Effect of Management Efficiency on Performance of Listed Consumer Goods Companies in Nigeria

Sunday David
Department of Accountancy
Chukwuemeka Odumegwu Ojukwu University
Igabriam Campus
davidsunday83@yahoo.com

Agubata N. S. (Ph.D)
Department of Accountancy
Chukwuemeka Odumegwu Ojukwu University
Igabriam Campus

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ABSTRACT

The objective of this study is to examine the effect of management efficiency on performance of listed consumer goods companies in Nigeria. The study adopted Ex-post facto research design. The population of this study consists of the whole 21 listed consumer goods firms in Nigerian Exchange Limited as at 31st December, 2021. The study used 16 firms out of the total population as the sample size. The study used secondary data, secondary data used were collected from annual reports of the sampled companies for seven years period from 2015-2021. Ordinary Least Square Regression model was developed to test the linear relationship between the dependent and independent variables. It was operated using STATA version 15. The results of the Ordinary Least Square Regression revealed that, Account receivable turnover, Inventory turnover, Non-current assets turnover and Operating expenses was found to have positive and significant influence on our dependent variable(firm performance), proxy as EPS among the quoted consumer goods firms in Nigeria. The study concluded that the four variables that were examined have a joint effect on the corporate performance, that is, management efficiency influence corporate performance in Nigeria.

Keywords: *Management Efficiency, Account Receivable, Inventory, Non-Current Assets and Operating Expenses*

Introduction

The concept of efficiency or managerial efficiency has been used by researchers in various forms representing different but synonymous concepts such as, managerial capability, managerial ability, managerial performance, operations capability, operational efficiency, operational productivity, technical efficiency (Adegbie, Akintoye & Alu, 2019) . This is because, the construct is multi-dimensional in nature and there is no agreed upon or generally accepted definition thereof. As such, Leverty and Grace (2012), defined managerial efficiency as the ability of the manager to efficiently marshal the firm's resources in order to achieve the organization objectives.

According to Inun (2013), management efficiency is an integral part of the overall corporate strategy to create shareholders values and the survival of a business. All companies are living in an era of ever changing world which is uncertain, complex and unpredictable. Globalization of markets, increase in competition and constant changes in technological advancement has put huge pressure on organizations to continuously develop and be adaptable to face the challenges of a rapidly changing environment. Jamali and Asadi (2012), noted that management efficiency is an important component of corporate financial management because it directly affects the profitability of the firms. Most organizations are struggling to survive and are concentrating on developing efficiency at all levels of the organization. In such case performance evaluation of the company is very much important, Performance evaluation of a company is usually related to how well a company can use its assets, shareholder equity, liability, revenue and expenses. In the asset management process firms' investment decisions take a very important role which is very essential guideline to indicate the management efficiency in investment in long term and short term assets. Investment in short term assets is called current assets. These assets are expected to be converted to cash in the short term, is popularly termed as working capital management. Investment in the long term assets called noncurrent assets, popularly known in financial literature as capital budgeting. (Inun, 2013). In today's global society, humans are constantly seeking to use available resources in the most effective and efficient way aiming to be superior or at least competitive with others. In order to differentiate one organization from another, it is imperative to create that difference through the efficient use of resources (Koçoğlu, 2020). Assessments and change become necessary for a successful organization to sustain competitiveness in a field of new pursuits and for possible improvement in any or all of the following areas: usage of resources, procurement of raw materials, technological development, and efficiency in making use of opportunities. The efforts are then focused on creating new opportunities and so the question then becomes how to manage and make use of such opportunities in the most rational way. This evaluation covers the contribution of organizational managers in the scope of an institution's success.

Firm performance is the ability of the firms in using its available resources to achieve the targets of the firm (Le 2005). Performance of firms is a main feature which defines their competiveness, business potentials and economic interest of the management (Dufera, 2020). Several factors determine the level of firms' performance such as the size, ownership, capital structure, equity, and age of the firm, experience, new investment in both physical and knowledge capital, managerial efficiency, growth in sales, export activity as well as the industry age (Papadogonas, 2017).

