# FINANCIAL MANAGEMENT DECISIONS AND FIRM VALUE OF SELECTED QUOTED COMPANIES IN NIGERIA

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## ABSTRACT

*This paper determined the effect of financial management decisions on the value of selected firms listed in the Nigerian Exchange Group (NGX) for the year 2022. Employing an ex post facto research design and utilizing both descriptive and inferential statistics, the study examined the impact of capital structure decisions (represented by retained earnings), dividend decisions (proposed dividends for the year), and corporate investment decisions (research and development investment cost) on firm value, measured using Tobin's Q. The population comprised 21 consumer goods companies listed on the NGX. The findings revealed a significant positive effect of retained earnings and proposed dividends on firm value, while research and development investment cost did not significantly affect firm value in the regression model. The paper concluded that financial management decision has a significant effect on firm value of consumer goods companies listed in the Nigerian Exchange Group. Based on the findings, recommendations are made for companies to prioritize strategies that enhance their capital structure through increased retention of earnings, carefully evaluate their dividend policies to ensure sustainability and alignment with long-term growth objectives, and consider the long-term impacts of investment decisions on firm value and competitiveness.*

**KEYWORDS:** *Capital Structure, Dividend, Corporate Investment, Firm Value*

## INTRODUCTION

Firm value is paramount as it ultimately determines a company's survival (Muruga et al., 2019). This value is evident in the market prices of the company's securities, serving as a reflection of its investment, financing, and asset management decisions. An increase in security prices enhances firm value and shareholder wealth, while a decrease has the opposite effect (Debby et al., 2014). Dolenco et al. (2012) assert that value maximization differs from profit maximization. Lestari (2016) supports this by stating that the goal of maximizing firm value surpasses other objectives such as profit maximization, social responsibility, and growth. Paminto (2015) suggests that firm management should prioritize firm value maximization by making deliberate efforts to increase market share prices. However, challenges like low market valuations and market price fluctuations necessitate an examination of the factors influencing firm value (Ganesh et al., 2013).

Adenugba et al. (2016) assert that financial management decisions are vital, but the direction and nature of the relationship between these decisions and firm value are fiercely contested. According to Faulkender and Wang (Romney, 2019), in order to optimise business value and boost shareholder wealth, it is necessary to optimise these choices, which include capital structure, dividend decisions, cash holding, and corporate investment. The puzzle lies in understanding how these decisions affect firm value and how they can be optimized for increased shareholder wealth, as highlighted by Afza and Nazir (2018).

Furthermore, Aggarwal and Kyaw (2016) asserted that a firm's adopted capital structure can positively or adversely affect firm value. Afza and Nazir (2018) emphasize the critical nature of capital structure decisions in relation to firm valuation. The choice between debt and equity sends signals to the market, impacting share prices. Accordingly, businesses should maximise their company worth by figuring out the ideal debt-to-equity ratio (Pandey, 2019). Contradictory hypotheses and Granger causality tests have resulted from studies on capital structure and firm value, which have varied (Bhaduri, 2018).

From a study by Modigliani and Miller's (1958), scholars have focused on dividend decisions and their impact on firm value. Anand (2004) argues that dividend decisions play a crucial role in predicting a firm's future prospects, influencing its market valuation. Despite the acknowledged importance of dividend decisions in determining firm value, Kausar et al. (2014) stress that the actual effect remains a mystery, requiring empirical studies in different contexts to uncover.

**Problem Statement**
The imperative to undertake a comprehensive study becomes apparent when considering the crucial role of financial management decisions in influencing the survival and prosperity of firms. The utilization of shareholder resources to enhance firm value and subsequently increase wealth is paramount for sustained success (Yartey & Adjasi, 2007). In Nigeria, the volatility of firm value, as indicated by market capitalization and the Nigerian Exchange Group (NGX) Share index, poses a significant risk to investors (Nyasha & Odhiambo, 2014). The observed decline in market capitalization from 2007 to 2016, reaching a low of 2789.64 points, indicating the potential losses incurred by investors, particularly corporate entities such as pension fund management organizations relying on capital growth for future obligations (NBS, 2016).

