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*Keywords:* *firms attribute, performance.*

*GJMBR-C Classification:* *JEL Code: E60*


*Strictly as per the compliance and regulations of:*

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*Keywords: firms attribute, performance.*

## I. Introduction

The intellectual point of convergence between numerous scholars and contemporary writers in post-COVID-19 Africa is that the continent appears to be evolving under impossible conditions, Previously, companies in Nigeria were formed entirely on a sole proprietorship basis, in collaboration with a few limited liability companies. The establishment of Nigeria's Central Bank (CBN) in 1958 and the Securities and Exchange Commission (SEC) in 1979 opened a new dawn in Nigeria's business sector. Businesses are regulated and the Securities and Exchange Commission has set up an atmosphere in which foreign investors can enter and have their shares quoted in Nigeria's stock exchange. They also provided the facility for easy growth of both short-and long-term investment decision capital. This growth was the driving force behind Nigeria's modern business expansion.

The volatility of the modem market situation, marked by the extremely dynamic and competitive economic factors brought on by the globalization of the world economy, has radically changed Nigeria's business sphere from a national to a global economy. Globalization has changed the world economy, and the business world is at the forefront of this global chain movement. In an attempt to meet global demands and a highly competitive business climate, companies are forced to diversify operations to create values that can compete globally so as not to lose out on the market and maximize shareholders' wealth maximization target.

Diversification is a growth technique used by companies to dive into new markets and expand their spectrum of operations.

The Tiffany Conglomerate (2007) is a diversification strategy whereby a corporation joins one or more unrelated industries to extend its field of activity and explore other viable market areas. Companies also want to develop as a conglomerate because they feel that other markets provide more opportunities for development than their current industries. They also prefer a conglomerate approach to stabilize revenues and earnings. One of the key characteristics of the Conglomerate Business is the lack of an established partnership with the new company or industry The vertical or horizontally integrated company has a value or supply chain relationship which the conglomerate does not necessarily have a conglomerate that does not have a common strategic theme and does not gain a strategic profit. Companies that they buy instead are conglomerates of companies that participate in a host of activities involving different management skills. The conglomerate will emerge through organic internal growth and development, as well as through mergers and acquisitions Businesses in Nigeria are not isolated from this global chain curve.

This study places greater emphasis on the specific attributes and performance of conglomerates quoted in the Nigeria stock exchange The internal characteristics of a conglomerate business plays a key role especially in the area of decision making, exercising control, and exciting expertise strengthening operations perfecting sales and marketing campaign also in ensuring actualization of shareholders wealth maximization objective (men that conglomerate is mostly seen as a large corporation or companies in nature that is composed of several small independently

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run companies which occur partly because of the need to diversify the business. the overriding benefit of conglomerate is often the diversification of business risk, Participating in different markets, which are achieved through the ownership of controlling stakes in several smaller companies that conduct business separately, offers protection from' sector-specific risks, and sometimes geographical shocks to the group as more often than not, only a section of the revenue-generating channel is affected. The conglomerate structure also offers the group substantial economies of scale especially about administrative cost through a centralized management and distribution system. And in the process, at least theoretically, the parent company does maximize the per-subsidiary profit for any given subsector level operational cost.

In line with those above aforementioned, the specific attributes are among the major determinants of financial performance and profitability of conglomerates. Financial performance is a measure of efficient utilization of a firm's resources towards attaining stated goals using a return on asset, return on investment, return on equity and sales growth amongst others as parameters. Specific attributes can be seen in the perspectives of the firm's size, leverage, liquidity level, the board size, institutional shareholding/ownership, and board compositions among others. The conglomerate strategy has removed the narrow divide of sole proprietorship and expanded the scope of businesses by creating more business opportunities for investors to dive into. Globalization which made it easy for capital to move across borders with ease turning the world into a global village created more business opportunities. The competition became more intense and the need to diversify operations rose. To meet up with the global demands and to remain in business, companies in Nigeria searched for a suitable strategy that conforms with the global trend. That's what brought about the prevalent Conglomerates strategy in the Nigeria business landscape.

The base of the conglomerate is deeply rooted in Nigeria's history. The historic development of conglomerate companies in Nigeria dates back to the early colonial period. At the heart of that history is the 80th anniversary of AG-Leventis Plc, which started as a trading and chain store company and later became the assembly and distribution of various consumer and producer goods. Currently, Nigeria's top ten conglomerate investments are estimated to have a combined annual turnover of more than N15 trillion and employ a large number of low middle-level workers.

In this context, we are concerned with the study of the basic characteristics and financial performance of the listed conglomerates in Nigeria.

To achieve this objective, it is thus hypothesized in a null form that:

$H0_1$: Firm size has no significant effect on the financial performance of quoted conglomerate companies in Nigeria.

$H0_2$: Leverage has no significant effect on the financial performance of quoted conglomerate companies.

