ISSN: 3187 – 7288
Volume 12, Number 2, 2024
International Journal of Innovations in Accounting and Economics Management

CHANGE IN INVESTMENTS ACTIVITIES AND FINANCIAL PERFORMANCE OF QUOTED NIGERIA MANUFACTURING COMPANIES

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ABSTRACT
This seminar paper examined the relationship between changes in investment activities and financial performance of quoted Nigerian manufacturing companies. The study specifically investigated how the purchase and sale of long-term assets and investments in financial securities influenced the net profit margin of these firms. Guided by a positivist research philosophy, the study adopted an ex post facto research design, utilizing secondary data from published annual reports and financial statements of five selected firms representing five key manufacturing sectors over the period 2020 to 2024. The firms included Dangote Cement Plc, BUA Cement Plc, Nestlé Nigeria Plc, Nigerian Breweries Plc, and PZ Cussons Plc. Data were analyzed using multiple regression techniques, descriptive statistics, correlation analysis, and diagnostic tests to ensure robustness, while shareholders' equity was considered as a moderating factor. Findings revealed that changes in the purchase and sale of long-term assets significantly enhanced profitability, and investments in financial securities also positively influenced net profit margins. Based on these findings, the study recommended that managers prioritize strategic acquisition of productive assets, complement these investments with prudent financial securities, maintain strong equity positions, and continuously monitor investment decisions to improve operational efficiency and sustainable financial performance.

INTRODUCTION
Background to the Study
Quoted manufacturing companies occupy a strategic position in the Nigerian economy due to their contributions to industrialization, employment generation, value addition, and economic diversification. The manufacturing sector serves as a vital bridge between the primary and tertiary sectors by transforming raw materials into finished goods for domestic consumption and export. In Nigeria, manufacturing firms listed on the Nigerian Exchange Group (NGX), particularly those in cement, food and beverages, and consumer goods, contribute significantly to tax revenue, foreign exchange earnings, and infrastructural development (Akinlo, 2021; Adegboye & Alabi, 2020). Despite their economic relevance, the sector continues to experience operational and financial pressures that threaten sustained profitability. In recent years, many quoted Nigerian manufacturing companies have recorded fluctuating or declining net profit margins in their published annual reports. Rising production costs associated with inflation, exchange rate volatility, high energy costs, and supply chain disruptions have placed significant pressure on earnings (Ogunleye, 2022). Economic shocks such as the COVID-19 pandemic and recent macroeconomic adjustments further intensified cost structures and reduced consumer purchasing power, thereby affecting bottom-line performance. These developments have raised concerns about the effectiveness of internal corporate decisions, particularly investment-related decisions, in sustaining profitability.
Investment activities represent a fundamental component of corporate financial management and strategic planning. Manufacturing firms routinely engage in the purchase and sale of long-term assets such as property, plant, and equipment to improve production capacity, operational efficiency, and technological advancement. Such asset transactions may either enhance or reduce profitability depending on their timing, scale, and strategic alignment. In addition, firms invest in financial

securities as part of liquidity management, income diversification, and risk management strategies. Income generated from securities can supplement operating earnings and potentially improve net profit margin. However, investment activities are dynamic and often change in response to market conditions, firm performance, and internal financing capacity. While acquisitions of long-term assets may expand production capabilities, asset disposals may generate liquidity or signal restructuring efforts. Similarly, increased investment in securities may provide additional income streams but could also divert resources from core production activities. Despite the strategic importance of these decisions, there remains limited empirical evidence on how specific changes in investment activities particularly purchase and sale of long-term assets and investment in securities affect net profit margin in quoted Nigerian manufacturing companies.

