Strategic Financial Management Techniques and Wealth Creation of Listed Manufacturing Firms in Nigeria

Samuel Sunday Charlie (PhD, CNA)
Senior Lecturer, Department of Accounting,
Faculty Of Management Sciences
University Of Uyo, Uyo, Akwa Ibom State, Nigeria
Email: samuelcharlie@uniuyo.edu.ng
Phone Number: +2348023536897

Dr. Augustine A. Udonsek, CNA, ACTI
Department of Accounting, Faculty of
Management Sciences, University of Uyo,Uyo
Email: audonsek@gmail.com , Phone Number: +2348028256762
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Abstract

Strategic financial management has the potential to achieve the wealth creation expectation of a company or an organization. This study was carried out to examine the relationship between strategic financial management techniques and wealth creation of listed manufacturing companies in Nigeria. Ex-post facto research was employed for this study and a sample size of 10 randomly selected listed manufacturing firms were used. The data used for this study were gotten from secondary data, from audited annual reports of these firms for 5 years (2019-2023). Multiple regression analysis and descriptive statistics were used to analyse the data obtained. The findings revealed that debt finance had positive and insignificant effect on return on equity, Dividend payout had negative relationship with return on equity, working capital revealed a negative and significant relationship with return on equity, and the total asset turnover had a negative significant effect on return equity of the manufacturing sector. It was concluded that Strategic Financial management techniques jointly had significant effect on return with F statistics of 0.00 as all the proxies of the independent variables are jointly responsible for 0.46% changes in ROE. It was recommended that the management of the manufacturing sector should consider other factors outside the financial management practices that impacted return on equity to improve their performance so as to attract more investors to their sector. Also, the manufacturing sector should look critically at those financial management techniques (debt finance, dividend payout, working capital, and total asset turnover) that impact return on equity negatively.
Keywords: Strategic Financial Management, Wealth Creation, Manufacturing Firms

INTRODUCTION
1.1. Background to the Study

Nigeria lacks a successful indigenous model of economic development. Most nations that have industrialized and moved from developing to developed status have done so by building a strong industrial base. Japan and the "four Asian Tigers" - Taiwan, Singapore, South Korea, and Malaysia - are some examples of countries that have used industrialization as a means of economic development. This industrialization and development strategy has become known as "The East Asian Model". During the late 1960s and early 1970s, these countries were faced with rising unemployment and the need to create a modern industrial sector, like the current Nigerian situation. They used import substitution industrialization and a later export-oriented strategy, with guidance and protection from the state, to develop industry and create employment and wealth.

The effectiveness of this strategy is well seen today, with these countries having made a smooth structural transition and attained developed status. Earlier examples of Britain, France, and the USA have followed a similar development pattern. Japan has been seen as a model to developing nations because of similar cultural and social historical features. Nigeria does not need to adopt the exact same growth and development strategy, but there is much to be learned on how to successfully create a modern industrial sector and generate employment and wealth, from both the East Asian experience and the earlier experiences of the current industrialized nations. A systematic study of how this can be done effectively in the Nigerian context based on the experience of other nations, focusing particularly on the role of the manufacturing sector and its effectiveness in wealth creation, is necessary. Though many countries have strategized plans for effective financial management to create wealth in their manufacturing sector, Nigeria seems to have lagged behind. The present situation of Nigeria's manufacturing sector requires immediate attention. The manufacturing sector contributes only about 4% to the GDP of the country but is able to provide employment opportunities and usually creates wealth. However, the Nigerian manufacturing sector's role in providing employment and creating wealth has been very limited. Due to unfavorable government policies and lack of infrastructure, the sector has not been able to compete in the global scene. As a result, from 1986 to 1998, the sector's relative importance has declined. This is reflected by the fact that its real growth rate was -1.18%, its absolute share of GDP fell from 10% to 5.7%, and the value of its net output declined by 30%.

