Impact of Current and Financial Asset Structure on Financial Performance of Levered Manufacturing Firms in Nigeria

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Abstract

The research investigated the impact of financial and current asset structures on the corporate performance of Nigerian manufacturing companies that were listed during the fiscal years of 2018 and 2022. The study aimed to determine the impact of financial asset structure and the existing asset structure on the performance of high and low leveraged manufacturing enterprises in Nigeria. Panel data from financial statements of sampled firms was used in the study, which used an ex-post facto research approach. Ordinary least square regression analysis was used to examine the collected data. According to the study, the performance of high- and low-leveraged manufacturing enterprises is not significantly impacted by the current asset structure or financial asset structure at the five percent significance level. The study comes to the conclusion that while statistically insignificant, the present asset structure and financial asset structure of high- and low-leveraged manufacturing enterprises offered insights. Because the current asset structure has the potential to drive a company's performance, the study advises managers of low-leveraged firms to focus more on building it. It also suggests that when determining the optimal asset mix for corporate organizations, financial asset structure should be taken into account.

Key Words: Current Asset Structure, Financial Asset Structure, Financial Performance Levered Firms

Introduction

The performance of the business is largely determined by the management team's ability to employ the resources at their disposal in an effective and efficient manner. These resources could be in the form of cash or liquid assets. Since the business world has become so competitive, an organization's capacity to prosper is largely determined by how well it uses and manages its resources. Lähtinen (2009) addresses this issue by stating that managers of manufacturing organizations are under more pressure to create wealth through the efficient and effective use of the firm's resources due to the highly competitive nature of the business environment and the goal of maximizing wealth. Dennis (2014) argues that effective oversight is necessary because managers must decide when and how to deploy resources to generate wealth. According to him, incompetent supervision may enable managers to engage in projects that offer little financial return for the organization, even when a project may profit them personally.

Production assets have lately undergone a paradigm shift due to the digitalization of the global economy, going from tangible (current asset) to intangible (financial asset). The assets of commercial organizations are now arranged differently as a result. According to Ifurueze and Odesa (2013), the last several decades have seen a shift in the type of productive assets in the global business arena from tangible to intangible financial assets. The primary difference between the two eras is determined by the essence of their productive resources (Ifurueze & Odesa, 2013). The past age was driven by tangible assets like plants, machines, materials, and so on, whereas the current one is driven by intangible resources like intellectual capital, employee attitudes, and talents. Intangible assets are now more crucial than actual assets for a company to prosper, make a profit, and ensure its long-term survival, claim Bassey and Arzize (2012). Additionally, they point out that most globally successful companies have a higher proportion of intangible financial assets than tangible current assets.

Despite investors' and academics' growing interest in asset structure, there is a dearth of academic study on how manufacturing enterprises are affected by it. The few that do exist are mainly located in wealthy countries like the US, UK, and China, while emerging countries like Nigeria still lag behind in terms of levered manufacturing enterprises. Nevertheless, a number of asset structure studies were carried out in Nigeria. Similar to Garis (2008), who used regression analysis and the ex post facto research design method to examine the impact of asset structure on business performance. The study concludes that while fixed assets have a good but not statistically significant impact on the firm's performance to business organizations, current assets and intangible assets have a beneficial influence on the performance level of manufacturing enterprises. Mawih (2014) focused on manufacturing firms while examining the impact of asset structure on financial performance. The findings indicate that asset structure only affects return on equity (ROE) in the petroleum industry; other businesses did not experience this impact. A study on the impact of fixed asset investments on the profitability of Nigerian commercial banks was carried out that same year, and the results showed a strong and positive correlation between fixed asset investments and bank profitability in that country (Olatunji and Tajudeen, 2014).

 Some discrepancies are found when previous research are critically evaluated; these can be attributed to differences in the study's scope, methodology, and analytical instrument. The impact

of a firm's asset structure on its financial performance is still unknown. This research is necessary because, despite the amount of work on assets utilization, nothing has been done in a comparative manner utilizing high- and low-leveraged manufacturing firms listed on the Nigeria Stock Exchange.