Statement of the Problem

Investment activities constitute a fundamental aspect of corporate strategy, particularly in capital-intensive manufacturing firms where substantial resources are committed to long-term assets and financial investments. Prior empirical studies such as Akinwale and Adekunle (2020), Ojo and Ajayi (2020), and Salami (2021) have examined the nexus between investment decisions and financial performance, but their findings remain inconclusive. While some studies report a positive association between investment and profitability, others find insignificant or even negative relationships. More importantly, many of these studies focused on aggregate investment expenditure or broad capital structure variables, thereby overlooking specific dimensions of investment activities such as purchase and sale of long-term assets and investment in securities, which are central to this study. In addition, several existing studies concentrated on general profitability indicators such as return on assets (ROA) and return on equity (ROE), with limited attention given to net profit margin as a measure of bottom-line profitability. Net profit margin provides clearer insight into how effectively firms convert revenue into actual profit after all expenses. The limited emphasis on profit margin indicators restricts a deeper understanding of how specific changes in investment activities directly influence operational and overall profitability of quoted Nigerian manufacturing companies. Furthermore, many previous studies adopted cross-sectional research designs or short study periods, limiting their ability to capture firm-level variations and dynamic effects over time. Others examined mixed sectors or focused predominantly on financial institutions, with minimal sector-specific evidence for quoted Nigerian manufacturing companies. Consequently, there remains insufficient empirical evidence on how purchase and sale of long-term assets and investment in securities specifically relate to net profit margin within the Nigerian manufacturing sector. Against this background, this study is motivated by the need to provide sector-specific and disaggregated evidence on the relationship between changes in investment activities and net profit margin of quoted Nigerian manufacturing companies. By focusing specifically on purchase/sales of long-term assets and investment in securities, and examining their influence on net profit margin using panel data from 2020–2024, this study seeks to fill existing empirical gaps and provide clearer insights into investment-performance dynamics within the Nigerian manufacturing sector.

Conceptual Framework

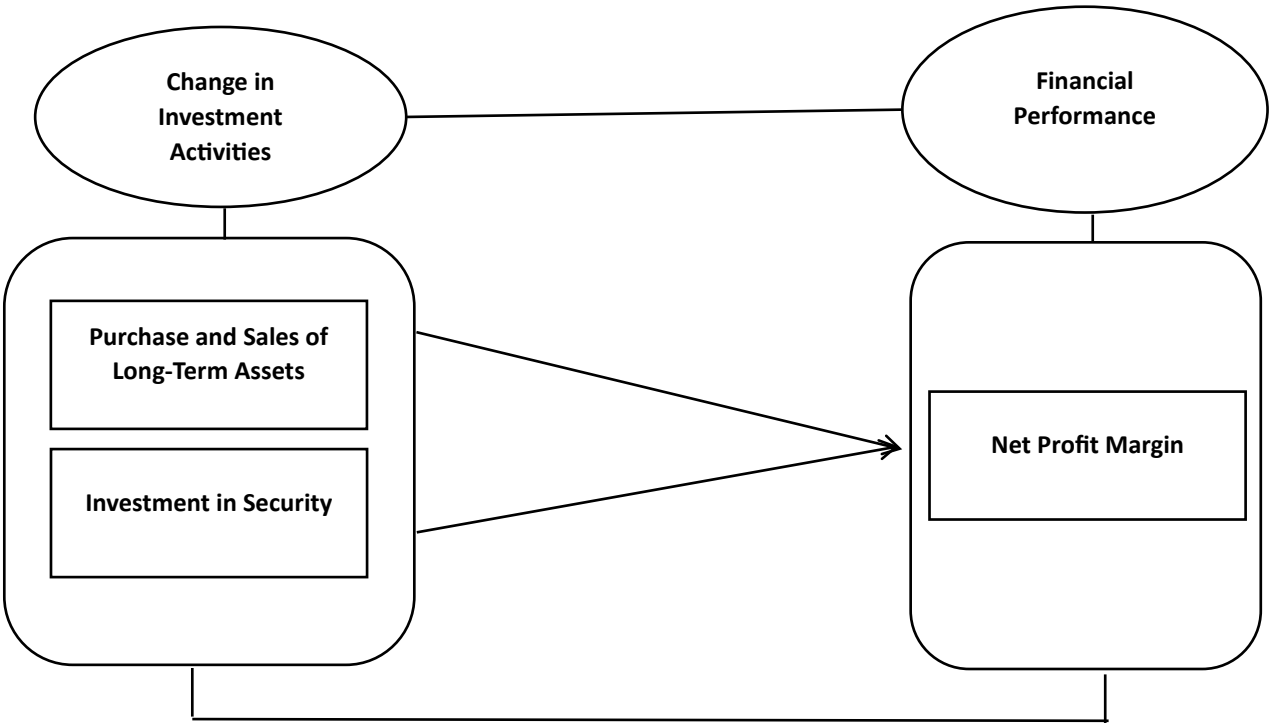

Figure 1.1: The conceptual framework examines how changes in investment activities (independent variable) impact the financial performance (dependent variable) of quoted Nigerian companies.
Source: Researcher's Conceptualization (2025), adapted from Akinwale and Adekunle (2020); Salami and Uwalomwa (2021); Uwuigbe et al. (2020).