A study by a group of experts for the United Nations Development Programme (UNDP) showed that Nigeria would have to raise its industrial sector effective demand and its investment rate in a stable manner for a decade to regain the relative importance the sector had in the late 1970s. Effective demand would have to reach 40%, whereas the investment rate should be between 20-25% of GDP. Nigeria is a country having abundant natural resources, a high potential market along with the manpower required to achieve the desired results. Unfortunately, no satisfactory results have been obtained in the manufacturing sector as far as the financial gains are concerned. It is believed that the strategies used to manage the finances were not appropriate or the country might have been a victim of the global economic changes. Through the use of simple random empirical sampling, this work compares the financial management techniques employed by companies having different levels of financial performance. This comparison is used to evaluate the efficacy of specific techniques. Finally, it seeks to identify what has been learned from companies with a relatively successful financial performance and to make recommendations for

Nigeria's manufacturing sector based on that experience. A winning strategy is an integrated strategy that allocates resources consistent with the policies and the action programs required to achieve the strategic objectives in a manner to sustain competitive advantages.

Strategic financial management has the potential to achieve the wealth creation expectation of a company or an organization. Various strategies have been applied in different organizations with a high success rate, but the type of industry is always a point of consideration. The manufacturing sector has been selected in this research work since it is considered to be a wealth creation engine of an economy. The manufacturing sector has the potential to generate rapid growth of the economy compared to other sectors. Manufactured goods are tangible and can be kept in inventory before they are sold. This is especially important since many manufacturing businesses need to produce products and survive on their cash flow while they wait to sell their products. This builds a strong link between production and inventory.

1.2. Statement to the Problem

In the last decade, many manufacturing companies have ceased operations in Nigeria due to inability to survive in the worsening macroeconomic challenges. Some of the problems faced by these firms include but not limited to: High energy costs, multiple taxation, poor power supply, a slowdown in industrial output, no demand for products, etc. Despite the recognized importance of strategic financial management techniques, a gap still exists in understanding how effectively companies implement these techniques and the tangible impact they have on wealth generation. Studies show that companies that effectively utilize these techniques tend to outperform their peers in terms of profitability, shareholder returns, and market valuation. Additionally, the effectiveness of these techniques may vary across industries and economic conditions, necessitating a nuanced analysis to identify key drivers and success factors. Therefore, the primary problem addressed by this study is the need to completely examine the impact of strategic financial management techniques on wealth creation, considering various contextual factors and industry dynamics, to provide actionable awareness for companies intending to enhance their financial performance and create sustainable value for stakeholders.

1.3. Objectives of this study

The general objective of this study is to examine the relationship between strategic financial management techniques and wealth creation.
The specific objectives include:
1. To examine the relationship between debt financing (DF) and return on equity (ROE)
2. To examine the relationship between dividend policy and return on equity.
3. To examine the relationship between working capital management and return on equity.
4. To examine the relationship between total asset turnover and return on equity.

1.4. Research Questions

The study will be guided by the following research questions:
1. To what extent does debt financing affect return on equity?
2. To what extent does dividend pay-out affect return on equity?
3. To what extent does working capital affect return on equity?
4. To what extent does total asset turnover affect return on equity?

1.5. Research Hypotheses

Ho$_1$:   Debt Financing does not have significant effect on return on equity.

Ho$_2$:   Dividend Pay Out does not have significant effect on return on equity.

Ho$_3$:   Working capital does not have significant effect on return on equity.

Ho$_4$:   Total asset turnover does not have significant effect on return on equity.

1.6. Significance of this study

The understanding gained from this study will offer valuable direction to companies intending to maximize their strategic financial management practices and enhance wealth creation. By identifying the most effective techniques and factors influencing their implementation, companies can improve their decision-making processes, allocate resources more efficiently and ultimately enhance shareholder value. The insights will help companies to succeed in a competitive environment.

Policymakers and regulatory bodies will use the information generated from this study to formulate policies and regulations that encourages a conducive environment for wealth creation, economic growth, and financial stability. From the academic perspective, it will contribute to the existing body of knowledge by providing empirical evidence on the relationship between strategic financial management techniques and wealth creation.

1.7. Scope of this study

This study will be carried out to examine the effect of strategic financial management techniques on wealth creation of 10 randomly selected manufacturing firms in Nigeria, covering a period of 5 years (2019-2023).

1.8. Limitation of the Study

This study will be carried out on the manufacturing sector of the economy, exploring the few strategic financial management techniques adopted by the firms in carrying out their day- to-day activities; this might not represent the actual order of things in other sectors of the economy. The few measures of strategic financial management techniques include Operating in eating activities, current ratio, total asset turnover, which may not be the full practices taken up by the firms. Irrespective of this, the researcher will ensure that data was comprehensively collected to enable the generalization of the study's findings.