Examining the effects of current and financial asset structure on the financial performance of listed manufacturing enterprises in Nigeria is the main goal of this research. Examine the impact of present asset structure on financial performance of Nigerian leveraged manufacturing enterprises is one of the study's main goals.

Examine how the financial asset structure affects the financial performance of Nigerian manufacturing companies that use leverage.

The study hypotheses are;
$H0_1$: Current Asset structure has no significant effects on the financial performance of Levered manufacturing firms in Nigeria.
$H0_2$: Financial Asset structure has no significant effect on the financial performance of Levered manufacturing firms in Nigeria.
Accept null and reject alternate hypotheses if t-value is > 0.05; but reject null and accept alternate hypotheses if t-value is < 0.05.

Review of Related Literature

Conceptual Review
Asset Structure
Depending on the study's objective, different scholars have taken different stances on asset structure. Zheng and Nuo (1997) define asset structure as the distribution of resources in a variety of ways. It is divided into three categories: waste assets, production assets, and turnover assets.
The proportional relationship between the company's assets and their fraction of total assets is sometimes referred to as the asset structure (HongXia and ZhengSheng, 2003). Irrespective of variations in industry, scale, management mechanism, or management level, firms must to build their asset structure on objective data. It is a dynamic structure from the specific period, and it is a static structure from the specific point (Gelles and Mitchell, 1999). Understanding the investment ratio of each asset as a whole, through capital contributions to the company and the production and business operation process in terms of maintenance requirements, is the significance of asset structure research. This understanding is used to optimize resource allocation. Asset structure, as defined by Koralun (2013), is the culmination of the many asset components, which include cash on hand and in the bank, financial fixed assets, tangible fixed assets, current assets, and current investments.

Current Asset Structure
Easily and swiftly convertible assets into cash or other liquid assets are known as current assets. Investing in current assets entails holding cash, inventories, and accounts receivable—all of which do not bear interest. One can avoid investing in capital assets such as land, but one cannot operate a business without sufficient current assets. This is especially true since a finance manager's primary responsibility is to handle the company's existing assets and obligations for the majority of his working hours.

Eljelly (2004) defines current asset management as the administration of cash, accounts receivable, and inventories, as well as the relationships that exist between them. The finance manager must devote a lot of time to it. Thus, according to Deloof (2003), the finance manager must arrange for short-term funding, bargain for credit terms that will benefit the company, keep an eye on how the money is being used to make sure it is being used for the intended purpose, manage accounts receivable, and keep an eye on inventory movement. It also mostly addresses problems that arise in the areas of inventories, accounts receivable, and cash monitoring.

Maintaining the ideal balance of the current assets' component parts is the goal of current asset management. Bringing current assets from a sub-optimal level to an optimal level takes a lot of managerial assiduity and patience.

Therefore, poor asset management can make it exceedingly difficult for a business to invest in profitable projects and can also make it difficult to carry out strategic operational plans, which reduces the likelihood that the business will fulfill its operational budget targets.

One of the most essential subjects in corporate finance, according to Ashraf (2012), is current asset management. As short-term assets, it relates to the company's investments in cash, liquid securities, accounts receivable, and inventory. However, businesses that record fewer current assets on their accounts could have shortages and struggle to maintain operations. In light of this, a lot of businesses aim to keep their present liabilities and assets at their ideal level of investment. By doing this, the risk resulting from the company's failure to fulfill its immediate responsibilities is removed.

Financial Asset Structure

These are seen as investment assets, the value of which is derived from a contractual claim to the things they stand for. These are assets that can easily transformed into valuable things like cash, like capital or resource ownership. Financial instruments are another name for financial assets. The current market price is a useful metric when financial asset investments are modest. The market price, however, is not very important for a business that controls a majority stake in another business, since the investor has no plans to sell its shares.

Because of their nature, financial assets cannot be measured in any way that suits a company's needs. The general rules for accounting for various financial assets are outlined in the accounting standards. An additional cost of debt will be incurred if the percentage of debt in a capital structure rises over the designated threshold. This increased cost of debt could lead to more financial distress, increased bankruptcy costs, and increased shareholder-debt polarization, all of which would negatively impact the profitability of the company. Amjed (2011) states that companies can choose to raise money through a variety of channels, such as fresh equity issuance, debt instruments, or internally produced cash. Financial structure decision-making is the process of choosing funding sources. Making a decision about the financial structure has a big impact on the performance of the company.