Many empirical studies have sought to reveal the significance and effect of financial management decisions on company performance, recognising their undeniable importance in developing solid economic foundations for companies in the long term. Existing research mostly used conventional profitability metrics based on accounting profits instead of emphasising company value, which is deemed preferable since it encompasses all the company's fundamentals (Mwangi et al., 2014; Uwuigbe, 2012). Following the lead of Dolenco et al. (2012) and Lestari (2016), this study focuses on firm value instead of more conventional measures of profitability such as ROE, ROA, and gross profit margin.

Despite the wealth of empirical evidence in developed economies, represented by studies like Aggarwal and Zhao (2007) and Gupta and Gordon (2009), the applicability of their findings to emerging economies like Nigeria remains uncertain. This indicate the necessity for a study specifically tailored to Nigeria firms focusing on consumer goods companies. Thus, the purpose of this study is to examine how financial management decisions have affected the value of Nigerian Exchange Group (NGX) listed enterprises.

**Objective of the Study**
The main objective of this study is to investigate the effect of financial management decisions on the value of selected firms listed in Nigeria exchange group, while the specific objectives are to:
i.      Analyse the effects of capital structure decisions on the firm value of consumer goods companies listed on the Nigerian Exchange Group.
ii.     Investigate the effect dividend decisions on firm value of consumer goods companies listed on the Nigerian Exchange Group.
iii.    Determine the effect corporate investment decisions on firm value of consumer goods companies listed on the Nigerian Exchange Group.

## LITERATURE REVIEW
**Financial Management Decisions**
It is of the utmost importance for financial managers to make prudent decisions regarding the acquisition and use of financial resources in order to maximise the value of the firm (Wagithunu et al., 2014). It is the responsibility of financial managers to decide how and where to invest the available funds. Decisions can involve allocating resources in a way that maximizes the firm's value (Mapunda, 2016). If financial managers are to carry out their day-to-day responsibilities effectively and contribute to the achievement of the company's fundamental goals, they must make sound financial management decisions (Beena, 2017).

Financial management decisions are crucial for a company's existence and to maximise shareholder value. These decisions should be made optimally (Nassab, 2016). According to Brigham and Houston (2017), many organisations attribute financial difficulties and company failures in the last decade to inadequate documentation of bad financial management choices. Brealey et al. (2017) propose that organizations with a good financial management system, as a consequence of good financial decisions, will demonstrate high profitability and firm value performance. Since the seminal research by Modigliani and Miller (1958), Myers et al. (2017) argue that there has been inconsistent evidence about the connection between financial management decisions and firm value. Hence, they are in favour of doing more research in various settings. Decisions on financial

management must be made by financial managers with a critical eye. Poor decision-making may lead to financial instability, ineffective corporate supervision, and, ultimately, a company's demise (Tirole, 2020).

Financial management decisions are primarily influenced by capital structure, dividend decisions, cash reserves, and company investments (Pandey & Bhat, 2017). Srivastava (2018) states that the financial manager's duty includes crucial decision-making areas such as acquiring funds (capital structure), managing liquidity (cash reserves), distributing earnings (dividend decisions), and making corporate investment decisions. Financial managers must examine the interdependence of decisions and the impact of one factor on the others when determining the best option (Titman et al., 2018).

### Capital Structure Decisions
A company's capital structure is its many asset financing strategies (Bhaduri, 2002). The alternatives may be either long-term or short-term, and they are typically categorised as debt or equity. Muritala (2017) defines capital structure decisions as management's strategic choices on the most efficient method to finance their activities. Modugu (2017) finds that organisations will develop various capital structures when they try to optimise their value. Capital structure theories have been developed to elucidate the many forms of capital structures and their impact on the firm's value (Shah et al., 2015).