## II. Literature Review

### a) Concept of Firm Attributes

Businesses shall be founded to make profits (Abiodun, 2013). To increase shareholder capital through value development, a variety of factors combine to catalyze to improve efficiency and ensure that the ultimate goal is achieved. The firm attribute is one of the key factors and drivers that improve the success or failure of any business. Businesses are set up to ensure A company with a strong and sound specific attribute has a higher chance of performing than a company with a haphazard specific attribute. In other words, basic characteristics play a major role in ensuring the success or failure of business activities in any organization. For this analysis, the firm attribute is: firm size, leverage, the board size, liquidity, and institutional investors will be properly planned.

### b) Concept of Firm Size

According to Velnampy (2013), firm size is the amount and variety of production capability and capabilities that a firm possesses or the amount and variety of services that a firm can offer to its customers at the same time. The firm size represents how it grows and adapts to its climate. Changes in size are therefore extremely significant in the field of firm demography (Wissen, 2002).

Classical economist clarified that shifts in the size of firms depend on economies of scale. These economies of scale are due to reduced prices as the business expands. Therefore, the higher the scale economy, the larger the optimum firm size. The size of the company is considered to be an important issue in deciding the essence of the partnership with the company inside and outside its operating environment. And the rising presence of a multinational company worldwide is a direct indication of the importance of the scale and role it can play in the business environment (Abiodun, 2013, Wissen, 2002).

Fajaria and Isnalita, (2018) The size of the business show the size of the company's properties. A large business would have three advantages: it's easy to get venture capital, good at negotiating, and it also has a big advantage. Firm Size can be calculated using the natural logarithm of total assets and acts as a control variable, a variable that is neutral and can be managed in such a way that the relationship of independent variables to the dependent variable is not affected by factors outside the analysis. The natural logarithm of total assets is used while other variables are calculated by the scale ratio that can be interpreted as regression.

c) *Concept of Leverage*

Mbatuegwu, Musa, Ugoh, and Komolafe (2021), Leverage means that the business can borrow money to finance the purchase of an asset, which also intend to have higher bankruptcy risk, went ahead saying that Leverage is all about keeping your pride to borrow to grow your business. Leverage refers to the effective utilization of borrowed funds (debt financing) to increase profitability. It is measured by total liabilities to equity (Alkhatib, 2012).

Kasmir (2008) indicates that leverage is the ratio used to calculate the size of the company's assets funded by debt. That is to say how much of the debt burden the organization bears on its properties. Typically, the use of leverage is tailored to the goals of the organization. Based on the outcome of the leverage calculations, the company would find a way to use its capital and borrowed capital, as well as assess the ratio of a company's ability to fulfill its obligations.

Financial leverage is caused due to fixed financial interest in every organization. Businesses use fixed financial charges to increase the effect of changes in earnings before interest and tax on the earnings per share and profits. It includes the use of those funds that are obtained at a fixed cost in the expectation of increasing the return to the shareholders in the future. The financial leverage used by every company is anticipated to earn more return to the fixed-charge fund than their costs. The surplus (or deficit) will increase (or decrease) the return on the owners' equity and return on investment (Hallajian, and Tilehnouei (2016).

Linawaty and Ekadjaja (2017) The impact of financial leverage is unfavorable when the earnings capacity of the firm is less than what is expected by the lender i.e., the cost of debt. The return on investment comes from leverage appreciation of assets are purchased with only a portion of the purchase price coming from the buyer and the balance coming from the lender. Any increases in the value of the entire asset represent a real return on the original amount invested and the investor will make profits in long run).

They discussed that sometimes increase in debt causes bankruptcy. They said that the increase in the debt level reduces the agency cost but increases the bankruptcy cost.

d) *Measurement of Firm Performance*

*Kouser (2012),* profitability can be defined as the earning of the firm or consistency of cash inflow of the firm. It is influenced by several factors such as firm size, the export of the firm, reliance on debt, age, fixed asset, growth, and sales growth. There are many methods to measure performance such as return on asset (ROA), return on equity (ROE) and return on sales (ROS). Return on asset (ROA) is the measure of how well a company uses its assets to generate profit. Return on sales (ROS) is earning of the firm from every amount of the sales and shows a short-term performance of the company. Return on equity (ROE) is the measure of a firm's profit distributed to the shareholder. ROA and ROE give a long-term view of the performance of the firm *(Kouser et al. 2012).* An increase in profitability is the most desire and ultimate reward for all the handiwork and planning of firm management and they are constantly on a look to find ways to increase.

For this study, ROA is adopted to measure financial performance based on the premise that it is the most preferable measure of financial performance as it considers the use of profit of the organization over the value of its assets.

e) *Empirical Studies on Firm Attributes*

Agrawal, Sehgal, and Vasishth (2020) looked at corporate characteristics and fundamental factors for the creation of various investment strategies, using data from 200 companies listed on the National Stock Exchange (NSE) from 2005 to 2018. The results show the presence of anomalies in the stock market based on size, volume, earnings, cash flow fluctuations, asset growth, price momentum, price-to-book ratio, and profitability. The performance of trading strategies is subject to the construction of portfolios, i.e. 5/10/20 portfolios. In general, bivariate strategies perform better than univariate approaches in the Indian context. Overall, the size-based approach works better with a mean over-return of 3.63 percent per month. This experiment has been carried out in a foreign country, and the result cannot be openly generalized in Nigeria.