Financial Performance

A company's capacity to produce new resources from its ongoing business activities over a specified time frame is referred to as its financial performance (Bora, 2008). It involves achieving an entity's aim of guaranteeing the wealth of shareholders and profit-making, which are two of a firm's main goals. In 2005, Pandey. Growth in sales, profit margin, capital investment choices, and

capital structure choices all have a major impact on shareholders' wealth (Arnott & Asness, 2003). Scholars have employed a variety of measures to assess organizations' financial success. Operating profit margin was used in Okwo's (2012) study to gauge the financial performance of businesses in the beer industry. Similar to this, Zheng Sheng and NuoZhi's (2013) study assessed operational revenue as a metric of business performance to ascertain the best asset structure allocation for financial success. Olatunji et al. (2014) gauged the commercial banks' financial performance using their net profit. Using ROA and ROE as proxies for a firm's performance, Wamugo et al. (2014) investigate the relationship between capital structure and performance of non-financial listed enterprises. Similar to this, this method was also used in a study on how asset structure affects listed manufacturing companies' financial performance, where ROA and ROE were used to gauge these companies' success (Mawih, 2014).

Levered Firms

Leverage is an investment technique that involves borrowing money. More precisely, it involves leveraging different financial instruments or borrowed cash to raise an investment's potential return.

The debt-equity ratio, commonly known as the leverage ratio, is frequently used to assess a company's financial structure. An organization without debt is referred to as unlevered; an organization with debt in its capital structure is referred to as levered. A company with more debt instruments than equity is said to be highly leveraged. A company with more equity than debt instruments is said to be minimally levered. A corporation with a high level of leverage is very risky and has a higher chance of default or insolvency. It's possible for a heavily leveraged business to pay high interest rates on its debt. The extent to which a business employs fixed-income instruments, such debt and preferred stock, is known as financial leverage. A company's financial leverage increases with the amount of debt financing it uses. The risk to stockholder return is so raised. A corporation is considered to be employing less operating leverage if its variable costs exceed its fixed costs. A company is considered heavily indebted if it has low sales and large margins. Conversely, a company with higher sales volume but lower margins is considered less leveraged. The amount of cash the company has left over after meeting its debt payments is known as unlevered free cash flow. Unlevered free cash flow is utilized to settle financial commitments such as interest payments and operating expenses. A high debt-to-equity ratio typically indicates that a business might not be able to raise the necessary funds to pay down its debt. Low debt-to-equity ratios, however, could also mean that a business isn't utilizing the potential for higher earnings that come with financial leverage.

Current and Financial Asset Structure and Firm Performance

Current assets and liabilities are involved in a business's regular operations, and changes in these factors can have an impact on the performance of the company. As an illustration, current assets such as stock have an immediate impact on a company's operating performance when their level changes. While an increase in stock will result in a loss in operating activity-related cash inflow, a fall in stock will boost it.

Debtor and Bill Receivable: A decrease in debtors or account receivable will increase the cash inflow from operating activities, whereas an increase in debtors or account receivable will decrease the cash inflow from operating activities.

Prepaid Expenses: A decrease in the prepaid expenses will increase the cash inflow from operating activities, whereas an increase will decrease cash flow from operating activities.

Creditor and Trade Payable: A decrease in creditors and trade payable will reduce cash; conversely, an increase in creditors/trade payable will effectively increase the cash available to the firm.