Pundits in the know and other users of financial statements have been touting EPS as the holy grail of firm performance for a very long time. The growth of companies and their financial condition are related to the value management. The growth in finances may be reflected by the growth of sales, assets, equity, and earnings per share (EPS) as proposed by Danbolt (2021), the growth of EPS influences the growth of firm value, and it is directly related to the company's goal that is the value maximization. The growth of value should be related to the financial condition of a company as reflected for example by Altman Z-Score Model (Altman & Hotchkiss, 2019). If management growth is effective, the company's condition should remain the same and may even improve. Measures of financial performance are essential elements of performance measurement and evaluation systems in most firms and whether managers should be held accountable for the cost of capital used in the generation of returns or not, is very significant in the choice of financial performance measures (Dekker, Groot, Schoute & Wiersma, 2021). Those who deal with management and are responsible for the organization's management structure as well as functionality, are primarily the top managers of institutions.

The increasing competition in the business environment which many organizations operate has created the need for management to be committed and cost effective conscious in terms of managing productivity and profitability. The greatest challenge or problem of every business today is how efficient and effective their management are in terms of managing resources in their various organizations and utilizing minimally what they have at its possible advantage to make profit and attain the set objectives and goals of the organizations. Most businesses fail in their responsibilities of providing services of production of goods and services because the resource were not available or available but not supplied on time, or available and supplied on time but not managed well. For this purpose organizations employ managers and train them as to attain high performance, which is the attainment of organizational goals.

In recent decade, it was alleged that the reason for low profit generation is attributed to management inefficiency, hence, the need for further study. Prior literature provides evidence of a positive relationship between management efficiency and firm performance as follows. Andreou, Philip and Robejsek (2016), contend that higher ability management create more liquidity and take more risk but, in a period of financial crisis. In the developing Asian economies, Li, Chiang, Choi and Man (2013), argue that efficiency of Hong- Kong contractors is linked with their managerial capability in controlling business costs and financial capability in controlling short-term and long-term capital liquidity while in Mainland China, the efficiency of the contractors is related with their managerial capability in controlling business and administrative costs but, not with financial capability to control capital liquidity. Jamali and Asadi (2012), explored the relationship between management efficiency and profitability considering the importance of profitability for the survival of a business and the role of efficient management to achieve this aim. Therefore efficient management can ensure the success and the sustainability of the firm while its inefficient management may lead the firm into a pitfall. The central conclusion of the study was that the profitability and management efficiency are highly correlated to each other. Jakada and Aliyu (2015), noted that managerial efficiency has a significant, positive influence on performance (ROA) of multinational corporations in Nigeria which is an indication that managerial efficiency is a key factor for business success.

Epshtein (2005), projects a strong positive correlation between management quality and solvency of corporate farms in Russia. In the same vein, Jakada and Aliyu (2015) noted that

management efficiency has a significant, positive influence on performance (ROA) of multinational corporations in Nigeria which is an indication that managerial efficiency is a key factor for business success. Jakada and Aliyu (2015), concentrated only on return on assets and total assets turnover as measures of managerial efficiency and financial performance respectively covering only 1995-2009 periods (the data used in the study was not current) but did not have theoretical back-up and neglected the stock market performance while Osazefua (2019), included the market performance but used Tobin's q as its measure which does not fully capture the totality of investment of firms in physical and non-physical assets. These studies also, failed to control for other factors (firm characteristics and managerial characteristics) that may influence management choices towards the financial outcomes of firms.

The uniqueness of this research over other prior studies is the combination of variables such as, account receivable turnover, inventory turnover, non-current assets turnover and operating expenses to investigate the effect of management efficiency on firm performance of quoted consumer goods firms in Nigeria. This therefore, addresses the problem of management efficiency measurement and presents a holistic measure of firm's performance using Earnings per share which no study has considered to use to measure performance as regards to management efficiency, we use earning per share to measure performance because, growth of EPS influences the growth of firm value, and it is directly related to the company's goal that is the value maximization. The study covered seven (7) years period spanning from 2015 to 2021. This study seeks to fill the existing research gap by ascertaining the current data and results on the effect of management efficiency on firm performance in Nigeria. Knowing that within this period Nigeria economic faced two times recession 2016 and 2020 and the advent of COVID 19 in 2020. This is to show how efficient the firms under study were able to perform effectively and achieve their objectives during this period. The following hypotheses were stated in the null form to facilitate testable outcomes;

H_{01}: There is no significant effect of account receivable turnover on earning per share.