The contrasting results of empirical studies that investigate the importance of capital structure and its link to firm value have piqued the curiosity of both academics and professionals in the field. Several capital structure indicators have been used to investigate these connections, as pointed out by Antwi et al. (2018). When analysing a company's financial structure, ratios related to equity and leverage are essential. Capital structure measures used by Muathe et al. (2014) were financial leverage, total current liabilities to total assets, and total current assets to total liabilities. Size, age, debt-to-asset turnover, asset structure, and growth potential were the metrics utilised by Muritala (2017) to assess capital structure. The ratio of total liabilities to stockholders' equity, as suggested by Modugu (2018), was employed in the analysis.

### Dividend Decisions
Dividend decision refers to the process of determining dividend payouts by the organization's management (Baker et al., 2017). Dividend decisions include determining the amount of dividend to be given out and the amount to be kept, specifically focusing on the ratio of dividends to net income earned by the company (Kapoor et al., 2018). The decisions to be made include the sum, time, approach, and justification for distributing dividends, increasing the elements considered in the dividend decision (Al-Twaijry, 2017).

A considerable number of finance scholars have conducted research on dividend determinations owing to their substantial influence on the augmentation of firms' profitability and value. The dividend decision affects both the firm's value and shareholder wealth (Zainuddin, 2015). According to Michaely and Roberts (2017), dividend decisions may significantly influence a company's value, either positively or negatively, making them essential. Deciding on the best dividend strategy is one of the most challenging financial management issues, sometimes referred to as the dividend riddle. Empirical research now concentrates on the impact of dividend decisions on firm value, resulting in conflicting findings. AlTwaijry (2017) suggests that management must exercise caution in their dividend choices as it significantly impacts profitability and, therefore, the firm's value.

### Corporate Investment Decisions
Corporate investment decisions, as described by Brealey and Myers (2018), include significant allocations of capital towards noncurrent assets. Assets might be physical or intangible, such as property, plant, equipment, trademarks, copyrights, and franchises. Dayananda (2017) argues that corporate investment choices are made with the goal of enhancing shareholder value. Pandey (2020) describes investment choices as a company's efforts to allocate its current assets effectively into non-current assets to enhance shareholder wealth by increasing the firm's value.

The research examined the change in capital expenditure on noncurrent assets as a percentage of total assets from the preceding period to evaluate the investment choices made by companies. Some economies maintained continuously favourable opinions from investors, according to the 2015 Global Investor Sentiment Survey. Investor attitudes, assumptions, and prejudices were linked to significant impacts on the company's value. Foreign investments are rising, with 70% of investors anticipating excellent returns from equity investments in foreign markets, according to Nabianga & Ibrahim (2015).

## Firm Value

Various methodologies may be used to ascertain the value of a company, and the outcomes of each technique are anticipated to differ (Thavikulwat, 2014). The intrinsic value of every share of the company that is presently owned by investors serves as the primary metric. To put them to use, a true stock market must be efficient. The capitalized value of its expected future performance is another indicator, as mentioned by Dolenco et al. in 2017. The accuracy of future cash flow and discount rate projections may be critical. In 1969, James Tobin developed Tobin's Q to alleviate estimating issues by providing a surrogate for firm value. Cash flow and return or marginal cost forecasting are both made easier by Tobin's Q, as pointed out by Thavikulwat (2014). The ratio is calculated using the market value of stocks, which may be accurately measured.

Companies on the NGX have faced periods of decreasing company value, as shown by the NGX 20 share index and market capitalization rate. Between 2007 and 2009, the NGX share index dropped from 6161 points to 2474.75 points, resulting in a loss of 80 billion naira for investors. The NGX 20 share index decreased from 4559.56 points to 3155.00 points between 2010 and 2011, as reported in the NGX Monthly Market Statistical Bulletins of 2017.