Ogoun and Ayaundu (2020) investigated whether or not the attribute count of a firm (FAC) affects the management accounting practices (MAPs) adopted. This initiative is related to the manufacturing sector, using primary data obtained via the issuance of standardized questionnaires. The number of firm attributes was discriminated against based on; the size, the strength of market competition, the rank of accounting staff, and the technology used. A sample size of 80 firms was adopted using the Spearman correlation coefficient method used to analyze the results. The analytical outcome of this initiative shows that all the firm attributes deployed in this study have a substantial effect on MAPs. The study concludes, therefore, that the type of accounting management tool used in any firm is firm in size, the strength of market competition, the quality of the accounting staff and the degree and scope of the tech-based, and that the difference in domains is related to the nature of the impact of these variables. It makes use of primary data, but we are making use of secondary data.

Hassan and Farouk (2014) investigated the firm attributes and earnings efficiency of the listed oil and gas companies in Nigeria for the period 2007-2011. The Oil and Gas companies mentioned are Nine (9) in the numbers from which a sample of Seven (7) was used for

the analysis. Firm attributes as an independent variable were proxy with firm size, leverage, Institutional ownership, profitability, liquidity, and firm growth), while the residuals from Dechow et al (1995) modified Jones model was used as a proxy for quality earnings. The research adopts multiple panel regression techniques and data were collected from secondary sources via annual reports and business accounts. The findings show that leverage, liquidity, and firm growth have a major positive impact on earnings quality, while firm scale, institutional ownership, and profitability have a significant but negative impact on the earnings quality of listed oil and gas companies in Nigeria. This has been done for oil and gas firms, but this will be done for a conglomerate firm.

*f) Firm Size and Financial Performance*

The relationship between firm size and profitability occupies a substantial portion of economic literature. However, previous empirical investigations of the issue have yield conflicting results. Some studies have obtained a weak or negative relationship or none at all others have reported a positive association (Vijayakumar and Tamizhselvan, 2010).

Fajaria and Isnalita (2018) analyzed the impact of profitability, liquidity, leverage, and business growth on firm value, with dividend policy as a moderating variable, and firm size as a control variable. This study was performed using a documentation system in Indonesia, as well as a sampling methodology for sampling. This analysis was processed using the SPSS software, with a total of 396 data observations. Where there are 146 manufacturers listed on the Stock Exchange during the period from 2013 to 2016 and the number of samples was 108, 106, 94, and 112 firms, respectively. Profitability and fast growth are shown to increase Firm Value, but liquidity and high debt are shown to decrease Firm Value. It may be difficult to function in Nigerian material due to externalities and economic variations.

Akinyomi (2016) explored the effects of firm size on the profitability of the Nigerian manufacturing sector. The panel data set for the period 2005-2012 is collected from the audited annual reports of the selected manufacturing firms listed on the stock exchange. Return on assets (ROA) was used as a proxy for profitability, while log of total assets and log of turnover was used as a proxy for firm scale. Also, liquidity, debt, and the ratio of inventories to total assets were used as control variables. The results of the study showed that the size of the group, both in terms of total assets and in terms of total revenue, had a positive impact on the profitability of the Nigerian manufacturing company. In the meantime, the control variables have a negative relationship with the inventory, while others have a positive relationship. Research has been done on manufacturing firms, but this will concentrate on conglomerates in Nigeria.

However, profitability can affect the firm size and vice versa, It is contended in the literature that the profit rates of the firms can persist over time and increasing levels of profits can help the firm grow faster and at the same time the size of a firm plays an important role in determining the kind of relationship the firm enjoys within and outside its operating environment investigated the relationship between firm size and performance of small and medium-sized Portuguese companies for the period 1999 to 2003. Their results indicate that there is a positive and statistically significant relationship between the size and profitability of SMEs. On the other hand, for the large Portuguese companies, they found a statistically insignificant relationship between size and profitability (Serrasqueiro et al, 2008).

*g) Leverage and Financial Performance*

Fajaria and Isnalita (2018) analyze the impact of profitability, liquidity, leverage, and business growth on firm valuation, with dividend policy as a moderating variable, and firm size as a control variable. This study was performed using a documentation approach as well as a sampling methodology for sampling. This analysis was processed using the SPSS software, with a total of 396 data observations. Where there are 146 manufacturing companies listed on the Indonesian Stock Exchange between 2013 and 2016 and the number of samples was 108, 106, 94, and 112 companies, respectively. Profitability and fast growth are shown to increase Firm Value, but liquidity and high debt are shown to decrease Firm Value. Due to demographic, inflation, and sectoral peculiarities, the finding cannot be consistent with Nigeria at the time of post-covid-19.

