik.edu.ng/joga

Log likelihood	1338.983	Hannan-Quinn criter.	-4.444720
F-statistic	196.5741	Durbin-Watson stat	1.637934
Prob(F-statistic)	0.000000		

Source: E-Views 9.0 Correlation Output, 2024

In Table 3, R-squared and adjusted Squared values were (0.397) and (0.395) respectively. The indicates that all the independent variables jointly explain about 40% of the systematic variations in performance of our samples firms over the ten years periods (2013-2022). Table 3 revealed an adjusted R^2 value of 0.40. The adjusted R^2, which represents the coefficient of the determinations imply that 40% of the total variation in the dependent variable (return on equity) of quoted industrial goods firms in Nigeria is jointly explained by the explanatory variables (CAT and LEV). The adjusted R^2 of 40% did not constitute a problem to the study because the F- statistics value of 196.5741 with an associated Prob.>F = 0.000 indicates that the model is fit to explain the effect expressed in the study model and further suggests that the explanatory variables are properly selected, combined and used. The value of adjusted R^2 of 40% also shows that 60% of the variation in the dependent variable is explained by other factors not captured in the study model. **Test of Autocorrelation:** using Durbin-Waston (DW) statistics which we obtained from our regression result in table 3, it is observed that DW statistics is 1.638 and an Akika Info Criterion and Schwarz Criterion which are 4.453 and 4.431 respectively also further confirms that our model is well specified. Table 3 indicates that current assets turnover of firms have a negative significant effect on TOBIN Q of listed industrial goods firms in Nigeria. This can be observed from the beta coefficient (β_1) of -0.433281 with p value of 0.000 which is highly statistically significant at 5% level of significance.

Decision : Since the P-value of the test was 0.000 less than 0.05 (5%), this study upholds that current assets turnover has significantly affect market value of listed industrial goods firms in Nigeria. Thus, null hypothesis is Rejected and alternative hypothesis Accepted.

CONCLUSION AND RECOMMENDATION

The study determined the effect of assets composition on market value of industrial goods in Nigeria, using non-current assets and current assets turnover as independent variables while TOBIN Q as the dependent variable. Data were generated form financial statement of industrial goods firms in Nigeria. The study after the analysis and testing of hypotheses revealed that noncurrent assets, and current assets turnover have significantly affected market

value of listed industrial goods firms in Nigeria. This implies that the more assets of the company increases, the more their market value. This study therefore, concludes that assets composition has significant effect on market value of industrial goods firms in Nigeria.

Based on the findings, the following recommendations were made;

1. The management of industrial goods firms should carefully consider the levels of their noncurrent assets investments, as they may not make any meaningful contribution to financial performance.
2. Firms should increase their current assets, but should keep it at an optimum level that will ensure that maturing short-term business obligations are met and at the same time avoid keeping excess idle funds. This is because such investments will result in a proportionate increase in their financial performance. Therefore, excessive liquidity should be avoided

REFERENCES

Azam, M., & Haider, S. I. (2019). Effect of working capital management on firms' performance: evidence from non-financial institutions of KSE-30 index. Interdisciplinary journal of contemporary research in business, 3(5), 481-492

Chen, S., Yao, T. & Zhang, T. (2018). Asset growth and stock returns: Evidence from Asian financial markets. *Emerging Market Group Conference*, 5(3), 1-42.

Cyril, U. M., & Ogbonna, E. E. (2019). Evaluation of the effect of non-current assetson return on assets of cement manufacturing industry in Nigeria. *Journal of Theoretical & Applied Statistics*, 3(2), 22-30.

Deloof, M. (2018). Does working capital management affect profitability of Belgian firms? *Journal of business finance & Accounting, 30*(3-4), 573-588.

Frank M, Goyal Z, & Vidhan K. (2017). Trade-off and pecking order theories of debt. Handbook of Empirical Corporate Finance: *Empirical Corporate Finance. Elsevier Journal.* 15(9):112-210.

García-Teruel, J. & Martinez-Solano, P. (2018). Effects of working capital management on SME profitability. *International Journal of Managerial Finance, 3(*2), 164-177

Gill, A., Biger, N., & Mathur, N. (2019). The relationship between working capital management and profitability: Evidence from the United States. *Business and economics journal, 10*(1), 1-9. Irungu, H., Muturi, E. Nasieku, A & Ngumi, C. (2018). Asset structure and financial performance: a case of firms quoted under commercial and services sector at the Karachi securities exchange. *Research journal of finance and accounting, 8(4),*

Kajola, S.O., Alao, A., Sanyaolu, W.A. & Ojurongbe, O.J. (2020). Effect of liquidity and leverage on financial performance of Nigerian listed consumer goods firms. *The Journal Contemporary Economy* 4(3), 91-102.