. **2.1   Conceptual Review**

2.1.1   Introduction

A firm's uppermost goal is to maximize shareholders' wealth. Though this is quite a general statement, what it really means is to maximize the present value of all future cash flows to the shareholder. It is different from maximizing the profit or the earnings of the company. Profit is only a measurement of the firm's success from its operation this period, while earnings is the net income available to the shareholders after dividends have been paid and reinvestment is setting of one asset to exchange for another better or to discontinue the investment. In truth, profit or earnings is not a cause of increased wealth. It is only a marginal between the increase or decrease in the value of an asset of exchange. So, the most effective way to measure it is to compare the value of present and future cash flow because the basic goal of investment is to increase the value of an asset of exchange to a higher-level value.

In the context of this research, we take wealth to include the tangible resources as well as the financial returns of the company. Although we do not disregard the relevance of operational efficiency strategies and wealth creation, a company can be said to create wealth if it has a

reasonable profit output after it has sustained expenditures that add up to the sum of its resources used the operational profits. Empirical studies have shown that there is a causal relationship between wealth creation and operational profits (Adeyemi, 1983). He measures the wealth of an organization by its ability to expand its earnings power and its market value. The word "wealth" refers to assets of an individual, group, or nation. It includes any property which has a money value and excludes all elements of interpersonal indebtedness. Wealth can be embodied in forms such as money, houses, other forms of real estate, shares, and other forms of investment. Wealth also comprises of physical and intangible resources.

2.1.2 Strategic Financial Management

Strategic financial management is the cornerstone of every successful organization, serving as the compass that guides financial decisions toward the attainment of long-term goals and the maximization of shareholder wealth. It is defined as a process of selection among alternatives of long-term investment; the selection of the assets which will affect the firm during the next few years, usually entailing large expenditure. Long-term assets will affect the firm's risk and profit.

2.1.3 Features of Strategic Financial Management

i   It assists in creating strategies that are appropriate and overseas the action plans to ensure that they align with the company's goals.

ii   It promotes long – term fund management while keeping the strategic viewpoint in sight.

iii.   It can be both organized and flexible.

iv   Long – term growth, profitability, and the firm's presence are all promoted and the objective is to maximize shareholder wealth.

v   The process is always changing, requiring revisions and adaptations of strategies in order to attain the organization's financial objectives.

2.1.4 Key Components of Strategic Financial Management

At its core, strategic financial management comprises several interconnected components, each playing a crucial role in shaping the financial landscape of an organization.

i.   **Financial Planning and Forecasting:**

Financial planning involves setting clear objectives, outlining strategies to achieve them, and developing comprehensive financial plans that serve as roadmaps for the organization's future. Forecasting enables businesses to anticipate future financial needs, identify potential risks, and capitalize on emerging opportunities.

ii   **Investment Analysis and Capital Budgeting**

Investment analysis entails evaluating potential investment opportunities to determine their feasibility, profitability, and alignment with strategic objectives. Capital budgeting involves allocating financial resources to projects or investments that offer the highest returns while considering factors such as risk, timing, and resource constraints.

iii   **Risk Management:**

Effective risk management is paramount in safeguarding the financial health and stability of an organization. It involves identifying, assessing, and mitigating various risks, including financial,

operational, market, and regulatory risks, to minimize their impact on the organization's performance and value.

iv   Capital Structure Optimization:

Optimizing the capital structure involves determining the ideal mix of debt and equity financing to fund operations and investments while maximizing shareholder value.

Strikingthe right balance between debt and equity allows organizations to minimize their cost of capital and enhance financial flexibility.

2.1.5   Importance of Strategic Financial Management

i   Value Maximization:

By aligning financial strategies with overall business objectives, strategic financial management aims to maximize shareholder wealth by making sound investment decisions, optimizing capital structure, and enhancing operational efficiency.

ii   Resource Allocation:

Strategic financial management facilitates efficient resource allocation by directing financial resources toward initiatives that offer the highest potential for value creation while divesting from underperforming or non-core assets.

iii   Risk Mitigation

Through effective risk management practices, strategic financial management helps organizations identify, assess, and mitigate risks, thereby enhancing resilience and safeguarding against potential threats to financial stability and performance.

iv   Strategic Decision-Making

Strategic financial management provides valuable insights and analytical tools that enable informed decision-making across all levels of the organization, empowering leaders to capitalize on opportunities, navigate challenges, and steer the business toward success. One term that may be used to describe the process of managing an organization's financial resources is "financial management techniques." There are numerous terms that might be employed. Accounting, financial reporting, forecasting, budgeting, and capital budgeting decisions—such as whether to buy or lease assets and whether to issue debt or equity—are all included in this process. To put it briefly, this process encompasses budgeting, financial reporting, accounting, and more.