Accrued Expenses: Reduced accumulated costs translate into more cash that the company has accessible, and vice versa. The following general guidelines emerge from the discussion above: a rise in current assets causes a firm's performance to decline; a fall in current assets causes a firm's performance to increase; a rise in current liabilities causes a firm's performance to decrease; and a decrease in current liabilities causes a firm's performance to decrease. According to Akinlo (2010), a company's management of its cash levels and operations, cash borrowing and lending, and cash investments and disinvestments are all related to cash management. It addresses finding the right quantity of cash on hand, choosing the right kinds and sizes of short-term investments, and implementing effective procedures and controls for receiving and allocating cash (Scherr, 1989). By including debt in their capital, businesses aim to maximize their capital structure. Finance experts have examined a range of trade-offs that companies are thought to undertake in order to balance their capital structures. Among the noteworthy works are: (Modigliani and Miller 1963; Kraus and Litzenberger 1973; DeAngelo and Masulis 1980). This trade-off concept's implicit justification is the idea that successful businesses try to raise debt on favorable terms in an effort to kowtow to their financial performance. The financially stable companies are delighted to receive cheaper credit rates from the lenders. Debt financing is motivated by a firm's expertise since lower returns are demanded by financiers because of decreased default risk. According to Klien, O'Brien, and Peters (2002), a high amount of bankruptcy risk prevents businesses from raising debt on favorable terms, which results in decreased predicted cash flows. According to (Anil and Marc Zenner, 2005), companies with strong financial standing and substantial free cash flows are better positioned to take advantage of the tax benefits associated with debt financing. According to Jensen (1986), debt providers are drawn to thriving enterprises because they indicate a low default risk. A balanced capital structure is a strategy that helps businesses make more money. In this instance, debt financing and profitability are positively correlated. Abor (2005) independently regressed long-term debt and short-term debt with profitability in his imperial study. According to his research, there appears to be a positive correlation between short-term debt and profitability and a negative relationship between long-term debt and profitability. He comes to the conclusion that whereas short-term financing follows trade-off, long-term debt typically follows a pecking order. Jensen and Meckling (1976) propose that debt and profitability have an antagonistic connection. The similar inverse association between debt level and profitability is reported by Boot (2001).

Assets Structure, Leverage, and Financial Performance

The financial success of the business will be impacted by investments in intangible assets, particularly if such investments are funded by borrowed money. According to Myers and Majluf's Pecking Order Theory (1984), businesses prioritize internal financing sources like retained earnings. The business will decide to issue debt rather than equity in order to obtain outside financing. Therefore, a company's high intangible assets will result in a high debt load. The pecking order theory predicts a high level of debt because intangible assets are linked to a high degree of knowledge asymmetry. High intangible assets will therefore have an impact on the company's debt policy. When managers and debt holders have a conflict of interest—managers caring more about shareholders than debt holders—the cost of debt increases, a situation known as agency cost of debt. Businesses with higher intangible asset investments will have lower debt levels than those with higher physical asset investments (Long & Malitz, 1985).

Theoretical Review

The Firm Performance Theory

Benjamin Forler first proposed the firm performance theory in 1954. According to the firm performance theory, in order for a firm to stay solvent, it must achieve cash equilibrium. A company may lose its cash equilibrium due to specific circumstances. According to the firm performance theory, a firm experiences financial stress when its cash equilibrium is lost. Whether a business is still financially sound or has entered a distressed state can be determined by looking at its ability to make payments on time, how well it performed as a firm, how it raises money, and how it uses it. Information from the firm performance statement may indicate what stage of financial performance a firm is in and provide information about management actions to regain cash equilibrium and fulfill its organizational responsibilities. This is because the strategic manager's perception can affect different types of firm performances (operating, investing, financing).

Empirical Review

Kustiyah, Istiqomah, and Hartono (2019) evaluating empirically the impact of asset turnover, capital structure, liquidity, and asset structure on the financial performance of companies in the consumption industry sector listed on the Indonesia Stock Exchange between 2016 and 2018. The study used quantitative methods. Multiple linear regression analysis was the research method used for analysis. The capital structure variable, debt to equity ratio (DER), liquidity ratio (CR), and asset turnover (TATO) all significantly affect financial performance, according to the t-test hypothesis results (return on assets).

Ariyani, Pangestuti, and Raharjo (2018) investigates the impact of asset structure on manufacturing companies listed between 2013 and 2017 on the Indonesia Stock Exchange (IDX) in terms of profitability. 52 companies met the criteria for the purposive sampling technique that was employed. Information was taken from the Performance and Financial Reports that were listed in the Indonesian Capital Market Directory (ICMD). Multiple regression analysis was the analytical tool employed. The f-test, t-test, and determination coefficient were used to test hypotheses. The normality, autocorrelation, multicollinearity, and heteroscedasticity tests were used to examine the classical assumption. They discover that while asset structure has a small but positive impact on capital structure, profitability has a large and negative impact; the size of the business has a large and positive impact on capital structure; and the company's growth has a large and negative impact on capital structure.