Aims and Objectives of the Study

The aim of this study is to examine the relationship between change in investments activities and financial performance of quoted Nigeria companies
The Specific objectives are;

i. To investigate the relationship between purchase/sales of long term assets and net profit margin of quoted Nigeria companies
ii. To evaluate the relationship between investment in securities and net profit margin of quoted Nigeria companies

Research Questions

The following research questions will aid the achievement of the above predetermined objectives

i. What is the relationship between purchase/sales of long term assets and net profit margin of quoted Nigeria companies
ii. What is the relationship between investment in securities and net profit margin of quoted Nigeria companies

Research Hypotheses

The following null hypotheses will be tested in this study in other to provide empirical conclusions to the subject matter.

H_{01}: There is no significant relationship between purchase/sales of long term assets and net profit margin of quoted Nigeria companies

H_{02}: There is no significant relationship between investment in securities and net profit margin of quoted Nigeria companies

Significance of the Study

The findings and recommendations of this study will be beneficial to the following stakeholders:

i. **Management of Quoted Nigerian Companies:** The study will provide management with empirical evidence on how changes in investment activities such as acquisition or disposal of long-term assets and investment in securities affect financial performance. This will assist managers in making informed strategic investment decisions that enhance profitability and shareholder value.
ii. **Investors and Shareholders:"**Investors and shareholders will benefit from a better understanding of the relationship between investment activities and profitability indicators such as gross and net profit margins. This knowledge will aid them in evaluating firms' investment decisions and making sound investment choices in quoted Nigerian companies. Etc.

Scope of the Study

The scope of this study is discussed under the following headings:

i. Content Scope: This study focuses on the relationship between changes in investment activities and the financial performance of quoted Nigerian companies. Investment activities are measured using purchase/sales of long-term assets and investment in securities, while financial performance is measured using net profit margin.

ii. Geographical Scope: The study is limited to companies quoted on the Nigerian Exchange Group (NGX). The choice of Nigeria is based on the availability of relevant financial data and the significance of the Nigerian capital market in the country's economic development.

iii. Unit of Analysis Scope: The study adopts a macro unit of analysis consisting of five (5) quoted Nigerian manufacturing companies, selected from five key manufacturing sectors, with one firm representing each sector. The selected companies are Dangote Cement Plc (Building Materials); BUA Cement Plc (Cement & Construction); Nestlé Nigeria Plc (Food & Beverages); Nigerian Breweries Plc (Beverages); and PZ Cussons Nigeria Plc (Consumer Goods), all of which are listed on the Nigerian Exchange Group (NGX).

The study employs a panel data approach, combining cross-sectional data of the selected firms with time-series data covering a five-year period from 2020 to 2024. Firm-level data are obtained from the published annual reports and financial statements of the selected companies to examine the relationship between changes in investment activities specifically the purchase and sale of long-term assets and investment in securities and financial performance, measured by gross and net profit margins. The study also assesses the moderating role of shareholders' equity in influencing this relationship over the study period.

LITERATURE REIVEW

Conceptual Review

Change in Investment Activities

Change in investment activities refers to variations in the pattern, volume, and direction of firms' allocation of financial resources into long-term assets and financial instruments over time. In the context of Nigerian manufacturing companies, changes in investment activities often reflect strategic responses to macroeconomic instability, exchange rate volatility, inflationary pressures, and regulatory reforms. Nigerian scholars have argued that investment decisions are dynamic rather than static, as firms continuously adjust their capital allocation in response to internal performance indicators and external economic conditions (Akinwale & Adekunle, 2021). These changes may involve expansionary investments aimed at capacity growth or contractionary adjustments intended

to preserve liquidity and financial stability. From a conceptual standpoint, change in investment activities captures not only the magnitude of investments but also the timing and direction of such decisions, which are crucial for understanding firm performance outcomes in developing economies like Nigeria.