Ibhagui and Olokoyo (2018), use the Hansen (1999) threshold regression model to analyze the empirical relation between leverage and firm performance through a new threshold variable, firm size. We question if there is an ideal firm size for which the leverage is not negatively linked to the firm's results. the panel data from 101 listed companies in Nigeria between 2003 and 2007, were explored to the ultimate effect of leverage on firm performance depends on firm size; that is, whether the type of impact that leverage has on the firm's performance depends on the size of the firm. the findings indicate that the negative impact of leverage on firm output is most important and significant for small firms, and that evidence of negative impact decreases as the firm expands, ultimately disappearing as firm size approaches its estimated threshold. We find that this finding continues to hold, regardless of the debt ratios used. In line with previous research, findings show that the leverage impact on Tobin's Q is positive for

Nigeria's listed firms. However, our recent result is proof that the frequency of the positive relationship depends on the size of the business and is often higher for small firms. The current work will make use of multiple regression analysis techniques also the data analysis will make use of the ordinary least squire regression technique.

Alkhatib (2012) Analyzed the Leverage Determinants of Listed Companies sampled by 121 listed companies on the Jordanian Stock Exchange, extended from 2007 to 2010. The survey represented the manufacturing and utility industries, while the financial sector was excluded from the report. For the data analysis, the regression model was used; the explanatory variables included firm liquidity, scale, growth rate, benefit, and tangibility, while the independent variable was the leverage ratio. The findings indicate that there was no statistically important association for both the manufacturing and service sectors. When the two sectors were divided, the results for the manufacturing sector revealed that liquidity and tangible linkages with leverage were important, while the results for the services sector revealed that the rate of growth, liquidity, and tangibility had a significant relationship with leverage. Due to demographic, inflation, and sectoral peculiarities, work is now almost decayed, but the finding cannot be compatible with Nigeria at the moment.

*a) Model Specification and variables measurement*

$$Y_{it} = \alpha_{it} + B_1 x_{1it} + B_2 X_{2it} + \ldots\ldots\ldots\ldots\ldots\ldots Bn_{it} Xn_{it} + \mu_{it} \quad \text{-I}$$

$$ROA_{it} = \alpha_{it} + B_1 FS_{it} + B_2 LEV_{it} + \varepsilon_{it} \quad \text{-II}$$

Where

a. = Intercept

$B_1$-$B_3$ = Coefficient of the independent variables

ROA = Return on asset = Ratio of net income after tax to total asset value

FS = Firm size = Natural logarithm of total asset.

LEV = Leverage = Measured as the ratio of long-term debts plus (+) short term debts to total value of assets

$\varepsilon_{it}$ = Residual or error term of firm 'i' in period 't'

QR = Total Current Assets - Stock /Total + Current Liabilities.

The choice of the year and variables is considered appropriate given that the objectives of the study. The variables were preferred given their importance in the determination of quoted conglomerates companies in Nigeria.

*h) Theoretical Framework*

i. *Agency Costs Theory*

According to Agency cost theory, a higher level of debt increases shareholders' value because of its disciplinary effect on manager behavior. There are two types of inherent conflicts of interest in this theory: (a) Manager -to- shareholder conflicts, and (b) creditors-to shareholders conflict. In the first case, when debt increases, shareholders can bind managers to service the debt obligation. Thus, when the debt level is increased, a large portion of the free cash flow should be used to pay the debt obligation. In this case, shareholders or boards of directors effectively reduced the free cash flow in the company and prevent managers from investing in sub-optimal or excessive investments (Berle and Means (1932) the firm size and leverage structure helped to prevent conflict by making information conformity and balance.

## III. Methodology

The work employs multiple regression analysis techniques for data analysis using the ordinary least squire regression technique. The population comprises all 25 quoted conglomerates on the Nigerian stock exchange (NSE) as of 31st December 2018.

## IV. Result and Discussion

*a) Descriptive Statistics*

The sample descriptive was first presented in the table below where the minimum, maximum, mean, standard deviation, skewness, and kurtosis of the data for the variables used in the study were described.

*Table 1:* Descriptive Statistics of the Variables

| Variable | Min | Max | Mean | Std.Dev. | Skewness | Kurtosis | N |
|---|---|---|---|---|---|---|---|
| ROA | -3.97 | 24.68 | 6 .7296 | 11.224 | -0.388 | 3.551 | 25 |
| LEV | 0.33 | 4.95 | 1.592 | 1.2201 | 1.4372 | 4.284 | 25 |
| FS | 5.74 | 7.33 | 6.3758 | 0.5906 | 2.2874 | 2.284 | 25 |

*Source: Annual Report (2010-2018)*

As can be inferred from the above presented descriptive result, ROA topped the chart with an average return of 6.72% approximately ranging from a minimum of - 3.97% to a maximum value of 24.68% implying that the industrial ROA average rises marginally over the period. As for the predictors used; firm size had the highest industrial average of 6.3758 implying that at par level, the asset of the firms in this industry increase by approximately N6.38 per every cost Ni cost incurred ranging from a minimum of N5.74 to a maximum of N7.33.