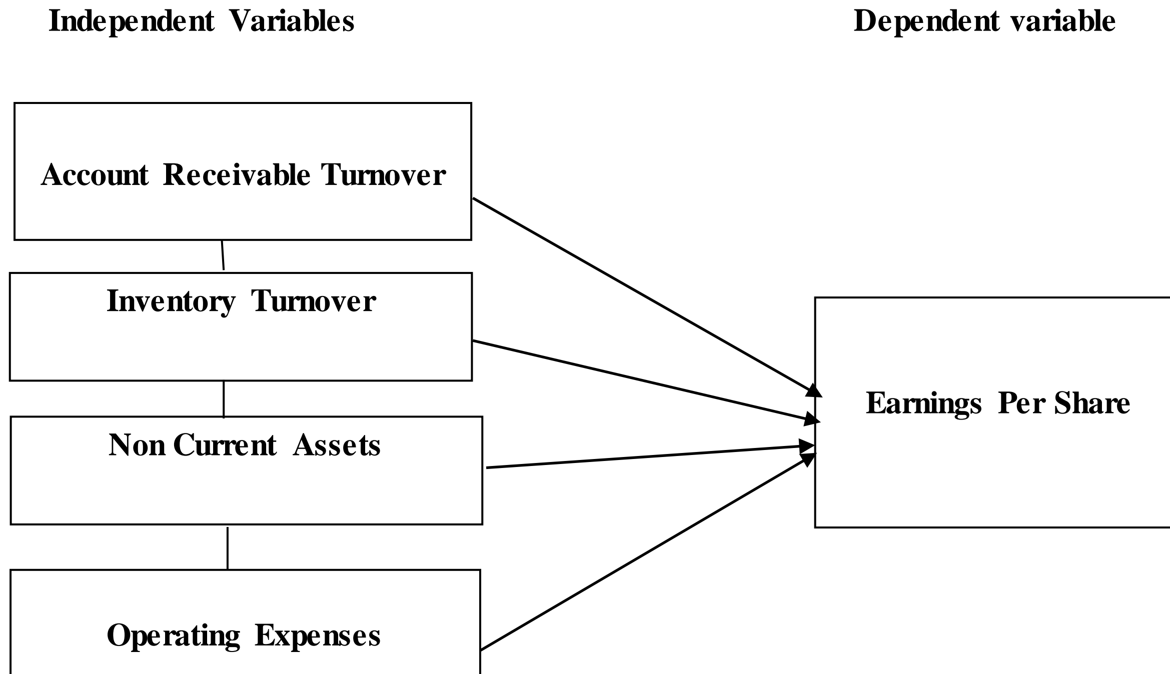
H_{02}: There is no significant impact of inventory turnover on earnings per share

H_{03}: There is no significant influence of noncurrent asset on earning per share

H_{04}: There is no significant effect of operating expenses on earning per share

Conceptual Framework

The diagram below represented the conceptual framework of the study.



Source: Researcher's Concept (2023)

Theoretical Framework

This study is anchored on the theory of upper echelon, the theory was propounded by Hambrick and Mason (1984), the upper echelons theory assume that organizations are reflections of their top managers. The theory states that, qualities and different background characteristics of managers of firms partly influence or affect the strategic outcomes or performance of firms that is determine by the firm's strategic decisions (choices) and performance levels; in other words, organizational outcomes-both strategies and effectiveness are viewed as reflections of the values and cognitive bases of powerful actors in the organization. On this note, Cho and Lee (2017), argue that the CEOs or senior management teams' characteristics (tangible and intangible expert knowledge) are related with individual past experience, value and educational background which enable them to make efficient and valuable decisions. The theory emphasizes that top managers different characteristics such as ability, age, financial position and career experiences affect their strategy and structure decision, directly affect organizational performance.