Irom, Okpanachi, Ahmed, and Tope (2018) Examine the impact of company qualities over a five-year period on the return on assets of Nigerian listed companies. As of December 31, 2016, all 41 manufacturing companies registered on the Nigerian Stock Exchange made up the study's population and sample size. All business variables, with the exception of operating costs and firm size, had a negative and significant impact on return on asset, according to the results of random effect regression. The study suggests that listed manufacturing firms should decrease their size and operating expenses in order to boost their firms' return on assets. Additionally, short-term liquidity should not be used to finance capital assets.

Design and Method
An ex-post facto research design was used in the study. This is due to the fact that it assesses the link or causal influence between the explanatory and control variables.

The study uses secondary data from the financial statements of five selected quoted manufacturing companies during the years of 2018 and 2022.

Ten (10) manufactured firms—five high-leveraged and five low-leveraged—quoted on the Nigerian stock exchange comprise the research population. The purposive sampling strategy was used in the investigation.

The data for the study are analyzed using ordinary least square regression analysis, correlation, and descriptive statistics.

The study's model is shown below.

Variables that depend = f (independent variables)

where X is the independent variable and Y is the dependent variable.

Consequently, Y = f (X)

Having the proxies of the independent variable to be X_1, X_2

Thus, Y = f (X_1, X_2)

ROA = f (CURASS, FINASS)

ROA = f (CURASS + FINASS) ……………………………1

This can be econometrically express as:

$ROA_{it} = \beta_0 + \beta 1 CURASS_{it} + \beta_2 FINASS_{it} + + \mu_{it}$…… 2

Equations 1 and 2 are the linear regression model used in testing the null hypotheses
Where:
ROA= Return on Assets
CURASS = Current Asset
INTASS = Financial Asset
β_0= Constant;
β_1 - β_2= are the coefficient of the regression equation.
μ = Error term;
t = is year (time series).

Data Presentation and Discussion of Findings

Table 1: Ddescriptive Statistics of High Levered Manufacturing Companies

VARIABLES	ROA	CURASS	FINASS
Mean	0.605200	0.278000	0.191680
Median	0.590000	0.273000	0.182000
Maximum	0.880000	0.550000	0.455000
Minimum	0.400000	0.091000	0.024000
Std. Dev.	0.125403	0.114476	0.144962
Skewness	0.784097	0.264488	0.235487
Kurtosis	2.969486	2.949784	1.519193
Jarque-Bera	2.562668	0.294102	2.515216
Probability	0.277667	0.863250	0.284333
Sum	15.13000	6.950000	4.792000

Sum Sq. Dev.	0.377424	0.314512	0.504337
Observations	25	25	25

Source: E-Views (2024)

Table 1 above shows the mean (average) for variables, including their maximum values, minimum values, and the standard deviation for the high levered firms. The result provided some insight into the nature of the sampled high levered companies that were used for the study. Firstly, it was observed that, within the period under review, the sampled high levered firm's return on assets (performance) has a mean value of 0.605200, maximum and minimum value of 0.880000 and 0.400000 respectively. Secondly, it was observed that on average over the period, the selected firms have current assets (CURASS) average value of 0.278000, and maximum and minimum values of 0.550000 and 0.091000 respectively; while the average value of the financial assets (FINASS) is 0.191680, and its maximum and minimum values are 0.455000 and 0.024000 respectively. Lastly, it was observed that on average, over the period of the study the sampled high levered firms have more current assets than financial assets value.

Table 2: Descriptive Statistics of Low Manufacturing Levered Sampled Companies.