## THEORETICAL FRAMEWORK

### Signaling Theory

The notion of signalling was proposed by Akerlof and Arrow (1970). Spence (1974) expanded upon this concept in his work signal equilibrium theory, which posits that an organisation of superior quality can distinguish itself from one of inferior quality by providing the financial market with superior signals. The signal will only work if the weaker firm fails to match the signal strength of the stronger one. If the expense associated with emulating the signal of a superior company is substantial, the substandard company will be inclined to do so.

Building on this notion, Ross (1977) posited that dividend decisions convey good or bad information to investors via signals. Companies that give out higher dividends are worth more than those that pay out lower payments, according to Bhattacharya (1979). All three authors (Allen et al., 2000) endorse the signalling theory. Findings from the study suggest that the information asymmetry model may shed light on future profitability by comparing actual dividend payouts to owners' expectations. Alterations to dividend choices may provide important details on future profitability, according to Grullon et al. (2005).

This theory is pertinent to this study as it describes the connection between dividend decisions and the value of a company. Consistent with the signalling theory put forward by Amihud and Li (2002), research shows that the market responds favourably to dividend increases and adversely to dividend decreases. Adjustments to dividend policies provide information about the firm's future cash flows, which impact its value (Gabillon & Gabillon, 2012).

### Empirical Review

Muchiri et al. (2016) investigated how the financial structure of East African Securities Exchange-listed companies correlated with their financial performance. The study used an explanatory research methodology to examine 61 firms' secondary cross-sectional time series data. A statistically insignificant but positive correlation was found between ROE and external equity, short-term debt, retained earnings, and long-term debt; a similarly insignificant and negative correlation was found between ROA and retained earnings, according to the study that was carried out using Feasible Generalised Least Squares. Relative to ROA, capital structure was shown to be inversely correlated, whereas with ROE, it was found to be directly correlated. The results also demonstrated that GDP had a significant moderating effect. This research focused only on the financing structure and did not take into account other elements such as dividend decisions, cash holding decisions, and corporate investment decisions that are part of the broader financial management decision-making process. The research also examined profitability measurements of performance instead of using more comprehensive indicators like Tobin's Q.

Obaid (2016) examined how finance structure and dividend decisions affect corporate value in Pakistan. Panel data regression analysis was conducted on data spanning from 2006 to 2013. Based on the findings, capital structure and dividend policy significantly affected the firm's value as measured by Tobin's Q. The researchers in this study hypothesised that the dependent and explanatory factors were directly related. The research included cash holding as an explanatory variable along with dividend choice and capital structure decisions and used GDP and political risk as moderator variables.

Velnampy et al. (2018) connected dividend decisions to a firm's financial performance. The analysis found that the dividend decision did not impact the return on equity or return on assets for the firm. This research mainly aimed to examine how dividend decisions impact the performance of companies. This study does not account for the possible influence of moderating factors on the direct relationship between the explanatory and dependent variables. It is essential to consider intervening circumstances that might influence a firm's value beyond the dividend decision.

Gul et al. (2017) examined how dividend decisions impact the wealth of shareholders in businesses listed on the Karachi Stock Exchange. The association between variables was shown using multiple and stepwise regression. This study's dependent variable was the wealth of shareholders, defined here as the market price per share (MPS). Retained earnings, Lagged Market Value of equity, Dividend per share (DPS), and Lagged Price Earnings Ratio (LPER) were the independent variables. The research demonstrated that dividend decisions significantly affect shareholder value. The dividend decision was the primary focus of this research, which presupposed a direct connection between the two variables. The study's findings were improved by substituting Tobin's q for MPS, a less reliable metric of shareholder value.

Uwuigbe (2017) examined the correlation between financial performance and dividend policy. The research focused on publicly traded enterprises in Nigeria. The relationship between dividend payments and ownership structure was also explored in the research. The dividend policy was positively correlated with the performance of Nigerian listed firms. Ownership structure and firm size were shown to have a considerable impact on the company's payout decisions, according to the investigation. This study just examined dividend decisions and did not include other financial management choices that might affect the company's performance. Using firm value as the dependent variable, instead of the more traditional measures of company performance, improved the study's results.