In the industry potentially can convert its current assets into liquid cash easily while leverage was averaged at 1.592% ranging between 0.33% to 4.94% implying that the firms in this industry are averagely levered across the period.

The most prominent among the result in the descriptive statistics was the higher standard deviations of performance (0.049) relative to the standard deviation of other independent variables used in the study model when compared with their mean value. The high standard deviation of performance indicates that our sample firms were of varying performances.

Finally, the skewness and kurtosis statistics revealed that the data obtained for all the variables including dependent and independents were not abnormal. Then, the study is considered valid when it is based on valid data or information, and this information is considered valid if obtained from the data quality. Therefore, the result from the normality test signified the normality of the data and further substantiated the validity of the regression result.

*b) Correlation Matrix*

The table displays the correlation values between the dependent and the independent variables and also the relationship between the independent variables themselves. The values were gotten from the Pearson correlation of two-tailed significance. It shows the correlation the top values displaying the Pearson correlation coefficient between all pairs of variables and the asterisk beside the Pearson correlation coefficient showing the two-tail significance of these coefficients.

Correlation Matrix

| | ROA | FS | LIQ | LEV |
|---|---|---|---|---|
| ROA | 1 | | | |
| FS | 0.3779 | 1 | | |
| LIQ | 0.1224 | -0.2813 | 1 | |
| LEV | -0.401** | 0.0177 | -0.461** | 1 |

*Source: Correlation Matrix Results Using STATA*

Summary of Regression Result

| Variables | Coefficient | Z-Statist | |
|---|---|---|---|
| Constant | -37.47668 | -1.47 | 0. |
| FS | 7.629132 | 2.11 | 0.035 |
| LEV | -3.498806 | -1.87 | 0.065 |
| | | | |
| $R^2$ Within | 0.3773 | | |
| $R^2$ Between | 0.0157 | | |
| $R^2$ Overall | 0.3115 | | |
| Wald $Chi^2$ | 9.50 | | |
| Wald-Significance | | 0.0233 | |

*Source: Result output from STATA 10*

The accumulated R2 Total value of (0.3115) which is the multiple coefficients of determination gave the proportion of the total variance of the dependent variable explained jointly by the independent variable. It, therefore, meant that 31.15 percent of the overall shift in output of listed conglomerate firms in Nigeria was attributed to company unique attributes of firm size, liquidity, and leverage, assuming all other factors remain constant.

The Wald chi2 of 9.50, which is important at a significance level of 0.05, suggests that the model of success and firm attributes are acceptable. This means that the independent variables are chosen, combined, and used correctly. It implies that any improvement in firm unique attributes will have a direct effect on results. The value of Wald Chi2 which is statistically significant at a level of 0.0233 implies that there is a 99.08 percent likelihood that the relationship between the variables was not due to mere chance.

From Table 4.3, it was observed that the z-value for firm size (FS) was 2.11 with a coefficient value of 7.629132 is significant at of 0.05 significance level. This signifies that firm size positively and significantly influences the performance of firms in this industry meaning that for every unit change in firm size performance will increase by 7.62% is that all other factors are held constant.

As for leverage as one of the determinants of firm-specific attributes, a negative relationship can be inferred as depicted by the negative coefficient and z-value of - 3.498806 and -1.87 respectively and at the same time not statistically significant at a 5% significance level. This means that how levered the firms are cannot significantly influence performance in the short-run assuming all other factors are held constant.

## V. Discussion of Findings

This section presents the analysis carried out to test the hypotheses stated in chapter one. The regression result used for the hypotheses test is presented in Table below:

Variable Coefficients

| Variables | Z-Values | P. Values | Tolerance/VIF |
|---|---|---|---|
| FS | 2.11 | 0.035 | 0.712813/1.40 |
| LIQ | 0.28 | 0.780 | 0.773810/1.29 |
| LEV | -1.85 | 0.065 | 0.904965/1.11 |

*Source: Result output from STATA 10*

Table 4.4 shows that majority of the variables are positive, while one of the predictors (leverage) is negative. Only one predictor is significantly impactful at 1% and 5% levels. This revealed that all firm attributes explain the attitude of performance of conglomerate firms in Nigeria to a large extent.

The results for each hypothesis are presented below:

As can be inferred from the above-presented result under hypotheses testing, drawing inference from the result shows that firm size significantly influences financial performance for the reason being that computed p-value of 0.035 is less than 5% significance level. Therefore, the first null

*The hypothesis is rejected.*

Also, from the table above, while leverage has shown a negative effect on financial results but not statistically significant at a 5 percent significance level because the p-value of 0.065 is higher than 0.05. Therefore, we conclude here by failing to dismiss the second null hypothesis. This means that the leverage does not have a significant influence on performance.