These many decisions are all a part of the process of capital budgeting. The process of capital budgeting will serve as the backdrop for every one of these decisions to be made. In addition to this, he stated that the financial management framework is composed of the processes, systems, internal controls, and practices that are associated with the way the division manages its revenues, costs, assets, liabilities, and potential outcomes. He said this was the case because the framework is made up of the processes, systems, and practices that are associated with the way the division manages its financial information. This statement was made in the context of his outlining what the framework for financial management is. He said that the structure for effective financial management is comprised of each one of these component sections. According to Marembo (2013), the components of efficient financial management practices include the management of capital structure, accounting processes, cash budgeting, working capital management, management of non-current assets, and risk management methods. In addition, effective financial management practices include the utilization of cash flow forecasting. In addition, effective approaches for financial management and administration include cash budgeting. The implementation of a cash

budget is another one of the effective strategies of financial management that should be used by firms.

Each of these several choices is a step in the capital budgeting process. All these decisions will be made against the backdrop of the capital budgeting process. Furthermore, he said that the systems, procedures, internal controls, and practices related to the way the division handles its earnings, expenses, assets, liabilities, and possible consequences make up the financial management framework. He explained that this was the situation because the division's financial information management procedures, systems, and practices are all part of the framework. He said this when describing the components of the financial management framework.

2.1.6 Elements of Strategic Financial Management

Working capital management, cash budgeting, accounting procedures, risk management techniques, capital structure management, are all essential elements of effective financial management practices. Cash flow forecasting is another tool used in efficient financial management procedures. Cash budgeting is another useful strategy for financial management and administration. Applying a cash budget is just another sensible financial management tactic that businesses can employ.

2.1.7 Variables used in measuring Strategic financial management Techniques

1. Debt finance

Debt finance is a way of procuring external finance from firms and investors via bonds, banks, or other financial outlets to finance the company's activities (Kraemer-Eis & Lang, 2017; Ikpesu & Eboiyehi, 2018). Companies seek external fund to help their firm to attain their intended objectives due to insufficient funds to execute their projects. Either equity or debt is used to fund a business. The term "equity" refers to money created by the owners (shareholders of the company). The debt component refers to funds contributed by outside parties and how the company's overall operations and possible expansion ambitions are financed (Muigai & Muriithi, 2017). The shareholder anticipates that the company will generate profit from which a dividend will be paid, or that the company will generate capital gain through an exit strategy if its valuation rises.

2. Working capital management

Working capital is defined as the difference between current assets and current liabilities. This infers that working capital is an essential requirement for any profitable firm. Akintoye (2010) described working capital as the lifeblood of all economic activities in an organization. The aim of working capital management is to ensure that business operations run smoothly to generate enough cash flow to off-set short-term debt and regular operational expenses (Olaoye, 2019). According to Gârleanu and Pedersen (2018), management should seek to reduce the time it takes to collect receivables and inventory while increasing the time it takes to pay suppliers and creditors to achieve efficiency in the firm's operations. Liquidity is a company's ability to meet its current and long-term liabilities when they become due (Proctor, 2012). According to Drury (2015), businesses should aim for a current ratio of 2 and an acid test/quick ratio of 1. Effective liquidity management, according to Elley (2004), necessitates appropriate scheduling and control of current assets and liabilities to avoid the cash flow risk of not meeting short-term obligations and excessive asset investment. A solid working capital management policy ensures increased profitability, consistent liquidity, and the organization's structural health.

3. Total asset turnover

Total assets turnover is an overall activity measure, relating the turnover (sales revenue) to the total assets that the company uses to generate the sales showing the efficiency of assets utilization, that is, how well the company's management is using its total assets to generate sales (Monea, 2019). The total asset turnover ratio is calculated below:

Total Assets Turnover = Net sales revenue/Average total assets

4. **Dividend policy**

The dividend policy of a company determines how much of its earnings are retained (that is, reinvested) and how much is paid out in cash dividends to shareholders (Mordedzi, 2015). It also refers to the process by which management decides whether to pay dividends (Mazouni, 2018). Dividend per share and dividend yield is used to assess dividend policy. Dividend is a significant factor that influences financing and investment decisions, particularly when those decisions are influenced by cash flow from operations (Kanakriyah, 2020).

