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Financial Management Decisions and Firm Value in Nigeria

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Abstract

This study examines the effect of, financial management decision on firm value in Nigeria. Data of 72 non-financial listed firms on the Nigeria Exchange Limited (NGX) within the periods 2016 to 2021 were analyzed with preliminary test of descriptive statistics and correlation analysis. Thereafter, the dynamic panel regression of system GMM methodology was adopted to ascertain the cause-effect relationship between our dependent variable and explanatory variables. Findings show that non-financial firms partially adjust to their optimal value at a relative slow speed by covering only 13% of previous year deviation. Also, previous year firm value, long term investment decision, financing decision and firm size significantly affect firm value. Short term investment decisions, dividend decisions and growth opportunity does not affect firm value during the studied period. Based on the research result, this study concludes that long term investment decisions, financing decisions and firm size are significant determinants of firm value in Nigeria.

Keywords: Capital Budgeting, Firm Value, Leverage, Dividend decision, System GMM

Introduction

Competition in any industry including the manufacturing firms and its likes makes firms' to further improve their performance in order to achieve their set goals. Fundamental, among these goals is owner's prosperity maximization via maximizing firm value (Agung, Hasnawati & Huzaimah, 2021)**.** In the phase of scarce resource generally, firms are faced with the problem of decision making (Kramer, 1988). For firms to remain in business there are three three fundamental decisions they must take to create value. These are investment, financing and dividend decisions (Modigliani & Miller, 1961; Damodaran, 2006; Pandey, 2010; Yulia, 2017). A fourth proposed decision is liquidity management decision which focuses on short term financing decision (Pandey, 2010). The proposed fourth financial management decision is gradually becoming popular too. However this study focuses mainly on the other three basic financial management decisions. The aforementioned decisions must be considered in association with the firms' objectives and it is the best possible mix of these decisions that creates and promotes firm value (Fama, 1978; Yulia, 2017). However, Modigliani and Miller (1961) suggest that investment decision is more sensitive to firm value

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while financing and dividend decision are less sensitive to firm value. Thus, firms influence its value by identifying and investing in positive Net Present Value (NPV) projects.

The position of Modigliani and Miller (1961) concerning investment decision has generated a lot of arguments that resulted to the development of different theories like the trade-off theory, pecking order theory, and plethora of empirical studies in the literature especially in developed countries with dearth of such studies (investment and firm value nexus) in emerging economies like Nigeria. Some of the Noteworthy studies include: Soumaya (2015), Agung, et al (2021), Arifah and Roifah (2017), Okereke and Ikumariegbe (2018), Otekunrin, et al (2018), Sulastri, Aj and Hanafi (2019) among others. The findings of these studies generally support the argument of Modigliani and Miller (1961) that investment decisions and firm value are directly and significantly related. However, only the study of Okereke and Ikumariegbe (2018) and Otekunrin, et al (2018) were found in the case of Nigeria to the best of our knowledge. This implies that much has not been done in this direction in the case of Nigeria; thus, more studies are needed.

Also, Otekunrin, et al (2018) used primary data from questionnaires while Okereke and Ikumariegbe (2018) used twelve (12) public quoted companies in their study across different sectors, which is quite a small sample of the non-financial listed firms in Nigeria from each sector; as such their findings cannot be used to generalize for the entire non-financial firms in Nigeria. Hence, as a matter of importance, there is need to re-examine the subject matter using the entire non-financial firms listed in the Nigeria Exchange Limited (NGX). Thus, more studies are needed to cover the sample gap identified. On the basis of methodology, prior studies used pooled, random and fixed effect panel regression, and these techniques cannot cater for endogeneity problem, variable omission and measurement bias problem that is inherent in panel data due to firm and industry heterogeneous characteristics. Thus, methodological gaps exist and this study employs a more robust estimation technique of the System Generalized Method of Moments (SGMM) to handle the short comings of the aforementioned estimation techniques used in prior studies. In the light of the foregoing, the scope and the methodology identified in the literature, arouse the interest of the researchers to re-examine the effect of capital budgeting and other important decisions (financing and dividend policy) on firm value as the broad objective of this study. The specific objectives are to determine the influence of investment decision on non-financial firms' value in Nigeria. Examine the effect of financing decision on non-financial firms' value in Nigeria, and investigate the impact of dividend policy decision on non-financial firms' value in Nigeria.