VARIABLES	ROA	CURASS	FINASS
Mean	0.652800	0.320000	0.139160
Median	0.660000	0.300000	0.130000
Maximum	0.880000	0.500000	0.370000
Minimum	0.270000	0.200000	0.000000
Std. Dev.	0.150292	0.081035	0.075875
Skewness	-0.518607	0.687121	1.057460
Kurtosis	2.852005	2.689896	5.060093
Jarque-Bera	1.143453	2.067401	9.080070
Probability	0.564550	0.355688	0.010673
Sum	16.32000	8.000000	3.479000
Sum Sq. Dev.	0.542104	0.157600	0.138169
Observations	25	25	25

Source: E-Views (2021)

As observed from table 2 above, we have the (average) values for each variable with their maximum and minimum values as well as the standard deviation for our low levered firms. The result revealed the nature of the sampled low levered companies that were used for the study. First of all, it was shows that, within the period under review, the sampled low levered companies have return on assets (performance) value of 0.652800, a maximum and minimum value of 0.880000 and 0.270000 respectively.

Again, table 2 revealed that on average during the period, the sampled firms have average value of 0.320000 for current assets (CURASS) with maximum and minimum values of 0.500000 and

0.200000 respectively; while the average value of the financial assets (FINASS) is 0.139160, with maximum and minimum values of 0.370000 and 0.000000 respectively.

Furthermore, it was observed that on average, during the period, the sampled companies have more current assets value than financial assets value

Correlation Analysis
In evaluating the relationship that exists among the variables in high levered firms, the study employed the Pearson Correlation Coefficient, and the result obtained is summarized in the table below:

Table 3: Correlation Analysis of High Manufacturing Levered Companies

VARIABLS	ROA	CURASS	FINASS
ROA	1.000000	-0.028880	-0.326408
CURASS	-0.028880	1.000000	-0.329454
FINASS	-0.326408	-0.329454	1.000000

Source: E-Views (2024)

Table 3 above, revealed the level and nature of relationship between the components of current and financial assets. The correlation analysis result shows that a negative relationship exists between return on assets and current assets (-0.028880) and financial assets (-0.326408).
Table 3 further indicates that current assets have a negative relationship with financial assets (-0.329454).

Table 4: Correlation Analysis of Low Levered Manufacturing Companies

VARIABLS	ROA	CURASS	FINASS
ROA	1.000000	0.071161	-0.140021
CURASS	0.071161	1.000000	0.136956
FINASS	-0.140021	0.136956	1.000000

Source: E-Views (2024)

Table 4 shows the relationship between the components of assets: current, and financial assets. The correlation analysis result indicate that a positive relationship exists between return on assets current assets (0.071161). The result also shows a positive relationship between current asset and financial assets (0.136956) and (1.000000)

Regression Analysis

Table 5- OLS Regression Test of High Levered Manufacturing Companies in Nigeria

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.718324	0.171435	4.190072	0.0005
CURASS	-0.018874	0.214157	-0.088133	0.9306
FINASS	-0.054141	0.202103	-0.267889	0.7915
R-squared	0.737425	Mean dependent var		0.605200
Adjusted R-squared	0.724910	S.D. dependent var		0.125403
S.E. of regression	0.108667	Akaike info criterion		-1.424199
Sum squared resid	0.236171	Schwarz criterion		-1.180424
Log likelihood	22.80249	Hannan-Quinn criter.		-1.356587
F-statistic	2.990493	Durbin-Watson stat		1.738070
Prob(F-statistic)	0.043649			

Source: E-Views (2021)

As can be observed from table 5, our R-squared which is the co-efficient of determination tests the explanatory power of the independent variables in any regression model. The R-squared (R2) result is 74%. This values implies that asset structure influences high levered firms up to 74%

The F-statistics measures the overall significance of the explanatory variables in the model, and also shows the appropriateness of the model Table 5 further revealed the calculated value of the f-statistics to be 2.990493 while its probabilities are 0.043649 which is less than 0. 05..
The t-statistics which help in measuring each variable's statistical significance in the model. Table 5 above revealed that both current and financial assets are statistically insignificant-0.088133 and -0.267889 respectively. This implies that they have not contributed significantly to financial performance (ROA) of high levered manufacturing firms at 5% level of significance.