In summary, from the study carried out, it can be seen that, overall, firm-specific attributes have a major effect on results. Specifically, it was noted that, among the three specific attributes used in our analysis, only firm size significantly influences financial performance positively, as well as liquidity positively, but not significantly, while leverage negatively affects the financial performance of conglomerate firms in Nigeria. Which was also in line with the finding of Mahendra Dj et al. (2012) and Sisca (2018) Martini (2015) and Lestari (2017) found that the positive effect of debt policy on corporate value, and can be moderated dividend policy.

A firm with a high leverage level tends to be negatively affected for the reason being that finance cost is involved here. A high leverage level is a potential to the existence of a corporation; therefore, it should be kept at bay and an internal source of finance should be opted for through retained earnings to finance the cost of operation as they retain earnings connotes a reservoir of firm's existence. This further goes in line with Zhang and Li, (2008), who discussed that increase in leverage decreases the agency cost. In their study, they also stated that if the leverage is increased from the optimal level then those results in the opposite put an effect on the agency cost of free cash flow. They discussed that sometimes increase in debt causes bankruptcy. They said that the increase in the debt level reduces the agency cost but increases the bankruptcy cost.

A firm with a large asset base tends to perform better-off than those with less capacity in terms of assets. Assets are often time referred to as economic resources of which are expected to flow economic

benefits to the owners for the next foreseeable future. By so doing, a firm with a large asset base would receive a higher economic benefit in both the short-run and the long-run. This reason accounts for the significant effect of firm size on performance. Findings from this study correlate with the findings of (Dogan, 2013).

## VI. Conclusion and Recommendations

The study found that the size of the company has a positive and important effect on financial performance at this point of post-COVID-19, and therefore management should try to increase its total asset level as much as possible because assets have been described in accounting as business capital in which long-term economic benefits are expected to flow for a long period. The higher the number of assets, the higher the valuation of the businesses, and the more likely it is to produce more returns.

Accordingly, this study concludes that firm size and firm leverage are determinants of the financial performance of listed conglomerate firms in Nigeria.

Also, this study advises that the management track its leverage level to maintain it at an optimum stage. High debt adversely affects the output of conglomerate companies. Therefore, the amount of leverage (debt-to-equity ratio) should be 3 5:65 to avoid high capital costs that guarantee performance in the post-COVID-19 Era.

Finally, a high level of liquidity is toxic to conglomerate companies because cash is tied down in the production process. Low liquidity leads to an inability to meet current obligations as they are due. An optimum liquidity level of 50% is therefore recommended for optimum performance.

The study, therefore, suggests that constructive steps be taken in addition to traditional practices and transparency criteria for companies in conglomerates in Nigeria:

* Financing of the economy and diversification with transparent management.

The economy must be funded to develop, first of all, for businesses like conglomerates to fall in line with growth.

* Financing and planning for the health care system is a very important factor.
* Reducing much of the pressure on the revenue and financial structure of conglomerates by the owners and their family members.
* Collaborating, organizing, and helping each other first to solve this lethal pandemic to save the global economic system by the IMF findings (2020).

We suggest that in this post-COVID-19 period and the subsequent economic crisis should not lead to a recession in the economy, some of the imperatives addressed in this work Yet effective supervision, probity, fairness, integrity, prudence, accountability and the best values of conglomerate business practice are important to the post-COVID-19 Nigerian economy in terms of world best practice and practice.

Be wise, and the truthful Covid-19 is real.

*Suggestion for Studies*

i. Since this study focused on the conglomerate's companies, other future researches can focus on other sectors of the economy especially, the ones with governance and reporting failures.
ii. Also, the study did not capture all variables as such other studies may consider variables that were not used in this study.
iii. The new code of corporate governance addresses so many issues bothering conglomerates companies and governance hence, new endeavors can make massive use of the new code.

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## Appendix I

liq

| | Percentiles | Smallest | | |
|---|---|---|---|---|
| 1% | .41 | .41 | | |
| 5% | .51 | .51 | | |
| 10% | .57 | .57 | Obs | 25 |
| 25% | 1.12 | .72 | Sum of Wgt. | 25 |
| 50% | 1.41 | | Mean | 1.7432 |
| | | Largest | Std. Dev. | 1.033944 |
| 75% | 2.32 | 3.17 | | |
| 90% | 3.41 | 3.41 | Variance | 1.069039 |
| 95% | 3.47 | 3.47 | Skewness | .9887972 |
| 99% | 4.45 | 4.45 | Kurtosis | 3.242478 |