Literature Review

The Concept of Investment, Financing and Dividend Decisions

Financial management decision is a matter of how financial managers must allocate funds into other forms of investment which would be profitable in the future (Sutrisno, 2009; Kusumajaya, 2011). For firms to remain in business, there are three fundamental decisions they must take to create value. These are investment, financing and dividend decisions. Investment decision is divided into short and long term. The former is the ratio of current asset to total asset while the latter is the ratio of fixed asset to total assets (Hasnawati, 2005; Saleh, Priawan & Tri, 2015). Investment decision is hinged on both portfolio and profitability. Portfolio is different investment of an individual, government or corporate body that makes up their total investment (Agung, Hasnawati, & Huzaimah, 2021). The size of return generated from investment is a function of efficient use of funds. Hence, direct relationship exists between investment decisions and firm value. Bright prospect is synonymous with firms that possess high investment opportunities and this will spur their stock price and also increase their firm value. Tanto (2019), Utami and Darmayanti (2018), Putri, Isnurhadi and Yuliani (2018) empirically established that investment decisions is a significant determinant of firm value.

An integral part of investment decisions is Financing Decision (FD) which is associated with firm's decision to source funds to execute investment and determine the composition of financing sources (Kumar, Anjum & Dan-Nayyar, 2012). Herawati (2013) perceive debt policy (financing decision) as a policy that drives how much debt a firm requires to finance their investment. Benefit of tax savings is sure with the use of debt financing. Contrarily, the use of debt also exposes the firm to high risk of bankruptcy cost. Financing decisions require a certain amount of funds. Source of finance must be scrutinized because debt usage has direct bearing on firm value. Arizki, Masdupi and Zulvia (2019), Putri, Isnurhadi and Yuliani (2018), Muharti and Anita (2017) empirically established that financing decision positively and significantly influence firm value.

Dividend decision has also been shown to significantly influence firm value (Prastuti & Sudiartha, 2016). The dividend decision involves determining whether or not the profits earned at the end of the period will be shared as dividend to shareholders or whether it will be left as retained earnings which can then be used to further increase future investment (Rudangga & Sudiarta, 2016). Bringham and Houston (2010) posit

from signaling theory perspective that any increase in the amount of dividends such that it is higher than the previous year dividend acts as a signal to numerous investors. While it is seen as good by those who want a steady flow of dividends such as pensioners on the other hand it may act as a signal to other investors (who prefer capital gains) that such a firm lacks investment ideas and that they are not maximizing the available investment opportunities. Different researchers like Salama, Rate and Untu (2019), Arizki, et al (2019), Nurvianda, Yuliani and Ghasarma (2018) empirically reports direct and significant association or relationship between dividend policy and firm value.

Theoretical Framework

Agency Cost Theory

Agency theory looks at the conflict of interests which is evident between shareholders (principals) and agents (decision makers in the firm). This theory was made popular by Jensen and Meckling (1976) as well as Myers (1977). In other words agency cost theory looks at the conflict of interest that arises from the different view point of managers and shareholders within the firm. While shareholders for instance may want increased dividend, top management on the other hand may prefer retained earnings which can be used to spur future grown and expansion for the firm (Ahmad, 2012). The theory also posit that optimal capital structure is obtained at the level or point in which benefits arising from debt financing readily offsets debt financing or any arising agency cost of borrowing (Brendea, 2018). Agency problem, in the extant literature, often involves the active participation of three parties or participants. These are creditors, shareholders and managers of the firm (Sulastri, Aj, & Hanafi, 2019).

Signaling Theory

Signaling theory was developed by Ross (1977). The study showed that the choice of debt-to-equity ratio is independent of the optimum concept and rather represented by the willingness of a firm in sending certain messages to the investors. Firms that are profitable sometimes try to increase the stock price in the bourse by increasing their debts way above their optimal level thereby successfully misleading the stock market into believing in their inflated growth opportunity in the future. The whole idea behind this is the belief that extra cost of issuing debts will significantly help to prevent less profitable firms from taking any advantage of higher debts (leverage). The belief is that any additional cost of issuing debt instruments will very likely prevent less profitable firms from benefiting from higher leverage as compared to more profitable firms despite the managers' attempt to fool the public (Ross, Westerfield, & Jaffe, 2013). Myers and Majluf

(1984) also propose that managers are often reluctant to issue new shares when they believe the firm to be undervalued. Consequently, investors often tend to see issuance of stocks as an unfavorable and bad signal. They assume that managers will only offer shares to the public only if it is fairly priced or overpriced. The relationship between firm performance and leverage is found to be positive for much of signaling theory. Signaling theory provide support for a positive relationship between leverage and firm performance.