Current asset structure (CURASS), based on the t-value of -0.088133 and p-value of 0.9306, current asset structure appears to have a negative influence on corporate performance (ROA) of our sampled high levered companies in Nigeria and was statistically insignificant at 5% since its p-value was greater than 0.05. This result, therefore, suggests that we should accept the null hypothesis and reject the alternative hypothesis, which stated that the current asset structure has no significant effect on the corporate performance of high levered firms in Nigeria. This means that increase in the current asset structure of sampled high levered companies indicates a lower performance of the firms in Nigeria. This finding is in variance with the findings of the studies of Fathi and Tavakoli (2009), which reveal that current asset structure has a significant effect on performance, but is in line with the findings of Leszek (2013) that reveal an insignificant effect of current asset structure on performance.

Financial assets structure (FINASS), based on the t-value of -0.267889 and p-value 0.7915, financial assets structure appears to have a negative influence on corporate performance (ROA) of

our sampled high levered companies in Nigeria and was statistically insignificant at 5% since its p-value was greater than 0.05. This result, therefore, suggests that we should accept the null hypothesis and reject the alternative hypothesis, which states that financial assets structure has an insignificant effect on the corporate performance of high levered firms in Nigeria. This means that increase in the financial assets structure of sampled high levered companies indicates the lower performance of the firms in Nigeria. This is in line with the study of Zheng Sheng, Nuo, & Zhi, (1997) that finds insignificant effect of financial assets structure on corporate performance, but contrary to the finding of the study of Mwaniki and Omegwa (2017) that reveals a significant effect of financial assets structure on corporate performance.

The Durbin Watson value of 1.738070 which is approximated as 2 reveals the absent of autocorrelation in the model used for the analysis. From the result, current assets (CURASS) and financial assets (FINASS) have a negative sign and their values are -0.088133, and -0.267889 respectively in the ROA model for high levered manufacturing firms, this implies that increase in current assets (CURASS) and financial assets (FINASS) will decrease the financial performance (ROA) by 8.8%, and 27% respectively

Table 6: OLS Regression Test of Sampled Low Levered Manufacturing Companies in Nigeria

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.280400	0.245436	1.142456	0.2668
CURASS	0.209190	0.377784	0.553728	0.5859
FINASS	0.061346	0.440435	0.139285	0.8906
R-squared	0.719993	Mean dependent var		0.652800
Adjusted R-squared	0.703992	S.D. dependent var		0.150292
S.E. of regression	0.147262	Akaike info criterion		-0.816357
Sum squared resid	0.433719	Schwarz criterion		-0.572582
Log likelihood	15.20446	Hannan-Quinn criter.		-0.748744
F-statistic	1249482	Durbin-Watson stat		1.700037
Prob(F-statistic)	0.044318			

Source: E-Views (2021)

From result in table 5, the R-squared (R^2) is 72%. This indicates that the explanatory variables can impact up to 72% out of the expected 100%, leaving the remaining 28% which would be accounted for by other variables outside the models as captured by the error term. These values revealed that asset structure influences low levered firms. This implies that assets structure variables can explain about 72% of the variation in the financial performance of low levered manufacturing firms

The F-statistics measures the overall significance of the explanatory variables in the model, and it shows the appropriateness of the model used for the analysis while the probability value means that model is statistically significant and valid in explaining the outcome of the dependent

variables. From table 5 above, the calculated value of the f-statistics is 1.249482 and its probabilities are 0.044318 which is less than 0. 05..

The t-statistics help in measuring the individuals' statistical significance of the parameters in the model from the result report. It is observed from table 4.6 above that none of the variables current assets (CURASS) and financial assets (FINASS)) were statistically significant at 5% with its value as 0.553728 and 0.139285 respectively. This implies that they have contributed insignificantly to corporate performance (ROA) of low levered firms at the rate of 5% level of significance.

The Durbin Watson value of 1.700037 which is approximated as 2 reveals the absent of autocorrelation in the model used for the analysis. From the result. Current assets (CURASS) and financial assets (FINASS) have positive signs and their values are 0.553728 and 0.139285 respectively. This implies that an increase in current assets (CURASS) and financial assets (FINASS) will increase the financial performance (ROA) by 55%, and 14% respectively.