2.1.8 Wealth Creation

Recognizing wealth maximation as a useful criterion for operations, financial management has gained more importance in the aftermath of the capital market's growing complexity, the rise of an extremely articulate and advanced money market, the creation of novel financial instruments, the growth of the number of participants in the financial markets, the expansion of their functional boundaries, and the management of foreign exchange, danger of acquisitions or mergers and challenges in organizational economics and agency issues. In order to make the best use of the best use of the limited resources of finance, financial management, which stems from macro-economics, requires that decision-makers act optimally when all available information is available.

The metrics that are frequently used to assess a company's ability to create wealth are Return on Equity (ROE), Shareholders return, Tobin's Q, market to book value, earning per share, and market capitalization. These market-based metrics reflect shareholders' prospects for the company's future performance (Omran & Pointon, 2004). The return on assets (ROA) is one of these metrics and ratios. The return on assets is an illustration of one of these ratios and indicators. The return on equity is one more illustration. The applicability of this idea has been recognized and applied in a wide variety of ways throughout human history.

2.1.9 Return on equity

Return on equity is the ratio of net income after taxes to total equity capital (Khrawish, 2011 cited in Olaoye, *et al*, 2019). At the end of every accounting year, profits are declared from the activities carried out by a company, this residual belongs to ordinary shareholders. It denotes the rate of return on shareholder funds invested after deducting payments to all other capital suppliers in the organization (Ajibola, Wisdom & Qudus 2018). ROE shows effective utilization of shareholders' funds. This points to the shareholders how well their fund is performing compared with other investments held elsewhere. The return can also encourage potential investors to invest in the company.

2.2.10 Manufacturing Industry in Nigeria

Manufacturing has the capacity to provide jobs, which is the reason why the sector has received much attention in Nigeria as a means of solving the current unemployment problem. The labor market in Nigeria is segmented between the modern formal sector and

the traditional informal sector. Jobs in the modern sector are characterized by higher wages, more job security, better working conditions, and often carrying out skilled work. Many modern sector jobs are in manufacturing. This contrasts with informal sector jobs, which are often carried out in personal enterprises at a very small scale, for low and unsteady income, and with relatively low productivity.

Formal sector jobs are often preferred to informal ones by workers, therefore job creation in modern manufacturing can have positive effects on the economy. This will eventually help to lead the country on a path to make the structural transformation from low-income, agrarian society to one of higher-income, better living standards, and where less of the population is in absolute poverty. A change in the distribution of employment from agriculture to modern sector industries is a key part of this transformation.

Manufacturing, a segment of industrial production, is concerned with the process of converting raw materials into products. It adds value to various resource items and uses manpower in converting the same into several goods. Manufacturing differs from other sectors like agriculture, mining, and extraction, and service as the value of the goods changes at each stage of production. More value is added in manufacturing relative to other sectors.

2.2   Theoretical Review

The Resource-Based View (RBV) theory, which holds that an organization's performance is influenced by the unique combination of resources it has access to, served as the primary theoretical foundation for this investigation. The investigation was conducted with this theory in mind. This theory was chosen because it makes the assumption that an organization's performance is shaped by the unique combination of resources it has at its disposal. The rationale behind the use of the RBV theory is its proposition that an organization's performance capacity is primarily determined by the distinct combination of resources at its disposal (Gottschalk 2007).

2.3   Empirical Review

Lodikero, O. & Soyinka, (2023) examined the correlation between financial management practices and performance of listed manufacturing companies in Nigeria. The sample size included 40 listed manufacturing companies. The variables used were working capital practices, capital structure practices and corporate governance as measures of financial management practices and ROE as a measure of performance. A correlational research design was used. Data used were obtained from corporate annual reports and website covering the periods 2017-2021. Panel estimation technique method was adopted for the data analysis. The results showed a strong positive correlation between working capital management, capital structure, corporate governance and ROE.

Mba & Co (2023) examined how strategic management practices impact organizational performance in the case of University of Nigeria Teaching Hospital, Enugu. The researchers employed a descriptive research design and regression analysis. The population was 286 respondents from UNTH, Enugu from a random sampling technique. Information was gotten from a 5-point Likert scale questionnaire. The results from the analysis showed that strategy formulation has a significant positive effect on the performance of UNTH (r = .404, 9 < 0.05). It was concluded that strategic management practices impact performance.