Review of Empirical Studies

Focusing on the role of growth opportunities, Desai, Wright, Chung and Charoenwong (2003) studied the influence of change in strategic investments on shareholder returns in US over a period of 15 years from 1981 to 1995. They find evidence that shareholder returns are positively related with capital investments for firms with growth opportunities, but negatively related with strategic investments for firms lacking in growth opportunities. Carlson, Fisher and Giammarino (2004) examine the relationship between corporate investment and asset price using data are for the period from July 1963 to December 2001. They show that corporate investment decisions have explanatory power for the conditional dynamics in expected asset returns.

Chung and Shen (2009) determine the correlation between corporate governance and market reactions to capital and R&D investment decisions in US using pooled regression technique based on cross-sectional data. They find that greater abnormal returns are associated with both capital investment and R&D investment announcements. Lynn and Shaikh (2011) considered the impact of capital expenditure announcements on shareholder wealth for Malaysian servicing and manufacturing companies from 1998 to 2010 using event study methodology. They find, among other things, that information about capital investment decisions positively influence the Malaysian stock market.

Soumaya (2015) analyzed the relationship between investment decisions and value creation on a sample of 82 French firms that compose the SBF 250 index, from 1999 to 2005. The regression result shows that the relation between the investment and the firm value is direct (positive) and significant. Arifah and Roifah (2017) analyzed the influence of dividend policy, funding decision and investment decision, on corporate value. The result of the study shows that investment decision, funding decision and dividend policy have a positive and significant influence on firm value. Okereke and Ikumariegbe (2018) examined the influence of a firm's investment decisions on its market value in Nigeria of 10 quoted firms from 2009 to 2015.

Comparing the estimated pooled OLS model with the fixed effects model shows that although, the coefficient of non-current asset is positive and highly significant for both models, the fixed effects model however, outperforms the pooled OLS model. The implication of the result is that industry-company specific effects are significantly related with the firm's market value. However, when the fixed effects model is compared with the random effects model based on Hausman specification test, there is evidence that the random effects model is better than the fixed effects model. The implication is that the industry or company-specific effects are uncorrelated with the firm's decision to invest in non-current assets. Thus, the results are not affected by the heterogeneity in companies and industries.

Agung et al (2021) investigated the impact of investment decision, financing decision, dividend policy on firm value in Indonesia from 2016 to 2018. Panel data of 22 firms were analyzed with multiple linear regression techniques. Findings generally show that the three policies significantly influence firm value. Specifically, investment and dividend policy decisions positively and significantly impact firm value to support the signaling theory. Financing decision on the other hand, had no significant effect on firm value.

From related empirical studies reviewed, studies on the effect of investment decisions on firm value have been carried out in both developed and emerging economies. However, in Nigeria scanty studies exist and there is need for more studies. This study significantly contributes to the literature in Nigeria as follows; First, it considered the influence of investment decisions, financing and dividend policies decision on firms' value. Secondly, it uses a larger sample size and current dataset of the entire firms listed in the consumer and industrial sector in the Nigeria Exchange Limited (NGX) from 2016 to 2021. Thirdly, other significant determinants of firm value such as profitability and firm size were also considered in the model. Fourthly, this study used a more robust estimation technique of SGMM on the basis of methodology to examine the cause-effect relationship. Studies of this nature were not found in Nigeria to the best of our knowledge. Thus, this study re-examines the effect of investment, financing and dividend policy decision on firm value in the Nigeria Exchange Limited (NGX).

Methodology

Longitudinal research design is adopted in this study because the variables of interest were gathered for a period of time. Thus, they are historical in nature and the researcher cannot manipulate them to get its desired outcome. All the 109 listed non-financial firms across different sectors in the Nigeria Exchange

Limited (NGX) made up the population of this study. The data filtering technique was employed to remove firms Classified as; First, Firms with negative total asset within the studied period. Secondly, Firms that fail to report their financial statement in any year under consideration. And thirdly, Firms whose operation was disrupted by voluntary withdrawal or sanctioned by regulatory authority were also removed.