lev

| | Percentiles | Smallest | | |
|---|---|---|---|---|
| 1% | .33 | .33 | | |
| 5% | .35 | .35 | | |
| 10% | .38 | .38 | Obs | 25 |
| 25% | .79 | .43 | Sum of Wgt. | 25 |
| 50% | 1.23 | | Mean | 1.592 |
| | | Largest | Std. Dev. | 1.220174 |
| 75% | 1.97 | 2.62 | | |
| 90% | 3.06 | 3.06 | Variance | 1.488825 |
| 95% | 4.68 | 4.68 | Skewness | 1.43723 |
| 99% | 4.95 | 4.95 | Kurtosis | 4.619586 |

```
. sum roa fs liq lev, detail
```

roa

| | Percentiles | Smallest | | |
|---|---|---|---|---|
| 1% | -23.9 | -23.9 | | |
| 5% | -6.04 | -6.04 | | |
| 10% | -4.92 | -4.92 | Obs | 25 |
| 25% | 1.1 | -3.97 | Sum of Wgt. | 25 |
| 50% | 5.12 | | Mean | 6.7296 |
| | | Largest | Std. Dev. | 11.22401 |
| 75% | 12.9 | 21.45 | | |
| 90% | 22 | 22 | Variance | 125.9783 |
| 95% | 23.81 | 23.81 | Skewness | -.3884459 |
| 99% | 24.68 | 24.68 | Kurtosis | 3.55144 |

fs

| | Percentiles | Smallest | | |
|---|---|---|---|---|
| 1% | 5.195581 | 5.195581 | | |
| 5% | 5.262589 | 5.262589 | | |
| 10% | 5.734264 | 5.734264 | Obs | 25 |
| 25% | 5.911939 | 5.746411 | Sum of Wgt. | 25 |
| 50% | 6.444484 | | Mean | 6.375879 |
| | | Largest | Std. Dev. | .5906449 |
| 75% | 6.847922 | 7.050152 | | |
| 90% | 7.150881 | 7.150881 | Variance | .3488614 |
| 95% | 7.248228 | 7.248228 | Skewness | -.2588283 |
| 99% | 7.333876 | 7.333876 | Kurtosis | 2.287433 |

```
. sum roa fs liq lev
```

| Variable | Obs | Mean | Std. Dev. | Min | Max |
|---|---|---|---|---|---|
| roa | 25 | 6.7296 | 11.22401 | -23.9 | 24.68 |
| fs | 25 | 6.375879 | .5906449 | 5.195581 | 7.333876 |
| liq | 25 | 1.7432 | 1.033944 | .41 | 4.45 |
| lev | 25 | 1.592 | 1.220174 | .33 | 4.95 |

```
. pwcorr roa fs liq lev, sig
```

| | roa | fs | liq | lev |
|---|---|---|---|---|
| roa | 1.0000 | | | |
| fs | 0.3779<br>0.0626 | 1.0000 | | |
| liq | 0.1224<br>0.5601 | -0.2813<br>0.1732 | 1.0000 | |
| lev | -0.4009<br>0.0470 | 0.0177<br>0.9329 | -0.4611<br>0.0204 | 1.0000 |

```
. reg roa fs liq lev
```

| Source | SS | df | MS |
|---|---|---|---|
| Model | 941.844391 | 3 | 313.94813 |
| Residual | 2081.63553 | 21 | 99.1255015 |
| Total | 3023.47992 | 24 | 125.97833 |

| | |
|---|---|
| Number of obs | = 25 |
| F( 3, 21) | = 3.17 |
| Prob > F | = 0.0457 |
| R-squared | = 0.3115 |
| Adj R-squared | = 0.2132 |
| Root MSE | = 9.9562 |

| roa | Coef. | Std. Err. | t | P>\|t\| | [95% Conf. | Interval] |
|---|---|---|---|---|---|---|
| fs | 7.629132 | 3.616968 | 2.11 | 0.047 | .1072361 | 15.15103 |
| liq | .6505058 | 2.328105 | 0.28 | 0.783 | -4.191053 | 5.492065 |
| lev | -3.498806 | 1.893424 | -1.85 | 0.079 | -7.436398 | .4387854 |
| _cons | -37.47668 | 25.47298 | -1.47 | 0.156 | -90.45064 | 15.49728 |

```
. vif
```