Ogunmakin, A. A., Adebayo, A. I & Olaniyan, N. O. (2022), examined the impact of sound financial management practices on performance of manufacturing companies in Nigeria. The

population was made up of 5 samples, randomly chosen from the population as a whole. The research design was ex-facto. Data were from annual report covering the period from 2010 – 2020. The result showed that there is significant positive correlation between efficient practices of financial management, profit after tax (PAT) and profits kept (Retained Earning). It also showed that financial management has a negative impact on the debt-to-equity ratio.

Fijabi, L. K, Owolabi, S. A. & Ajibade, A. T. (2022) conducted a comparative study on the influence of management practices on the performance of quoted manufacturing and oil & gas companies in Nigeria. The ex-post facto research design was used. Data was gotten from annual reports and accounts of firms between the period of 2006-2020 and the use of simple random sampling technique was used to select 52 manufacturing firms and 11 oil & gas firms. Method of data analysis were descriptive statistics and multiple regression. The results showed that debt finance has a positive insignificant effect on ROE for both sectors/industries. Investing activities, dividend payout, working capital and total asset turnover has a negative effect on ROE of manufacturing firms but a positive effect on ROE of oil & gas firms.

Akaji, Nwadiafor, & Agubata (2021) examined the effect of debt financing on firm performance in Nigeria. The ex post facto research design was used as a research design for the study. Ordinary least square (OLS) Regression model was used as the statistical test of parameter estimates. The data were obtained from the Nigerian Exchange Group (NGX) Factbook, annual reports and accounts of sampled companies. The results revealed that debt financing had significant and positive effect on firm performance in Nigeria at 5% significant level. The study concluded that debt financing improved firms' performance over the years. It was recommended that firms should introduce debt into their financing option to improve performance.

Ongosi & Otinga (2020) investigated financial management practices and financial performance of micro finance institutions in Nairobi County, Kenya. The study used a combination of primary and secondary data. A purposive sampling technique was adopted. The primary data was obtained through questionnaire. The independent variable was represented by working capital management, financial reporting, dividend payout, and asset management while dependent variable was represented by return on asset, return on equity, and profitability. A linear model was used to establish the combined influence of independent variable on dependent variable. The results revealed that all the independent variables had a significant positive influence on the dependent variable of the micro finance institutions in Kenya. The study recommended that there should be good management of cash and fixed assets to maintain liquidity and good performance.

Samuel & Abdulateef (2016), examined the Liquidity Management and Profitability of Listed Food and Beverages Companies in Nigeria. The study used ex post facto research design. Data were obtained from the annual reports and accounts of sampled companies. The findings revealed that the result of the robust OLS regression for fitted values of ROE shows an overall insignificant negative relationship between liquidity management and ROE at an F value of 0.71 and insignificance level of 0.5467. The F-value from the tables showed a value of 2.17741. Since F (calculated) is less than F (tabulated), the study could not reject the null hypothesis and concluded that liquidity management had an insignificant negative impact on ROE of listed food and beverages companies in Nigeria.

The study further revealed an overall significant negative relationship between liquidity management and EPS. The fact that the result showed a positive and significant Wald Chi2 of 44.8,

the study rejected the null hypothesis and concluded that liquidity management had a significant negative impact on EPS of listed food and beverages companies in Nigeria. The fact that CCC of listed food and beverages companies in Nigeria had an insignificant negative relationship with ROE as a measure of financial performance and a significant negative relationship with financial performance proxied by EPS; it was a sign of longer CCC. Thus, shortening the CCC of the companies to a justifiable minimum by management can maximize the return to shareholders.

METHODOLOGY
3.1   Research Design
This research used an ex-post facto research design, sometimes known as "after the fact research.
3.2   Population of the Study
The population of study is the listed manufacturing (industrial goods) firms in Nigeria.