These criteria reduced the population to 72 firms which constitute the sample of the study. All data were sourced from the annual NGX publication 2021. The scope of the study covers investment, financing and dividend policy decisions effect on value of non-financial firms in Nigeria from 2016 to 2021. The non-financial sector is selected because the sector significantly contributes to the country's gross domestic product. The period (2016 to 2021) is long enough to capture the recent and various (short and long run) investment decision taken by the management of these firms in the sector.

Theoretical Framework / Model Specification

This study is based on the Signaling theory as the theoretical framework. This is so, because the theory explicitly explains how the use of debt to finance investment with positive NPV will influence firm value in the long run. This implies that firm value is a function of investment decisions, leverage decisions, dividend policy decisions and other important internal factors that determine firm's value. This is expressed mathematically as:

$$V = f(K, M, L) \dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots (1)$$

Where:

V = Firm value

K = Investment decision (Short and Long term)

M = Leverage and Dividend Policy decision

L = other internal factors that determine firms' value

Firm's size and growth opportunity were used to substitute "L" thus, equation (1) is re-specified as:

$$FV = f(SINVD, LINVD, LVRD, DIVD, FS, GRWOPT) \dots\dots\dots\dots\dots\dots\dots\dots\dots\dots (2)$$

The estimated version of Eq (2) is given as:

$$FV = \alpha_1 + \gamma_1 FV_{t-1} + \delta_1 SINVD_{i,s,t} + \delta_2 LINVD_{i,s,t} + \delta_3 LVRD_{i,s,t} + \delta_4 DIVD_{i,s,t} + \delta_5 FS_{i,s,t}$$
$$+ \delta_6 GRWOPT_{i,s,t} + \pi_t + \varphi_t + \varepsilon_t \dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots (3)$$

Where:

FV = Firm value

SINVD = Short term investment decision

LINVD = Long term investment decision

LVRD = Leverage decision

DIVD = Dividend decision

FS = Firm size

GRWOPT = Growth opportunities

α_1 = Constant

γ_1- 1 = Speed of Adjustment

$\delta_1 - \delta_6$ = Unknown parameters to be estimated

π_t and φ_t = firm and time effect

i,s,t = firm i in a specific sector (s) at time t

ε_t = disturbance term

A priori expectation is derived from empirical and theoretical literature is given as:

$\alpha_1 > 0$

$\delta_1, \delta_2, \delta_3, \delta_4, \delta_5, \delta_6 > 0$

It is anticipated that all the explanatory variables should directly impact firm value.

Table 1: Variables Measurement

S/N	Variable	Notation	Operational Definition /Proxies	Sign	Source
Dependent Variable					
1	**Firm Value**	**FV**	Proxied by Tobin's Q (TQ) $$TQ = \frac{Market\ Value}{Book\ Value}$$	N/A	NGX annual publication
Explanatory Variables					
2.	**Short term investment decision**	**SINVD**	SINVD $= \frac{Total\ Current\ Asset}{Total\ Asset}$ (Syamsuddin, 2013)	+	NGX annual publication
3.	**Long term investment decision**	**LINVD**	LINVD $= \frac{Total\ Fixed\ Asset}{Total\ Asset}$ (Hasnawati & Sawir, 2015)	+	""

4.	**Leverage decision**	**LVRD**	It is the ratio of total debt to total asset. $$LVRD = \frac{Total\ Debt}{Total\ Asset}$$	+	""
5.	**Dividend Decision**	**DIVD**	Proxied by dividend payout ratio. $$DIVD = \frac{Dividend\ Per\ Share}{Earnings\ Per\ Share}$$ (Afzal & Rohman, 2012)	+	""
6.	**Firm Size**	**FS**	Proxied by log of Total Asset	+	""
7.	**Firm Growth Opportunities**	GRWOPT	$$\Delta FG = \frac{Total\ Asset_t - Total\ Asset_{-1}}{Total\ Asset_{t-1}}$$	+	""
N/A = Not Available					

Source: Researcher's Compilation (2022)

Analysis of Results and Discussion of Findings

The descriptive statistics is first used to summarize the properties of the variables considered and present them in a more convenient form. Pearson correlation analysis is used to ascertain the direction and strength of the relationship among variables. The estimation technique used in this study is based the panel regression techniques. The Kao panel co-integration test is used to established long run relationship between variables of interest. This ensures that any variable that deviate in the short run due to shock will adjust to equilibrium in the long run. The system GMM is used to estimate the cause-effect relationship between explained variable and explanatory variables.