Test of Hypotheses

Hypothesis 1: Current asset structure has no significant effect on the financial performance of high and low levered manufacturing firms in Nigeria.

The result of our analysis as indicated in (table 5 and 6 respectively) shows a coefficient value of -0.0189 and 0.2092 for high and low levered manufacturing firms respectively. This indicates that the coefficient value of -0.0189 and 0.2099 for high and low levered manufacturing firms respectively reveals that current assets have more influence on the performance of low levered firms than high levered firms. The t-values of -0.0881 and 0.5537 for high and low levered manufacturing firms respectively show that current assets have a positive effect on low levered firm's performance and a negative effect on high levered firm's performance. The p-value of 0.9306 and 0.5859 for high and low levered manufacturing firms indicates that the current asset structure has an insignificant effect on the performance of both high and low levered manufacturing firms in Nigeria.

Hypothesis 2- Financial assets structure has no significant effect on the financial Performance of high and low levered manufacturing firms in Nigeria.
The analyzed result obtained from (table 5 and 6 respectively) shows a coefficient value of -0.0541 and 0.0614 for high and low levered manufacturing firms respectively, and these coefficient values of -0.0541 and 0.0614 for high and low levered manufacturing firms respectively reveals that financial assets have more influence on the performance of low levered firms than high levered firms. The t-values of -0.2679 and 0.1393 for high and low levered manufacturing firms respectively show that financial assets have a positive effect on the performance of low levered firms and a negative effect on high levered firm's performance. The p-value of 0.7915 and 0.8906 for high and low levered manufacturing firms indicates that financial asset structure has no significant effect on the performance of both high and low levered manufacturing firms in Nigeria.

Discussion of Findings

According to the results of the correlation analysis, there is a positive relationship between the proxies of independent variables current asset structure and financial asset structure in low levered firms, while there is a negative relationship between the proxies of independent variables current asset structure and financial asset structure in high levered firms. The OLS method's regression shows that asset structure has an impact on both high- and low-leveraged manufacturing firms' performance in Nigeria.

The following are the findings as discussed in the work:

1. The current asset structure has no significant effect on the performance of high and low levered manufacturing firms in Nigeria. This finding is in variance with the findings of the studies of Fathi and Tavakoli (2009), which reveals that current asset structure has a significant effect on performance, but it is in line with the findings of Leszek (2013) that reveals an insignificant effect of current asset structure on performance.
2. The result also reveals that financial asset structure has no significant effect on the performance of high and low levered manufacturing firms in Nigeria. This is in line with the study of Zheng Sheng, Nuo, & Zhi, (1997) that finds insignificant effect of financial asset structure on corporate performance, but contrary to the finding of the study of Mwaniki and Omegwa (2017) that reveals a significant effect of financial assets structure on corporate performance.

Conclusion and Recommendations

Manufacturing companies' performance is impacted by their asset structure, or the makeup of their assets. It is able to ascertain the expenses of debt as well as the advantages of using debt. Possessing sufficient current assets to cover short-term demand increases the trust of stakeholders, including suppliers and creditors. Conversely, a company with a large stock of tangible assets may not be able to satisfy its working capital requirements and may end up in bankruptcy or liquidation. Excessive investment in any kind of asset, nevertheless, has benefits and drawbacks for the company. Investments utilizing debt funding may be secured by assets. Financial performance contains information because investors examine a company's investment history. It establishes the firm's degree of liquidity as well as its long-term viability. Therefore, investors and management place a high value on how a company's resources can impact its performance level. According to the study, the primary factors influencing profitability in Nigerian manufacturing enterprises with high and low leverage are current and financial assets. The study's conclusions suggest that managers of low-leveraged companies increase their investments or have a suitable amount of current assets on hand because these assets have the power to influence the operational performance of their company. Additionally, current assets determine working capital and liquidity, all of which contribute to investor trust, particularly when debt financing is used. The report also recommended that the current asset structure be given more consideration, particularly when formulating policy. The study once more suggests that managers of low-leveraged firms should pay more attention to their financial asset structure because it has a positive effect, even

though it is negligible at the five percent significance level. Financial asset structure has a negative and positive insignificant effects on the performance of high and low levered firms, respectively.

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