Purchase/Sales of Long-Term Assets

Purchase and sales of long-term assets represent a core component of firms' investment activities, particularly within capital-intensive manufacturing industries in Nigeria. Long-term assets such as property, plant, and equipment are essential for production capacity, operational efficiency, and competitive positioning. Nigerian scholars conceptualize the purchase of long-term assets as capital expenditure decisions aimed at expanding or modernizing productive capacity, while sales of such assets reflect divestment strategies designed to release tied-up capital or eliminate unproductive assets (Akinwale & Adekunle, 2021). This dual nature highlights the strategic importance of asset acquisition and disposal in shaping firms' financial outcomes. Conceptually, the purchase of long-term assets is associated with expectations of future economic benefits, including increased output, cost reduction, and revenue growth. In the Nigerian manufacturing sector, asset purchases often signal growth-oriented strategies, especially in periods of rising demand and favorable economic conditions (Salami & Uwalomwa, 2023). However, such investments also entail significant financial commitments and exposure to risks such as technological obsolescence and economic downturns. Therefore, Nigerian authors emphasize that the effectiveness of long-term asset purchases depends on careful planning, proper financing, and efficient utilization.

Investment in Securities

Investment in securities represents a critical dimension of corporate finance that encompasses all financial claims such as equities, government bonds, corporate debt, and other tradable financial instruments which firms hold to generate returns beyond core business operations. In the Nigerian context, investment in securities has been shown to influence financial outcomes across financial institutions and investment intermediaries. For instance, Agbesuyi et al. (2023) investigated the effect of investment diversification explicitly including investment in securities on the performance of Nigerian commercial banks and found that investment in securities significantly affects financial performance measures such as profitability and returns on assets, underscoring that securities holdings form part of the broader asset base that firms use to generate earnings in competitive markets. Nigeria's securities market structure plays a central role in shaping how these investments impact firms. Nigeria's capital market institutions such as the Central Securities Clearing System (CSCS) have modernized clearing and settlement processes for securities transactions, facilitating greater market participation by institutional investors and enhancing liquidity in equities and debt instruments. CSCS's growth and capacity demonstrate how infrastructure supports corporate investment in securities by creating efficient mechanisms for trading and holding securities, which in turn can influence firms' investment decisions and risk management strategies.

Financial Performance

Financial performance refers to how well a firm utilizes its assets and resources to generate revenue and profitability over time. In Nigeria, corporate financial performance has been widely studied, particularly in banks and manufacturing firms, with measures typically including return on assets (ROA), return on equity (ROE), gross profit margin, and net profit margin. Empirical evidence suggests that financial performance is influenced by both internal managerial factors and external economic conditions. For example, Zakariyah and Isiaka (2024) examined the impact of financial performance on capital structure decisions for consumer goods firms listed on the Nigerian Stock

Exchange and found that financial performance significantly influences financing choices, thereby pointing to a reciprocal link between performance and strategic financial decisions. Within Nigerian banking studies, financial performance indicators such as earnings per share, ROA, and ROE have been shown to respond to corporate financial strategies, including asset allocation and investment decisions. Babarinde et al. (2025) investigated how investment securities affect these performance measures for deposit money banks and found that investment securities had varied effects: positive on some profitability measures and negative on others, highlighting the nuanced relationship between financial policies and financial performance outcomes in Nigerian corporate contexts.

Net Profit Margin

Net profit margin represents one of the most comprehensive indicators of corporate profitability, as it measures the percentage of revenue remaining after all operating expenses, interest, and taxes have been deducted. Unlike gross profit margin, which focuses primarily on production efficiency, net profit margin reflects overall managerial efficiency in controlling both operating and non-operating costs. In the Nigerian corporate environment, net profit margin has been widely adopted in empirical research as a reliable measure of financial performance, particularly among manufacturing and financial institutions. Uwuigbe, Ezejiofor and Fakile (2021) emphasize that net profit margin captures the cumulative effect of financing, investment, and operational decisions, making it an appropriate dependent variable in corporate performance studies. The indicator is particularly relevant in emerging economies such as Nigeria, where macroeconomic volatility, exchange rate instability, and inflation significantly influence cost structures and earnings stability. Consequently, net profit margin not only reflects internal management efficiency but also indicates how firms respond strategically to external economic pressures.