Empirical Review

Aminat (2022), studied determinants of the intellectual capital efficiency of listed banks in Nigeria. They investigate the level of intellectual capital efficiency amongst the listed commercial banks in Nigeria and the factors influencing its efficient utilization. They employs the data envelopment analysis (DEA) to determine intellectual capital efficiency for the listed banks in Nigeria using data obtained from their annual financial reports from 2013 to 2019. After

obtaining the efficiency scores, the tobit regression technique was used to analyse the impact of firm-specific factors on intellectual capital efficiency. The study found that only 8.33% of the sampled Nigerian commercial banks are at optimum capacity in utilising their intellectual capital, while 91.67% are inefficient. It also finds that bank size and directors' shareholdings positively impact intellectual capital efficiency, while market and ownership concentration debar the attainment of optimum intellectual capital. This study showcases the importance of measuring intellectual capital efficiency amongst listed banks in Nigeria. It provides more information to the regulators and stakeholders on the need to enforce the disclosure of the value created from intellectual capital investment. The study contributes to the scarce literature on measuring intellectual capital efficiency using a non-parametric analysis (DEA). It also provides new insights into the factors that influence intellectual capital efficiency amongst listed commercial banks in Nigeria.

Irene, Imen, and Qian (2021), studied the effects of managerial ability on firm performance and the mediating role of capital structure; this study utilizes mediation analysis and bootstrapping to analyze the mediating effect of capital structure on the association between managerial ability and firm performance. The dataset consists of 6384 firm-year observations from the Taiwanese electronics industry during 2005–2018. Our results indicate that (1) low (high) levels of debt are likely observed in firms with CEOs with high (low) ability, (2) managerial ability positively affects firm performance, and (3) capital structure mediates the positive relationship between managerial ability and firm performance. Overall, the findings may have limited generalize ability due to the specific sample characteristics and provide convincing support for the importance of capital structure as a mediator in the managerial ability-firm performance nexus. Specifically, this study highlights the need for examining the effect of managerial.

Israr and Shuhymee (2021), studied effect of managerial skills on the performance of small- and medium-sized enterprises. The study investigate the mediating effect of strategic planning on the relationship between managerial skills and the performance of small- and medium-sized enterprises (SMEs) in Punjab, Pakistan. Stratified proportionate probability sample method was used to select the 265 SMEs. The study applied a structural equation model (SEM) to analyze the proposed research hypotheses by using PLS-SEM. This research examines the direct and indirect effects of strategic planning on the performance of SMEs using the SEM test. The results indicate the positive effect of managerial skills on SMEs' performance and also suggested that strategic planning mediates the relationship between managerial skills and SMEs' performance. In addition, the role of managerial skills on the usage of the company's resources is highly influential through strategic planning. Strategic planning has been found to impact significantly and positively on the relationship between managerial skills and performance of SMEs in Punjab, Pakistan. The findings suggested that, in devising appropriate strategies for SMEs, the effect of managerial skills on the utilization of the firm's resources can be more effective to the firm's performance. In short, the utilization of a firm's resources through a proper planning is more essential for the sustainability of SMEs.

According to Won and Chung-gyu (2020), studied the effect of managerial ability and compensation on the relationship between business strategy and firm value for small and medium-sized enterprises (SMEs). Managers determine, plan, implement, and maintain a firm's business strategy. Therefore, the characteristics of a manager are an important factor in the selection and success of a business strategy. We believe that managerial abilities are important

factors in determining that success. If the managerial ability is good, the manager is more likely to implement a strategy suitable for the firm, significantly affecting the firm's value. Managers are also more motivated to work harder if their compensation level is high. Therefore, the manager will make efforts to successfully lead the firm's business strategy. In small and medium-sized enterprises (SMEs), the role of managers is important for carrying out strategies due to the lack of internal resources and difficulties in external funding. Therefore, we examine whether managerial ability and compensation affect the relationship between business strategy and firm value for SMEs. The analysis period is from 2011 to 2017, and the analysis was based on 1615 (firm/year), due to some of the listed SMEs being non-financial businesses with a December settlement of accounts. As a result of the analysis, managerial compensation and ability demonstrated different effects depending on the type of strategy, in terms of the relationship between business strategy and firm value. We suggest that managerial ability and compensation affect the value of a firm and moderate the relationship between business strategy and firm value.