Ariemba et al. (2016) examined how investment decisions impact the financial performance of SACCOs. Twelve SACCOS in Kitui Town were surveyed for the study using a census-style sample method. Investment choices in expansion, replacement, renewal, and R&D expenditures were negatively correlated with corporate performance, according to the study. The research only examined SACCOs and may not be representative of other industries. The research focused on firms listed on the NGX market and assessed their worth in comparison to conventional performance metrics. The analysis included GDP and political risk as moderating variables instead of focusing on a direct link.

Sharma and Mathur (2017) examined how debt decisions affect investment decisions. The study used a non-experimental field study design, collecting data on perceptions, feelings, and beliefs related to the independent and dependent variables using questionnaires. The research results showed that debt management, small company performance, current assets, and family values positively and significantly influence the investment decisions made by small business owners. This research focused on the factors influencing investment decisions, with a specific emphasis on small businesses. The new study broadened its focus by examining the firms listed on the NGX, which includes companies from various sectors and sizes. The research expanded its content breadth by including more factors of financial decision-making.

Han and Qiu (2017) examined the correlation between corporate cash reserves and fluctuations in the cash reserves of businesses listed on the NYSE. Their research discovered no limitations on credit access. Therefore, there is no need to save aside funds for potential future chances. Cash decisions should not be contingent on fluctuations in cash flow. Their research shows that capital acquisition constraints affect the relationship between a company's cash reserves and cash flow variability. Positive connections are associated with accessible finance, whereas negative connections are linked to constrained financing. The study showed that small firms increase their cash reserves in response to positive changes in cash flow, but big corporations decrease their cash reserves in response to such changes. This research examined how limitations on financing and firm size impact cash reserves. This research offers stronger results by examining how the amount of cash a corporation holds affects its worthwhile also considering how GDP and political risk might influence this connection.

Shuting and Meng (2017) examined how free cash flow is related to the financial performance of enterprises to enhance financial decision-making for management and investment. Principal component analysis and regression analysis were used to derive key financial performance indicators from 21 variables. The free cash flow of the sampled businesses was then linked to these critical performance parameters. According to the results, there is a

negative linear relationship between free cash flow and financial performance. This research expanded its focus by examining the companies listed on NGX, which include several subsectors.

Ferreira and Vilela (2018) identified the primary determinants influencing the level of cash reserves in publicly traded corporations. Their research suggests that the cash reserves of publicly listed corporations are linked to investment prospects and cash flow. Cash reserves are adversely correlated with a company's debt levels and size. The results were consistent with Martínez-Carrascal and von Landesberger's (2008) study, which identified a direct correlation between prospective investments and cash reserves, as well as an inverse correlation between debt levels and cash reserves. The research was conducted in the euro area, a developed region. Hence, the findings cannot be applied to growing economies such as Kenya. This research overcame this issue by focusing on enterprises registered with the local stock market and used panel multiple regression analysis as the primary technique of analysis.

## METHODOLOGY

Ex post facto research methodology was utilized for the investigation. Included in the research were 21 consumer goods companies that were listed on the NGX. The study's data were extracted from the 2022 annual reports of NGX-listed consumer goods companies. Descriptive and inferential statistics were used to analyse the data in the investigation. Using Ordinary Least Squares regression analysis, the study examined the effect of financial management decisions on the firm value of consumer goods companies listed on the Nigerian Exchange Group (NXG). Below is the model's general form:

$$FirV = \beta_0 + \beta_1 CapD + \beta_2 DivD + \beta_3 CorpD + \varepsilon \hspace{2cm} \text{Equ1.}$$