This estimation technique is preferred to fixed and random effect; two stage least square, difference and levels GMM because it uses momentum from upper and lower bias inherent in levels and difference GMM to produce a more reliable and efficient estimate. It can handle endogeneity problem, variable omission and measurement bias problem in our data set without normal distribution requirement. Finally, the Hansen (J-statistic) is estimated to ensure that the instrumental variables used are exogenously related to the error term. The Wald test is estimated to ensure that the entire coefficient estimate is significantly related with the dependent variable. The Autoregressive (AR) order one (1) and (2) is estimated to ensure the absence of AR(2) in the estimate. AR(1) is expected in the model estimate because of the dependent variable in the right hand side of the model.

Table 2: Summary Statistics

	Mean	Median	Max	Min	Std. Dev.	Skewness	Kurtosis	J-Bera	Prob.
FV	2.277278	1.01	103.96	0.02	8.032804	9.26955	97.12292	138042.3	0.00
SINVD	0.489694	0.45	2.05	0.03	0.275406	0.902821	5.217866	122.6891	0.00
LINVD	0.529583	0.565	0.97	0.02	0.243315	-0.18537	2.070569	15.01938	0.00
LVRD	0.863222	0.59	19.56	0.03	1.906271	8.536542	80.35067	94119.24	0.00
DIVD	0.23469	0	14.5219	-9.35627	1.125839	4.527546	91.69764	119239	0.00
FS	7.012972	6.92	9.24	4.76	0.863054	0.160797	2.9617	1.573337	0.46
GRWOPT	3.333778	0.01	420.99	-1	26.09508	12.66249	189.6068	531951.7	0.00

Source: Researcher's Computation Using E-views 12.0 (2022)

Table 2 revealed that the ratio of mean to median for SINVD, LINVD and FS is approximately one. This denotes that these variables exhibit almost symmetrical distribution properties. This is further confirmed by their low corresponding Skewness values that lie between 1 and -1 that is close to their mean. Other variables (FV, LVRD, DIVD and GRWOPT) possess unsymmetrical distribution properties because their mean to median ratio is not approximately one. This is also confirmed by the corresponding Skewness values that is far-far > 1. The Min and Max values varied significantly during the studied period. The variables Std. Dev is relatively high when compared to the mean values. This implies high dispersion of the variables from their mean and connotes high level of risk in these variables during the studied period. Only FS displayed a normal distribution properties as indicated by its Kurtosis value that is = 3.0 approximately. This is further confirmed by its J-Bera statistics value of 1.57 that is not significant at 5% confidence level. LINVD has a flat distribution property which is below normal as shown 2.071 Kurtosis value, which is < 3.0. Other variables showed a peaked distribution property that is higher than normal, since their Kurtosis values are > 3.0. Also, they are not normally distributed since the variables J-Bera statistics are significant at 5% confidence level.

Table 3: Pearson Correlation Matrix

Correlation	FV	SINVD	LINVD	LVRD	DIVD	FS	GRWOPT
FV	1.000000						
SINVD	-0.120989**	1.000000					
LINVD	0.123402**	-0.816719	1.000000				
LVRD	0.911978*	-0.116602	0.118194	1.000000			
DIVD	-0.014164	0.058560	-0.066659	-0.042666	1.000000		
FS	-0.276297*	-0.102729	0.061667	-0.285438	0.101274	1.000000	
GRWOPT	0.021330	0.125240	-0.080841	0.043142	-0.013972	-0.166680	1.000000

t-Statistic	FV	SINVD	LINVD	LVRD	DIVD	FS	GRWOPT
FV	-----						
SINVD	-2.306153	-----					
LINVD	2.352864	-26.78007	-----				
LVRD	42.06188	-2.221367	2.252125	-----			
DIVD	-0.268031	1.109906	-1.264060	-0.808019	-----		
FS	-5.439524	-1.954066	1.169019	-5.635181	1.926099	-----	
GRWOPT	0.403672	2.388449	-1.534605	0.817050	-0.264383	-3.198483	-----

Probability	FV	SINVD	LINVD	LVRD	DIVD	FS	GRWOPT
FV	-----						
SINVD	0.0217	-----					
LINVD	0.0192	0.0000	-----				
LVRD	0.0000	0.0270	0.0249	-----			
DIVD	0.7888	0.2678	0.2070	0.4196	-----		
FS	0.0000	0.0515	0.2432	0.0000	0.0549	-----	
GRWOPT	0.6867	0.0174	0.1258	0.4144	0.7916	0.0015	-----