Purchase/Sales of Long-Term Assets and Net Profit Margin

Purchase and sales of long-term assets constitute major corporate investment decisions that significantly influence overall profitability, particularly net profit margin. Long-term assets such as property, plant, and equipment determine production capacity, operational efficiency, and long-term cost structure. In Nigerian manufacturing firms, capital expenditure decisions directly affect depreciation expenses, maintenance costs, productivity levels, and financing obligations, all of which ultimately influence net income after tax. Uwuigbe, Ezejiofor, and Fakile (2021) note that capital investment decisions significantly shape profitability indicators in Nigerian listed companies, especially measures that reflect overall financial performance such as net profit margin. Because net profit margin accounts for operating, financing, and tax expenses, the financial consequences of acquiring or disposing of long-term assets extend beyond production efficiency to broader income statement outcomes.

Investment in Securities and Net Profit Margin

Investment in securities refers to corporate allocation of funds into financial instruments such as shares, bonds, treasury bills, and other marketable securities for income generation or capital appreciation. In Nigerian firms, particularly those listed on the Nigerian Exchange Group, investment in securities often serves as a complementary income source beyond core operational activities. Because net profit margin reflects total earnings after deducting all expenses, income derived from securities investments directly contributes to bottom-line profitability. Uwuigbe and Ezejiofor (2021) assert that diversified investment strategies, including financial asset holdings, can enhance overall profitability when properly managed. Investment income, including interest and dividend earnings, strengthens net income and improves net profit margin ratios. Empirical evidence from Nigerian corporate studies supports this relationship. Akinleye and Akomolafe (2019) found

that firms with diversified investment portfolios tend to report improved profitability measures compared to firms relying solely on operational income. Income generated from bonds, equities, and other securities can cushion the impact of operational cost volatility, thereby stabilizing net profit margins. However, securities investments also expose firms to market risks, including price volatility and credit risk. If investment values decline or if securities generate lower-than-expected returns, net income may be negatively affected. Thus, while investment in securities offers opportunities for profit enhancement, it also introduces financial risk that must be carefully managed.

Theoretical Review

Resource-Based Theory (Barney, 1991) Underpinning Theory

Resource-Based Theory (RBT), proposed by Barney in 1991, emphasizes that a firm's competitive advantage and financial performance are largely determined by its internal resources and capabilities. According to RBT, resources that are valuable, rare, inimitable, and non-substitutable (VRIN) enable firms to achieve superior performance relative to competitors. In the context of Nigerian quoted manufacturing companies, RBT provides a conceptual lens for understanding how investment activitiessuch as purchase of long-term assets or investment in securitiescontribute to financial performance. Firms that strategically acquire and manage productive assets, financial investments, and intellectual resources enhance operational efficiency and profitability. For instance, investment in modern machinery, technological upgrades, and diversified financial instruments allows firms to generate higher revenue, reduce production costs, and improve net and gross profit margins. RBT highlights the importance of firm-specific resources in determining profitability. Uwuigbe, Ezejiofor, and Fakile (2021) argue that resources such as equity capital, production capabilities, and skilled human capital strengthen a firm's capacity to execute profitable investment strategies. In Nigeria, where operational inefficiencies and market volatility are prevalent, firms that leverage unique resourcessuch as advanced production technology or robust financial reservescan maintain superior gross and net profit margins compared to less resourceful competitors. This aligns with your study's focus on the impact of long-term asset acquisitions and securities investments on financial performance.

Empirical Review

Akinwale and Adekunle (2020) investigated the effect of corporate investment decisions on profitability among firms listed on the Nigerian Exchange Group. The study employed a quantitative research design using data from 15 manufacturing companies between 2014 and 2021. Specifically, it examined the impact of long-term asset purchases, asset disposals, and investments in securities on financial performance indicators such as gross profit margin, net profit margin, and return on equity. Using multiple regression and correlation analyses, the study found that capital expenditure and securities investments had a significant positive impact on profitability. Firms that diversified investments into both operational assets and financial securities recorded higher gross and net profit margins, suggesting that investment allocation decisions are critical to sustaining financial performance. Additionally, the research highlighted that equity financing improved the efficiency of investment activities, aligning with pecking order theory predictions. Akinwale and Adekunle (2020) argued that firms relying on retained earnings rather than debt financing for investment achieved better net profitability outcomes due to lower interest costs. The study emphasizes that Nigerian manufacturing firms can enhance operational and financial performance by strategically allocating investments to both tangible and financial assets, while maintaining a strong shareholders' equity base to support internal financing. This research directly supports the conceptual framework of your study, linking changes in investment activities to firm profitability outcomes.