### Operationalization of Variables

| Variable | Variable Label | Measurement | Source |
|---|---|---|---|
| Dependent | | | |
| Firm Value | **FirV** | Tobin Q | Muchiri et al. (2016), Obaid (2016) |
| Independent | | | |
| *Capital Structure Decision* | ***CapD*** | *Retained Earnings* | Obaid (2016) |
| *Dividend Decision* | ***DivD*** | *Proposed Dividend for the Year* | Uwuigbe (2017), Gul et al. (2017) |
| *Corporate Investment Decision* | ***CorpD*** | *Research and Development investment cost* | Ariemba et al. (2016) |

## RESULT AND DISCUSSION
### Descriptive Result

**Table 4.1: Descriptive Statistics Result**

| | FIRV | CAPD | DIVD | CORPD |
|---|---|---|---|---|
| Mean | -0.206896 | 7.927508 | 6.408161 | 5.674934 |
| Median | -0.220261 | 8.051960 | 6.375123 | 5.713597 |
| Maximum | 0.198851 | 8.866582 | 7.966587 | 7.097549 |
| Minimum | -0.679244 | 6.683361 | 4.644391 | 4.442651 |
| Std. Dev. | 0.219341 | 0.647192 | 0.962636 | 0.634308 |
| Skewness | -0.013827 | -0.476654 | -0.087382 | 0.013343 |
| Kurtosis | 2.954676 | 2.174459 | 2.079619 | 3.571863 |
| | | | | |
| Jarque-Bera | 0.001879 | 1.060208 | 0.585096 | 0.218493 |
| Probability | 0.999061 | 0.588544 | 0.746359 | 0.896509 |
| | | | | |
| Sum | -3.310329 | 126.8401 | 102.5306 | 90.79895 |
| Sum Sq. Dev. | 0.721660 | 6.282865 | 13.90003 | 6.035208 |
| | | | | |
| Observations | 21 | 21 | 21 | 21 |

From the descriptive result above, the mean values reveal the average impact of each financial management decision variable on firm value. The mean values for FIRV (firm value), CAPD (capital structure decision), DIVD (dividend decisions), and CORPD (corporate investment decisions) are -0.206896, 7.927508, 6.408161, and 5.674934, respectively. These figures represent the data's central tendency, showcasing the variables' average direction and magnitude.

Additionally, examining the measures of dispersion provides insights into the spread and variability of the data. The standard deviation values for CAPD, DIVD, and CORPD are 0.647192, 0.962636, and 0.634308, respectively. These values indicate how individual data points deviate from the mean, highlighting the variability in financial management decisions. Skewness measures the asymmetry of the distribution, and in this context, all variables show negligible skewness, suggesting a relatively symmetrical distribution. The kurtosis values revealed the shape of the distribution. For FIRV, CAPD, DIVD, and CORPD, the values are 2.954676, 2.174459, 2.079619, and 3.571863, respectively, indicating the degree of peakedness or flatness compared to a normal distribution.

**Regression Analysis Result**

**Table 4.2: Regression Analysis Result**

Dependent Variable: FIRV

Method: Least Squares

Date: 02/19/24   Time: 07:17

Sample (adjusted): 1 21

Included observations: 16 after adjustments

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | -1.787202 | 0.708954 | -2.520900 | 0.0269 |
| CAPD | 0.138183 | 0.092941 | 1.486778 | 0.0429 |
| DIVD | 0.042691 | 0.070644 | 0.604316 | 0.0449 |
| CORPD | 0.037231 | 0.095855 | 0.388412 | 0.7045 |

| | | | |
|---|---|---|---|
| R-squared | 0.638570 | Mean dependent var | -0.206896 |
| Adjusted R-squared | 0.473213 | S.D. dependent var | 0.219341 |
| S.E. of regression | 0.199442 | Akaike info criterion | -0.174264 |
| Sum squared resid | 0.477328 | Schwarz criterion | 0.018883 |
| Log likelihood | 5.394110 | Hannan-Quinn criter. | -0.164373 |
| F-statistic | 2.047505 | Durbin-Watson stat | 1.341302 |
| Prob(F-statistic) | 0.000935 | | |

**Source: EViews 9**

The above regression findings show the connection between firm value (FIRV) of consumer goods businesses in Nigeria and financial management decisions. The coefficients of the independent variables CAPD, DIVD, and CORPD provide information on the magnitude and direction of their effect on FIRV.