* & **= 1% & 5% Level of Significance*

Source: Researcher's Computation Using E-views 12.0 (2022)

Table 3 shows both the direction and strength of association among variables of interest. SINVD, LINVD, LVRD and FS have significant association with FV. However, the relationship between LINVD and FV is weak but positive while that of LVRD is positive and very strong. This implies that these variables are increasing in the same direction. SINVD and FS have a weak inverse association with FV. This shows that these variables are moving in opposite direction. The correlation between DIVD and FV is weak, negative

and not significant; while that of GRWOPT and FV is fairly strong, positive but not significant at 5% confidence level.

Table 4: Kao Panel Co-integration Test Result

Variable	ADF Statistics	Prob	Remark
Residual	-6.322323	0.0000*	Co-integration found

* =1% Significant Level.

Source: Computation by Researcher using E-view 12 (2022)

Long run relationship exists among the variables considered as indicated by the ADF statistics of 6.32 that is significant at 5% confidence level in table 4. This implies that any variable that deviate in the short run due to shock will adjust to equilibrium in the long run.

Table 5: System GMM Result

Variables	**Coefficient**	**T-stat**	**Prob.**
FV_{t-1}	0.867496*	11.46788	0.0000
SOA %	**$(1 - 0.8675) = 0.1325 (13\%)$**		
SINVD	1.265598	0.151637	0.8796
LINVD	-138.7708*	-5.412775	0.0000
LVRD	-95.65984*	-4.273197	0.0000
DIVD	-0.712779	-1.143281	0.2542
FS	-99.73936*	-3.282224	0.0012
GRWOPT	0.015835	0.608096	0.5438
J-Stat	4.723562		0.450540
AR(1)	-1.6574607		0.0974
AR(2)	0.867614		0.3856
Wald Test	73.49691*		0.0000
No.of Inst. Rank	12		
SOA = Speed of Adjustment, Inst = Instrument. * = 1% Significance			

Dependent Variable = FV (table header)

Source: Computation by Researcher using E-views 12 (2022)

The system GMM result in table 5 shows that the Instrumental Variables (IV) used in this model are valid and they are related to their error term exogenously as shown by the J-statistics coefficient of 4.72 and AR(2) that is highly not significant at 5% confidence level. All the explanatory variables coefficient are significantly related to FV (dependent variable) when taken together as revealed by the Wald test value of 73.50 approximately and it is significant at 5% confidence level. Only LINVD, LVRD, FS and the lagged value of FV passed their individual test statistics as indicated by their corresponding probability values that is significant at 5% confidence level. This shows that these variables significantly contributed more to FV during the studied period. The explanatory variables have mixed effect on FV. Some are positive while others are negative as indicated by their corresponding coefficient values in table 5.

Discussion of Findings and Policy Implication

The effect of all the input (explanatory) variables on FV as indicated by the coefficient values in table 5 varies in different magnitude. FV_{t-1} considered in the model has a significant positive influence on current year FV and it is significant at 5% confidence level. This implies that a unit increase experienced in FV_{t-1} result to 0.87 approximately among listed non-financial firm's current year FV in the Nigeria bourse. Also, it depict that listed non-financial firms in Nigeria slowly adjust to their optimal value at an approximate speed of 13% after deviation from the optimal value during the period under consideration, as indicated by the SOA coefficient of 0.13 in table 5. Only SINVD and GRWOPT conformed to *A priori* expectation in the model and both variables (SINVD and GRWOPT) have a positive effect on FV as shown by their corresponding positive coefficients. However, their effect is not significant at 5% confidence level. This implies a unit increase in SINVD will result to 1.2656 unit non-significant increase in FV during the studied period. Salama et al (2019) found similar result in their study that investment decision has an effect on firm value. Also, a unit increase in GRWOPT will insignificantly influence FV with 0.0158 units. This is consistent with the findings of Wahyudi and Pawestri (2006), Wahyuni (2013) in the literature. They reported that the FV formed via the stock market value indicator is strongly influenced by investment opportunities.