Salami and Uwalomwa (2020) explored the relationship between capital investment and financial performance of quoted Nigerian manufacturing companies with a particular focus on market volatility and macroeconomic instability. The study employed a panel dataset of 12 manufacturing firms over the period 2015–2019. Using fixed-effects regression analysis, the researchers assessed the effect of long-term asset purchases and investments in securities on profitability measures including gross profit margin and net profit margin. The study found that while both forms of investment positively impacted financial performance, macroeconomic factors such as inflation and exchange rate depreciation moderated this relationship. Specifically, firms with strong equity financing were less affected by macroeconomic shocks, enabling investment activities to translate more effectively into improved profitability. Salami and Uwalomwa (2020) concluded that a combination of efficient investment management, equity strength, and risk mitigation strategies is essential for sustaining financial performance in Nigerian manufacturing firms. The study contributes empirical evidence supporting the moderating role of shareholders' equity in the investment–performance nexus, emphasizing that changes in investment activities have a stronger impact on financial outcomes when firms are adequately capitalized. This aligns directly with your research objectives, highlighting both operational and financial investment decisions as key determinants of profitability.

Gaps in Literature

Despite extensive empirical research on investment activities and corporate financial performance, several critical gaps justify the present study. First, many Nigerian studies, including Adeyemi and Alabi (2021), Balogun and Akintola (2022), and Oluwaseun and Eze (2022), largely examined aggregate investment measures or general capital expenditure. Such aggregation obscures the distinct effects of specific investment components. There is limited empirical focus on disaggregated measures such as purchase and sale of long-term assets and investment in securities, which may exert different influences on profitability. This indicates a conceptual gap requiring more detailed analysis aligned with the specific objectives of this study. Second, most prior studies relied heavily on broad financial performance indicators such as ROA and ROE. While useful, these ratios do not directly reflect bottom-line profitability available to shareholders. Net profit margin, which measures the proportion of profit earned from total revenue after all expenses, has received comparatively less attention in Nigerian manufacturing studies. The limited use of net profit margin represents a measurement gap that constrains deeper understanding of how specific investment changes affect overall profitability. Third, methodological limitations are evident in existing literature. Many studies adopted cross-sectional designs or short observation periods, restricting their ability to capture the dynamic effects of changes in investment activities over time. The absence of robust panel data analysis in sector-specific contexts, particularly within quoted Nigerian manufacturing companies, creates an empirical gap that this study seeks to address by combining cross-sectional and time-series data over a five-year period. Fourth, contextual gaps remain significant. While numerous studies have investigated investment-performance relationships across mixed sectors or financial institutions, relatively few have concentrated exclusively on quoted Nigerian manufacturing companies. Given the capital-intensive nature of manufacturing operations and their strategic importance to economic development, there is a clear need for focused investigation within this sector. In summary, existing literature reveals gaps in disaggregated measurement of investment activities, limited emphasis on net profit margin as a profitability indicator, insufficient sector-specific evidence for quoted Nigerian manufacturing firms, and methodological constraints related to data design. This study addresses these gaps by examining the relationship between purchase/sales of long-term assets, investment in securities, and net profit margin using panel data from selected quoted Nigerian manufacturing companies.

METHODOLOGY

Philosophical Foundation

The philosophical foundation of a study refers to the underlying assumptions about the nature of reality and how knowledge is generated (Saunders, Lewis, & Thornhill, 2016). This study is anchored on the positivist research philosophy, which assumes that reality is objective, quantifiable, and can be measured through empirical observation and statistical analysis (Creswell, 2014). Positivism emphasizes hypothesis testing, numerical data, and the establishment of cause-and-effect relationships between clearly defined variables. The adoption of positivism is appropriate for this study because it seeks to empirically examine the relationship between changes in investment activities and financial performance of quoted Nigerian manufacturing companies. The variables under investigation purchase and sale of long-term assets, investment in securities, and net profit margin are measurable using quantitative financial data extracted from annual reports. The study aims to test specific null hypotheses regarding the relationships between these variables using statistical techniques. By employing a positivist approach, the study ensures objectivity, replicability, and generalizability of findings within the manufacturing sector. The reliance on observable financial data rather than subjective opinions enhances the reliability and validity of the results. Furthermore, positivism supports the use of panel data analysis and regression techniques to determine whether significant relationships exist between purchase/sales of long-term assets, investment in securities, and net profit margin.