Kakanda, M.M. & Bello, A.B. & Abba, M. (2020). Effect of capital structure on performance of listed consumergoods companies in Nigeria. *Research Journal of Finance and Accounting* 8(7), 211-219

Kaur, H. V., & Singh, S. (2020). Managing efficiency and profitability through working capital: An empirical analysis of BSE 200 companies. *Asian Journal of Business Management, 5(2)*, 197-207.

Lukeman B. (2022). Corporate tax and financial performance of listed Nigerian consumer goods. *Journal of Accounting and Financial Management,* 4(4), 30-43

Marsha, N. & Murtaqi, I. (2017). The effect of financial ratios on firm value in the food and beverage sector, *Journal of business and management*, 6(2).

Mathuva, E. (2019). International working capital practices in Pakistan. *International Research Journal of Finance and Economics, 32*(32), 160-170.

Mawih, K. (2018). Effects of assets structure on the financial performance: Evidence from sultanate of Oman. *Journal of US-China Public Administration, 11*(2), 170-179

Nangih, E. & Onuora, J.K.J (2020). Capital Intensity and Firm Profitability Interconnectedness in Nigeria. *Journal of accounting, business and social sciences 3 (2),* 24-35.

Nworie, G.O., Moedu, V.O. & Onyali, C. I. (2023). contribution of current assets management to the financial performance of listed consumer goods firms in Nigeria. *International Journal of Trend in Scientific Research and Development,* 7(1) 77-87. URL: www.ijtsrd.com/papers/ijtsrd52600.pdf

Odeniya, E. (2022). Effect of liquidity and leverage on the financial performance of Nigerian listed consumer goods firms. *International Journal of Intellectual Discourse (IJID)* 5(1), 226-237.

Reyhani A.G. (2018). The investigation of effect of assets structure on performance of accepted companies of Tehran Stock Exchange (TSE). *Journal of Basic and Applied Scientific Research, 2(2)*, 1086-1090.

Schmidt M. (2019). *Business Case Essentials*. 4th Edition: Solution Matrix Limited, (2014).

Scott, S. (2019). The relationship between ownership structure and club performance in the English Premier League. Sport, *Business and Management: An International Journal, 3*(1), 19-36.

Shim, E.D. (2022). Governance and performance implications of diversification strategies: Evidence from large US firms. *The Financial Review*, 39(4), 489-526

Vo C. & Ellis U. (2018). Debt, liquidity constraints, and corporate investment: Evidence from panel data. *The Journal of Finance, 47*(4), 1425-1460

Wernerfelt, E. & Sougiannis, K. (2021). Determinants of working capital investment: A Study of Malaysian public listed firms. *Australasian Accounting, Business and Finance Journal, 7*(2), 63-83.

Wernerfelt, E.& Montgomery, C. A. (2023). Tobin's q and the importance of focus in firm performance. *Am. Econ. Rev.*, 78(1), 246e250.

Yaseen, S.T. & Mohammed, S.B. (2023). Factors affecting the market value of the shares of a sample of companies working in the scientific field/ an analytical study from 2015-2020. *Res Militaris*, 13(2), 3137-3149.

Yanti, Brahmayanti and Ratnawati (2023) The influence of asset structure, capital structure, ownership structure on financial performance with business risk as intervening and good corporate governance (GCG) as moderation (Mining Companies Listed on the Indonesia Stock Exchange (BEI). *International Journal of Economics,* 2(2). DOI: 10.55299/ijec.v2i2.515

ZhengSheng A., Crue S., Rose .W. & Lamano .S. (2020). Zheng Sheng Xu, Nuo Zhi Xu, The research of the optimal allocation of assets structure and business performance. *Research Journal of Economics, Business and ICT, 8*(1), (2013) 1-5.

ZhengSheng (2019). How does asset structure correlate with capital structure? – Cross-Industry and Cross-Size Analysis of the EU Countries. *Universal Journal of Accounting and Finance, 1* (1), 19-28.