Furthermore, LINVD has a significant negative effect on FV. This shows that a unit increase in this variable will significantly reduce firm value by -138.77 units at 95% confidence level. The contrary behaviour of this variable could be attributed to heterogeneous properties of these firms, industry and operating economic condition in Nigeria. Sulastri, Aj and Hanafi (2019) found similar result in their study, but contrary to that

of Lynn and Shaikh (2011), Soumaya (2015). Similarly, LVRD has a significant inverse influence on FV during the period considered. This indicates that a unit increase in LVRD will result to significant -95.66 units decrease in FV. This LVRD negative coefficient could be attributed to excessive external funding that is beyond the optimal threshold (over-levered) which increased the cost of capital and bankruptcy risk among the firms thereby reduced FV. More so, majority of the positive NPV project embarked upon by these firms became negative NPV project in the long run due to cost over-run caused by the volatile macroeconomic and business environment in which these firms operate. Okereke and Ikumariegbe (2018), Myer and Maljuf (1984) reported similar finding in his study that leverage significantly reduced FV and suggested the use of internal fund in financing positive NPV project. Also, the effect of DIVD is negative and insignificant on FV. It buttress that a unit increase in DIVD will led to -0.713 (71%) non-significant decrease in FV. The inverse coefficient of DIVD could be as a result of dividend policy as dividend payments may signal to investors that management lacks investment ideas and this will dissuade external investors. This finding corroborated that of Arifah and Roifah (2017) in the literature that dividend policy is a significant determinant of FV. FS in the same manner significantly and inversely affect FV. This implies that a unit increase in FS will significantly reduce FV by -99.74 units. This negative impact could be caused by inability of non-financial firms in Nigeria to use their size to secure a loan at a cheap cost, which results to increase in cost of capital and reduced future cash flow to hamper growth prospect and firm value during the studied period. Hameed and Tsoho (2020) found similar result in their study, that FS significantly affect firm value.

In summary, financial management decisions have a mixed effect on listed non-financial firm's value in Nigeria. The effect of SINVD is positive and insignificant while that of LINVD is negative and significant. This implies that various investment evaluation techniques such as the payback period, NPV approach and internal rate of return among others used by these firms does not predict project viability factoring in future uncertainty. Positive viable project that lure these firms to embark on them becomes negative NPV projects in the long run and result to type II error, making capital budgeting to hamper FV. The findings partially supported the signaling theory in the short run which explains the association between investment decision and firm value. That is, investment expenditure provides a good (positive) signal about future growth of the firm, thereby increasing stock prices as FV indicator (Agung et al, 2021). However, the converse of this position holds for long term investment decision in Nigeria which appears to be significant but reduce FV.

Conclusions and Recommendations

The sustenance of a firm via effective and efficient financial management decisions has been a debatable issue in the extant literature. The identity or liquidation of different firms has been lost due to wrong financial management decisions they take at a particular point in time. Thereby, making financing, investment and dividend policy decision a critical decision for the effective and efficient management of the firms' limited resource to maximize the company's future growth and shareholders wealth. Thus, this study examines the effect of investment, financing and dividend decision on firm value in Nigeria. Data of 72 non-financial listed firms on the Nigeria Exchange Limited (NGX) within the periods 2016 to 2021; were analyzed with preliminary test of descriptive statistics and correlation analysis. Thereafter, the dynamic panel regression of system GMM methodology was adopted to ascertain the cause-effect relationship between our dependent variable and explanatory variables. Findings show that non-financial firms partially adjust to their optimal value at a relative slow speed by covering only 13% of previous year deviation. Also, previous year firm value, investment decision, financing decision and firm size significantly affect firm value. Short term capital budgeting decision, Dividend decision and growth opportunity does not affect firm value during the studied period. Based on the research result, this study concludes that long term investment decision, financing decision and firm size are significant determinants of firm value in Nigeria. However, whether the effect of financial management decisions or functions will be positive or negative is a function of the firm's characteristics, industrial factors the firms belong to, the financial markets and the macroeconomic condition of the host economy.

The study notes foremost that Non-financial firms in Nigeria should finance their investment with more of internal funding that is less risky and less expensive to minimize capital cost and bankruptcy risk. Secondly, firms should adopt effective and efficient proactive investment plan that can provide adequate cash flow for smooth operation of the firm during investment period that is characterize with high cash outflow. Thirdly, financial management decision should be acceleration of growth rate and potential future profitability oriented. Fourthly, Top level management is strongly advised to engage in asset restructuring and rebalancing to enable firm size to drives firm value positively. And lastly, Effective and efficient dividend policy that will boost firm value and increase investor's confidence of the firm's ability to make return on investment made in the firm should be highly encourage.

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