3.3   Sample and Sampling Technique
The study focused on listed manufacturing Firms in Nigeria and the 10 firms used were selected randomly. The sample size is ten (10).
3.4   Instrument for Data Collection
Secondary data were used for this study and these data were collected from the companies' audited annual financial reports for 5 years (2019-2023).
3.5   Method of Data Analysis
The data analysis method used in this study is multiple regression analysis method and descriptive statistics. These techniques will help to ascertained the nature of the relationship between independent and dependent variables. This will be carried out using Statistical Packages for Social Sciences (SPSS) version 20.
3.6   Model Specification.
The study used the econometric technique of ordinary least square (OLS). The multiple regression model is expressed below:

$Y = f(X)$

Y = Dependent Variables.

$Y = y_1$

X = Independent Variables

$X = x_1, x_2, x_3, x_4$

$ROE_{it} = \beta_0 + \beta_1 DF_{it} + \beta_2 DIVPO_{it} + \beta_3 WCAP_{it} + \beta_4 TAT_{it} + \mu$_____Model

Where:

Dependent variable

y_1 = return on equity (ROE)

Independent variables

x_1 = debt financing (DF)

x_2 = dividend pay-out (DIVPO)

x_3 = working capital (WCAP)

x_4 = total asset turnover (TAT)

β0 = Regression constant
β1β4 = Regression parameters
μ = error term

4. DATA PRESENTATION, ANALYSIS AND DISCUSSION OF FINDINGS
4.1 Data presentation
The data for this study are presented in Table 4.1 and Table 4.2.
4.2 Descriptive Statistics
The descriptive statistics presented in Table 4.1 below shows the mean, standard deviation, minimum, and maximum of the explanatory variables measured by Debt Financing (DF), Dividend Pay-out (DIVPO), Working Capital (WCAP), and Total Asset Turnover (TAT). The dependent variable is measured by Return on Equity (ROE) which is a proxy of wealth creation.

Table 4.1 Descriptive Statistics

	MEAN	STD. DEV	MIN	MAX
ROE	152.9	3091.86	-2087.7	67701.14
DF	62.125	28.57	4.28	305.8
DIVPO	39.76	163.49	-935.63	3013.88
WCAP	1.318	1.33	.02	19.25
TAT	.967	.580	.05	3.98

Source: Researcher's Computation (2024)

Table 4.1 shows the summary statistics of all the variables obtained from the sampled listed manufacturing firms in Nigeria. The mean value for the data set of Return on Equity (ROE) is 152.9 while standard deviation value is 3091.86. This indicated some level of fluctuations in the data which may account for differences in the Return on Equity per unit over some time of sampled manufacturing firms due to effective management of owners' funds. The coefficient of variation is a better measure of risk quantifying the dispersion of an asset's returns to the expected return hence the relative risk of the investment. The difference between the minimum value of -2087.7 and the maximum value of 69701.14 for the manufacturing sector revealed the extent to which manufacturing firms vary from each other.

The mean value for the data set of Debt Finance (DF) for the manufacturing sector is 62.125. The standard deviation for Debt Financing is 28.57. The standard deviation measures the extent of dispersion from the mean which suggests some levels of fluctuation in the data. A low standard deviation indicates that the data points tend to be very close to the mean, while a high standard deviation reflects that the data points are spread out over a large range of values. The mean value for the data set of Dividend Pay-out (DPO) is 39.76 while standard deviation value is 163.49 away from the mean. This infers that some level of fluctuations exists in the data which may account for differences in the performance of sampled manufacturing firms due to their dividend policy. The difference between the minimum value of -935.63 and the maximum value of 3013.88 for the manufacturing sector shows the extent to which manufacturing firms vary from each other.

The mean value for the data set of Working Capital (WCAP) is 1.318 while standard deviation value is 1.33 away from the mean. This reflected some level of fluctuations in the data

which may account for differences in the performance of sampled manufacturing firms due to the effective management of available working capital in their various organizations. The difference between the minimum value of .02 and the maximum value of 19.25 shows the extent to which manufacturing firms vary from each other.

The mean value for the data set of Total Asset Turnover (TAT) is .967 while standard deviation values are 0.580 away from the mean. This indicated some level of fluctuations in the data which may account for differences in the performance of sampled manufacturing firms due to the effective management of total asset turnover in their various organizations. The difference between the minimum value of .05 and the maximum value of 3. revealed the extent to which manufacturing firms vary from each other.