Uddin and Hossain (2020) studied the impact of operating expenditures on firms' profitability, data was collected from the audited annual reports from the year of 2009 to 2018 of 25 publicly listed companies belonging to the pharmaceuticals and chemicals industry of Bangladesh. The data were analyzed using ordinary least square (OLS) estimation and dynamic model estimation with random and fixed effects variants. The statistics software E-views was used to carry out the tests. The result shows that there exist both positive and negative relationships between firms' profitability and operating expenditures. This study found that operating expenses have an inverse effect on a firm's profitability. This study provides significant insights to the decision-makers about profit and cost planning for manufacturing companies

Seong and Cheol (2017) examine managerial efficiency, corporate social performance, and corporate financial performance; this study builds on recent studies on the managerial characteristics in studies on CSR by examining how managerial efficiency influences the outcomes of CSR. Using a newly developed measure of managerial efficiency, we find that, on average, managerial efficiency is positively associated with a subsequent change in corporate social performance (CSP), although the association is weak in the level of total CSP. We find that efficient managers are more likely to engage in the product-related CSR that directly connects to corporate financial performance (CFP) but are less likely to engage in environment-related CSR. We also find that CSP is positively associated with CFP with efficient managers. Our findings contribute to management and other stakeholders' understanding of the association of CSR to its outcomes, CSP and/or CFP, which is hinged by the indispensable moderating role of managerial efficiency.

Methodology

The purpose of this study is to gain a solid understanding of this phenomenon. This study will use the expo-facto research design to evaluate the effect of management efficiency on firm performance. The study used secondary data, that will cover the period of 7 years from 2015-2021. The study collect its data from the published financial statements of quoted consumer goods firms in the Nigerian Exchange Group. This study was conducted in Nigeria, focusing on consumer goods manufacturing firms. The choice of the sector is premised on the fact that it constitutes a representative sample of manufacturing firms and their financial statements are up

to date and are available from the Nigeria Exchange Limited (NGX). The study population included a total of 21 consumer goods companies quoted in the Nigerian exchange group. The sampling method used in this study is purposive sampling technique, we also selected 16 consumer goods firms out of the total population. Secondary data were collected and analyzed in the form of descriptive statistics, correlation and regression analysis using Stata.

Multi regression analysis was used to examine the effect of management efficiency on firm performance dependent and independent variables.

Operationalization of Variables

Variables	Measurements	Source
Dependent Variable Earnings per Share	Net Income Divided by Total Shares	JHvH (2013)
Independent Variables		
Account receivable turnover	Receivables divided by Revenue	Amanda (2019)
Inventory turnover	Inventories Divided by Revenue	Kwak (2019)
Noncurrent assets turnover	Non-Current Assets divided by Revenue	Razman Bin Anuar (2020)
Operating expenses	Log of Operating Expenses	Uddin and Hossain (2020)

Source: Researcher's Concept (2023)

Model Specification

This study will adopts the model from the study of Inun (2013) ROA = *f*(WCTR, FATR, TATR); NPM = *f*(WCTR, FATR, TATR)

The model was be modified to suit the variables to be used. Hence the model for the study will be anchored on the objective.

EPS = *f*(ARTO, INVTO,NCATO, OPE)…………………………………………..…..1

This can be econometrically expressed as

$EPS = \beta_0 + \beta_1 ARTO_{it} + \beta_2 INVTO_{it} + \beta_3 NCATO_{it} + \beta_4 OPE_{it} + \mu$ …………………..2

Equation 1 and 2 are the linear regression model used in testing the null hypotheses.

Where:
EPS = Earnings per Share
ARTO = Account Receivable Turnover
INVTO = Inventory Turnover
NCATO = Noncurrent Asset Turnover
OPE = Operating Expenses
β_0 = Constant

$\beta_{1,\ldots}$ $\beta_{4,}$ = are the coefficient of the regression equation
μ = Error term
i = is the cross section of firms used
t = is the year (time series)

Decision Rule

Accept Null if P-Value is greater than 5% and reject Alternate
Accept Alternate if P- Value is less than 5% and reject Null

Regression Result on Effect of Management Efficiency on Corporate Performance (EPS)

Source	SS	df	MS
Model	1692.72171	4	423.180427
Residual	11551.3521	107	107.956562
Total	13244.0739	111	119.315981