| Variable | VIF | 1/VIF |
|---|---|---|
| liq | 1.40 | 0.712813 |
| lev | 1.29 | 0.773810 |
| fs | 1.11 | 0.904965 |
| Mean VIF | 1.27 | |

```
. hettest

Breusch-Pagan / Cook-Weisberg test for heteroskedasticity
        Ho: Constant variance
        Variables: fitted values of roa

        chi2(1)      =     1.99
        Prob > chi2  =   0.1581
```

```
. xtreg roa fs liq lev, fe

Fixed-effects (within) regression               Number of obs      =        25
Group variable: year                            Number of groups   =         5

R-sq:  within  = 0.3917                         Obs per group: min =         5
       between = 0.0090                                        avg =       5.0
       overall = 0.2980                                        max =         5

                                                F(3,17)            =      3.65
corr(u_i, Xb)  = -0.0769                        Prob > F           =    0.0338

------------------------------------------------------------------------------
         roa |      Coef.   Std. Err.      t    P>|t|     [95% Conf. Interval]
-------------+----------------------------------------------------------------
          fs |   8.815284   3.472624     2.54   0.021     1.488687    16.14188
         liq |  -.1925496   2.448499    -0.08   0.938    -5.358432    4.973332
         lev |  -3.300238   1.844048    -1.79   0.091     -7.19084    .5903637
       _cons |  -43.88595   24.28636    -1.81   0.088    -95.12569    7.353787
-------------+----------------------------------------------------------------
     sigma_u |  5.5456637
     sigma_e |  9.4278554
         rho |  .25706021   (fraction of variance due to u_i)
------------------------------------------------------------------------------
F test that all u_i=0:     F(4, 17) =     1.60                 Prob > F = 0.2187

. estimates store fixed

. xtreg roa fs liq lev, re

Random-effects GLS regression                   Number of obs      =        25
Group variable: year                            Number of groups   =         5

R-sq:  within  = 0.3773                         Obs per group: min =         5
       between = 0.0157                                        avg =       5.0
       overall = 0.3115                                        max =         5

Random effects u_i ~ Gaussian                   Wald chi2(3)       =      9.50
corr(u_i, X)       = 0 (assumed)                Prob > chi2        =    0.0233

------------------------------------------------------------------------------
         roa |      Coef.   Std. Err.      z    P>|z|     [95% Conf. Interval]
-------------+----------------------------------------------------------------
          fs |   7.629132   3.616968     2.11   0.035     .5400058    14.71826
         liq |   .6505058   2.328105     0.28   0.780    -3.912496    5.213507
         lev |  -3.498806   1.893424    -1.85   0.065     -7.20985    .2122374
       _cons |  -37.47668   25.47298    -1.47   0.141     -87.4028    12.44944
-------------+----------------------------------------------------------------
     sigma_u |           0
     sigma_e |  9.4278554
         rho |           0   (fraction of variance due to u_i)
------------------------------------------------------------------------------

. estimates store random

. hausman fixed

                 ---- Coefficients ----
             |      (b)          (B)            (b-B)     sqrt(diag(V_b-V_B))
             |    fixed        random       Difference          S.E.
-------------+----------------------------------------------------------------
          fs |   8.815284     7.629132       1.186152                .
         liq |  -.1925496     .6505058      -.8430554        .7583382
         lev |  -3.300238    -3.498806       .1985681                .
------------------------------------------------------------------------------
                b = consistent under Ho and Ha; obtained from xtreg
 B = inconsistent under Ha, efficient under Ho; obtained from xtreg

    Test:  Ho:  difference in coefficients not systematic

                  chi2(3) = (b-B)'[(V_b-V_B)^(-1)](b-B)
                          =          0.52
                Prob>chi2 =        0.9155
                (V_b-V_B is not positive definite)
```

```
. xtreg roa fs liq lev, re

Random-effects GLS regression                   Number of obs      =        25
Group variable: year                            Number of groups   =         5

R-sq:  within  = 0.3773                         Obs per group: min =         5
       between = 0.0157                                        avg =       5.0
       overall = 0.3115                                        max =         5

Random effects u_i ~ Gaussian                   Wald chi2(3)       =      9.50
corr(u_i, X)       = 0 (assumed)                Prob > chi2        =    0.0233
```

| roa | Coef. | Std. Err. | z | P>\|z\| | [95% Conf. | Interval] |
|---|---|---|---|---|---|---|
| fs | 7.629132 | 3.616968 | 2.11 | 0.035 | .5400058 | 14.71826 |
| liq | .6505058 | 2.328105 | 0.28 | 0.780 | -3.912496 | 5.213507 |
| lev | -3.498806 | 1.893424 | -1.85 | 0.065 | -7.20985 | .2122374 |
| _cons | -37.47668 | 25.47298 | -1.47 | 0.141 | -87.4028 | 12.44944 |
| sigma_u | 0 | | | | | |
| sigma_e | 9.4278554 | | | | | |
| rho | 0 | (fraction of variance due to u_i) | | | | |

## Appendix II

*Table 3.1:* Lists of Sampled Conglomerate Firms in Nigeria

| S/N | Quoted Firms | Year of Listing |
|---|---|---|
| 1. | A.G Leventis (Nigeria) Plc. | 1978 |
| 2. | Chellarams Plc. | 1977 |
| 3. | John Holt Plc. | 1974 |
| 4. | PZ Cussons Nig. Plc. | 1974 |
| 5. | SCOA (Nigeria) Plc. | 1977 |
| 6. | Unilever Nig. Plc. | 1973 |
| 7. | UACN Plc. | 1974 |
| 8. | Transnational Corporation of Nig. | 2006 |

*Source: Stock Exchange Fact Book.*