Table 4.2: Estimation Results for the Model

Dependent Variable: ROE	Coeff.	Std. Err	T-Stat	Prob
Constant	-44.06	105.68	-0.42	0.677
DF	5.697	5.92	0.96	0.337
DIVPO	-0.017	0.077	-0.23	0.817
WCAP	-37.97	46.46	-0.82	0.414
TAT	-117.12	114.17	-1.03	0.305

Source: Researcher's work (2024)

Note: All the analyses were tested at a significant level of 5%

4.3 Test of Hypotheses

Decision Rule: Accept the Null hypotheses when the P-Value = >0.05
Reject the Null hypotheses when P-Value<0.05.

Ho$_1$: Debt Financing does not have significant effect on return on equity.

The Model in Table 4.2 examined the effect of strategic financial management practices on return on equity of listed manufacturing firms in Nigeria. The regression estimates results revealed that: DF has a positive and insignificant effect on ROE (β = 5.697, p = 0.337). The positive value of its coefficient implies that a percent increase in DF (Debt Financing) will lead to a 5.697 percent increase in Return on Equity.

The Null hypothesis is therefore accepted. Debt Financing does not a significant effect on ROE.

Ho$_2$: Dividend Pay Out does not have significant effect on return on equity.

Table 4.2 also showed DIVPO having a negative and insignificant impact on Return on Equity (β = -0.017, p = 0.817) indicating that a percent increase in DIVPO would result in a 0.017 percent decrease in ROE.

Decision: Dividend payout does not have a significant influence on ROE

Ho$_3$: Working capital does not have significant effect on return on equity.

Working Capital (WCAP) as shown in Table 4.2 revealed a negative but significant effect on Return on Equity of manufacturing (β = -37.97, p = 0.414) showing that a percent increase in WCAP would yield a 37.97 percent decrease in ROE.

Ho$_4$: Total Asset Turnover has significant influence on return on equity.

Lastly, TAT (Total Asset Turnover) has a negative and significant effect on Return on Equity (β = -117.12, p = 0.305) revealing that a percent increase in TAT would yield a 117.12 percent decrease in ROE of listed Manufacturing firms in Nigeria.

Decision: TAT has a negative significant influence on ROE

4.4 Discussion of Findings

The result of the F-stat with a probability value of 0.00 implies that all the proxies of the independent variables jointly and significantly impacted the ROE of listed manufacturing firms in Nigeria. The value of the coefficient of multiple determination (Adjusted R2) of 0.0046 means that all the proxies of the independent variables are jointly responsible for 0.46% changes in ROE while the remaining changes in ROE (99.54%) were caused by other factors outside the scope of this model. At a level of significance .05, degree of freedom of 1, and F-statistics of the model, the p-value is 0.00 which is less than the adopted level of significance. Therefore, the study rejected the null hypothesis which means that Strategic financial management practices have a significant effect on the return on equity of listed manufacturing firms in Nigeria. This result is consistent with the a priori expectation of this model.

5. SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary of Findings

From the above analyses, we found the following:

i. Debt finance had positive and insignificant effect on return on equity.
ii. Dividend payout had negative relationship with return on equity.
iii. Working capital revealed a negative and significant relationship with return on equity.
iv. The total asset turnover had a negative significant effect on return equity of the manufacturing sector.
v. Adjusted R2 is 0.0046
vi. Financial management practices jointly had significant effect on return with F statistics of 0.00.

5.2 Conclusion

Strategic financial management techniques are essential for companies aiming to navigate the complexities of the modern business landscape and achieve sustainable wealth creation. Strategic financial management is not just about managing finances; it is about shaping the future trajectory of the company and positioning it for long-term success in an ever-evolving business environment. By systematically evaluating investment opportunities, forecasting future financial performance, managing risks, optimizing capital structure, making strategic investment decisions, and efficiently managing working capital, companies can enhance their competitiveness and resilience in the face of evolving market dynamics.

5.3 Recommendations

To improve strategic financial management techniques on wealth creation in listed manufacturing firms in Nigeria, we recommend that:

i. The investors should consider appropriate variables that help them determine choice of a sector for investment purpose before they commit their hard-earned resources.
ii. The management of the manufacturing sector should consider other factors outside the financial management practices that impacted return on equity to improve their performance so as to attract more investors to their sector.

iii.   The manufacturing sector should look critically at those financial management techniques (debt finance, dividend payout, working capital, and total asset turnover) that impact return on equity negatively.

iv.   The regulator of the market should encourage comparative study on various sectors of the capital market to allow investors the opportunity to make better a choice of investment avenue. Manufacturing has several sub-sectors; comparative study should also be encouraged in this area.

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