Statistic	Value
Number of obs	= 112
F (4, 107)	= 3.9200
Prob > F	= 0.0052
R-squared	= 0.7853
Adj R-squared	= 0.7672
Root MSE	= 0.1039

EPS	Coef.	Std. Err.	t	P>|t|	[95% Conf.Interval]	
ARTO	.2650862	.0929302	2.85	0.032	.9876347	.1098233
INVTO	.2203696	.0862006	2.56	0.038	.2876742	.1987621
NCATO	.8666721	.4103450	2.11	0.041	.4098733	1.987678
OPE	5.007070	1.431034	3.50	0.000	2.098762	7.098242
_cons	36.56349	10.98199	3.33	0.001	52.68421	11.48231

Source: Result output from STATA 15.

The coefficient of determination "R-Square" for the Model shows 0.7853% indicating that the variables considered in the model accounts for about 78.53% change in the dependent variable of earnings per share (EPS) while about 21.47% was unaccounted for thereby captured by stochastic error term. The sig. (or p-value) for the Model is 0.0052 which is below the .01 level; hence, we conclude that the overall model is statistically significant. Thus implies that the variables have a combined or joint effect on the dependent variable (EPS). With this, the researcher affirms the validity of the regression model adopted in this study.

In addition to the above, the specific finding from each explanatory variable from the model as shown on table 4.3.1is provided below as follows:

H_{01}: There is no Significant Effect of Account Receivable Turnover on Earning per Share

This hypothesis was tested and the result of the regression model as exposited on table 4.3.1 indicates that the relationship between account receivable turnover (ARTO) and earnings per share (EPS) is positive and significant with a P-value (significance) of 0.032 for the model which is less than the 5% level of significance adopted.

Likewise the result of positive coefficient of 0.265 for the model is proving that, an increase in firms' account receivable turnover increases EPS by 26.5%. Thus implies that account receivable turnover determines corporate earnings per share.

We therefore rejected the null hypothesis and accepted the alternate hypothesis which contends that account receivable turnover has significant effect on earnings per share

H_{02}: There is no Significant Impact of Inventory Turnover on Earnings per Share

This hypothesis was tested and the result of the regression model as exposited on table 4.3.1indicates that the relationship between inventory turnover and earnings per share (EPS) is positive and significant with a P-value (significance) of 0.038 for the model which is less than the 5% level of significance adopted. Likewise the result of positive coefficient of 0.220 for the model indicates that, an increase in firms' inventory turnover increases EPS by 22.2%. Thus implies that firms inventory turnover determines corporate earning per share. We therefore rejected the null hypothesis and accepted the alternate hypothesis which contends that inventory turnover has significant effect on earnings per share.

H_{03}: There is no Significant Influence of Non-current Asset on Earnings per Share

This hypothesis was tested and the result of the regression model as exposited on table indicates that the relationship between non-current assets and earnings per share (EPS) is positive and significant with a P-value (significance) of 0.041 for the model which is less than the 5% level of significance adopted. Likewise the result of positive coefficient of 0.867 for the model is proving that, an increase in firms' non-current assets increases EPS by 86.7%. Thus implies that non-current assets determine firm earnings per share. We therefore rejected the null hypothesis and accepted the alternate hypothesis which contends that non-current assets have significant effect on earnings per share.

H_{04}: There is no Significant Effect of Operating Expenses on Earning per Share

This hypothesis was tested and the result of the regression model as exposited on table 4.3.1 that the relationship between operating expenses and earnings per share (EPS) is positive and significant with a P-value (significance) of 0.000 for the model which is less than the 1% level of significance adopted. Likewise the result of positive coefficient of 5.0% for the model is proving that, an increase in firms' operating expenses increases EPS by 5.0%. Thus implies that firms' operating expenses determines firms' earnings per share. We therefore rejected the null hypothesis and accepted the alternate hypothesis which contends that operating expenses has significant effect on earnings per share.

Discussion of Findings

Account Receivable Turnover (ARTO) and Earnings per Share (EPS). Based on our findings, ARTO was found to have positive and significant influence on our dependent variable, corporate performance proxy as EPS among the quoted consumer goods firms in Nigeria. This influence is statistically significant at 5% level of significant. The implication of this is that working capital turnover determines corporate earnings per share.