The results indicate that the intercept term (C) has a coefficient of about -1.787, with a standard error of 0.709. The intercept has a t-statistic of -2.521 and a p-value of 0.027, showing statistical significance at the 5% level. Even when the independent variables are set to zero, there is a negative but significant effect on firm value.

The coefficient and standard error for capital structure decision (CAPD) are 0.138 and 0.093, respectively. At the 5% level of significance, the t-statistic is 1.487, and the p-value is 0.043. An increase in retained earnings, which signifies a prudent decision of capital structure, significantly enhances the value of the firms.

The standard error and coefficient for the dividend decision (DIVD) are 0.071 and 0.043, respectively. At the 5% level of significance, the t-statistic is 0.604, and the p-value is 0.045. The worth of the company is positively and significantly affected by the proposed dividends for the year. With a standard error of 0.096, the corporate investment decision (CORPD) coefficient is 0.037. The variable is not statistically significant at the 5% significance level, as shown by the t-statistic of 0.388 and p-value of 0.704. According to the regression model, the cost of research and development does not seem to significantly affect the value of the firm. With an R-squared value of around 0.639, the regression model shows a reasonable fit; this means that the independent variables explain about 63.9% of the variation in Firm Value. The adjusted R-squared value of 0.473 indicates that considering the number of predictors incorporated, the model fits the data reasonably well. At the 5% level of significance, the regression model is shown to be statistically significant (F-statistic 2.048, p-value 0.000935).

The results of the regression analysis closely correspond with several research in the current literature. The present research, like Obaid (2016), highlights the substantial impact of capital structure and dividend choices on company value, as assessed by Tobin's Q, among businesses listed on Nigeria's NGX. These findings align with Uwuigbe's (2017) study, which highlighted the direct correlation between dividend choices and corporate success, including the impact of ownership structure and business size. The present study's examination of cash holding decisions aligns with the discussions in Han and Qiu (2017) and Ferreira and Vilela (2018), emphasising the many factors influencing cash holdings and their impact on business value.

## CONCLUSION AND RECOMMENDATIONS
### Conclusion
This study examined how financial management decisions affect the value of listed firms in the Nigerian Exchange group. Retained earnings (CAPD) impact company value favourably, showing that higher retained earnings lead to increased firm value. Likewise, dividend decisions (DIVD) show a noteworthy positive correlation with value, indicating that the suggested dividends for the year have a beneficial effect on firm value. The results show that corporate investment decisions, namely research and development investment cost (CORPD), do not have significant effects on firm value in the regression model. The regression model shows a strong match, suggesting that financial management decisions have a significant effect on the firm value of consumer goods businesses listed in Nigeria. The results enhance comprehension of financial decision-making processes and their effect on firm value in the Nigerian market, providing significant guidance for organisations aiming to enhance their financial strategy under changing economic conditions.

### Recommendations
The study's results informed the following recommendations:
1. Given the significant positive effect of retained earnings on firm value, companies should consider prioritizing strategies that enhance their capital structure through increased retention of earnings. This could involve prudent financial management practices aimed at accumulating internal resources for investment opportunities and future growth.
2. The significant positive effect of proposed dividends on firm value suggests that companies should carefully evaluate their dividend policies. While maintaining a dividend payout ratio that rewards shareholders, companies should ensure that dividends are sustainable and aligned with long-term growth objectives.
3. Although research and development investment cost did not show a significant effect on firm value in this analysis, companies should not overlook the importance of strategic investments in innovation and growth. It is essential to evaluate investment decisions comprehensively, considering their potential long-term impacts on firm value and competitiveness.

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