The finding is consistent and in agreement with the findings of Adusei (2017) which revealed that account receivable has positive and significant effect on firm performance(return on assets).

Inventory Turnover (INVTO) and Earnings per Share (EPS). Based on our findings, INVTO was found to have positive and significant influence on our dependent variable proxy as EPS among the quoted consumer goods firms in Nigeria. This influence is statistically significant in ensuring corporate performance. The implication of this is that firms' inventory turnover determines corporate performance, because a low ratio of inventory turnover imply weak sales and/or possible excess inventory, also called overstocking. This could be due to a problem with the goods being sold, insufficient marketing, or overproduction. A high ratio can imply strong sales, but also insufficient inventory. While strong sales are good for business, insufficient inventory is not, the more the firm turnover its inventories the more it perform better. The finding is in tandem and in agreement with the findings of Nasution (2020) which revealed that the results of the analysis of the correlation coefficient between inventory turnover and profitability with R of 0.115 which means that the correlation or relationship between profitability variables with inventory turnover variables is a positive relationship or directly proportional to the level of weak relations. This shows if the inventory turnover value increases then profitability will experience a slight increase. Vice versa if the value of inventory turnover decreases, profitability will experience a slight decline.

Non-Current Assets Turnover (NCATO) and Earnings per Share (EPS). Based on our findings, NCATO was found to have positive and significant influence on our dependent variable proxy as EPS among the quoted consumer goods firms in Nigeria. This influence is statistically significant at 5% level of significant. The implication of this is that non-current assets turnover determines corporate earnings per share. This is because higher ratio of non-current asset turnover indicates better utilization of non-current asset that enables the firm to achieve its goals, i.e. high revenue and high profitability. The finding is in consonance and in agreement with the findings of Inun (2013), which showed that Noncurrent assets has significant relationship with corporate performance (ROA).

Operating Expenses (OPE) and Earnings per Share (EPS). Based on our findings, OPE was found to have positive and significant influence on our dependent variable proxy as EPS among the quoted consumer goods firms in Nigeria. This influence is statistically significant at 1% level of significant. The implication of this is that firm effective management of operating expenses ensures firms' higher earnings per share. This is because the more the management were able to effectively manage its operating expenses, it will increase its profit thereby increase earnings per share. The finding is in consonance and in agreement with the findings of Osazefua (2019), which revealed that there is significant relationship between operating expenses and financial sustainability (ROA). Also, the findings of this study deviated from the findings of Fiola and Ratnawati (2016), whose study showed that operating expenses has a negative and significant impact on corporate performance (ROA).

Conclusion

The study having developed a model fit on management efficiency using (ARTO, INVTO, NCATO & OPE) notes that among the four categories of management efficiency that were examined, operating expenses (OPE) has the highest level of influence on corporate earnings per share (EPS) by the model used in the study followed by non-current assets turnover, account receivable turnover and inventory turnover. Hence, management efficiency (ARTO, INVTO,

NCATO & OPE) have joint effect on corporate performance. Based on this, the study concludes that management efficiency influence corporate performance in Nigeria.

Recommendations

In lieu of the findings of the study, the following recommendations were made:

1. The study recommended that consumer goods firms should strictly adhere to the credit policy and vigorously pursued effective recovery strategies and further prescribed best practices in accounts receivables management.

2. Shareholders should constantly monitor firms carrying excessive inventory as this may not be indicative of profitability but to cook up the books. This is because inventory is an asset, and profitability can be artificially inflated in the case of its overstatement.

3. Shareholders and managers should effectively manage investments in non current assets as such can tie up funds for other alternative investment outlets. Machinery should be purchased after due capital budgeting consideration and NPV calculations to ensure such yield returns for shareholders in the long run. Thus, managers may consider acquiring more debt financing to finance their operations and avoid investing too much in non current assets.

4. The consumer goods firms management should engage managers with strategic negotiating skill. An efficient manager shall think creatively to put forward a vision and manage the future with such vision, and be able to use creative thinking and negotiating skills well. A manager who can do these in their proper place creates an efficient manager perception and put the organization on the part of profitability by reducing its costs of operations.

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