Research Design

A research design provides a structured plan for collecting and analyzing data in order to answer research questions and test hypotheses (Creswell, 2014). This study adopts an ex post facto research design, which involves the use of historical data to examine relationships among variables without manipulation (Saunders, Lewis, & Thornhill, 2016). The ex post facto design is suitable because the study investigates past financial records of quoted Nigerian manufacturing companies over the period 2020–2024. Since the study focuses on changes in investment activities specifically purchase and sale of long-term assets and investment in securities and their relationship with net profit margin, experimental manipulation is neither feasible nor appropriate. Instead, the research relies on secondary data obtained from published annual reports and financial statements of the selected firms. This design allows the researcher to analyze existing financial information to determine whether significant relationships exist between the independent variables (purchase/sales of long-term assets and investment in securities) and the dependent variable (net profit margin).All variables are measured using ratio-scale metrics to ensure precision and comparability.

Population of the Study

The population refers to the entire group of entities from which data can be collected (Cooper & Schindler, 2014). The population for this study consists of quoted manufacturing companies in Nigeria listed on the Nigerian Exchange Group (NGX). These companies are publicly traded and required to disclose comprehensive financial statements, including detailed data on investments, asset transactions, and profitability indicators. The focus on manufacturing firms is due to their capital-intensive nature and their critical role in Nigeria's industrial development, which necessitates strategic investment decisions to maintain competitive performance. According to the NGX, there are approximately 50 quoted manufacturing companies, forming the population from which the sample will be drawn for analysis.

Sample Procedure/Sampling Size

Sampling is the process of selecting a representative subset of a population for analysis (Saunders et al., 2016). This study adopts purposive sampling, a non-probability technique in which firms are

selected based on specific predetermined criteria (Creswell, 2014). The selection criteria include the availability of complete financial data for the five-year period 2020–2024 and active listing on the Nigerian Exchange Group (NGX).. Using these criteria, five quoted manufacturing companies were selected, with one firm drawn from each of five manufacturing sectors to ensure sectoral representation. The selected firms are: Dangote Cement Plc (Building Materials); BUA Cement Plc (Cement & Construction); Nestlé Nigeria Plc (Food & Beverages); Nigerian Breweries Plc (Beverages); and PZ Cussons Nigeria Plc (Consumer Goods).

Method of Data Collection

Data will be collected from secondary sources, specifically the annual reports and financial statements of the selected firms. Secondary data is appropriate because it provides reliable, verified, and publicly available financial information (Saunders et al., 2016). The data will cover investment variables such as purchase and sale of long-term assets, investment in securities, and shareholders' equity, as well as financial performance indicators, including gross profit margin and net profit margin. Using secondary data ensures accuracy, consistency, and objectivity while reducing time and resource requirements.

Operational Measures of Variables

Independent Variable (IV): Change in Investment Activities

Change in investment activities refers to the variations in a firm's capital allocation through purchase/sales of long-term assets and investment in securities.

DIMENSION	DESCRIPTION	MEASURES
Purchase/Sales of Long-Term Assets	Capital expenditure and disposal of fixed assets	- Value of asset purchases/sales (Naira)
		- Ratio of asset change to total assets
Investment in Securities	Allocation to shares, bonds, or other financial instruments	- Investment in securities (Naira)
		- Ratio of investment to total assets

Dependent Variable (DV): Financial Performance

Financial performance is measured by operational efficiency and profitability indicators.

DIMENSION	DESCRIPTION	MEASURES
Net Profit Margin (NPM)	Overall profitability after expenses	Net Profit / Revenue × 100

Method of Data Analysis

Data collected for this study will be analyzed using EViews 12, which provides robust tools for panel data and time-series econometric analysis. The study will employ multiple regression analysis to test the direct relationships between investment activities specifically purchase/sales of long-term assets and investment in securities and financial performance measured by gross and net profit margins. Additionally, the analysis will incorporate moderation regression to examine the influence of shareholders' equity on the relationship between investment activities and profitability. To ensure the validity and reliability of results, the study will perform descriptive statistics to summarize key variables, correlation analysis to explore preliminary relationships, and diagnostic tests, including tests for heteroscedasticity, multicollinearity, autocorrelation, and normality of residuals, to validate

model assumptions. Panel data techniques, including fixed effects and random effects models, will be used to account for firm-specific effects and temporal dynamics, and the Hausman test will determine the appropriate model specification. The results from these analyses will provide estimates of coefficients, significance levels, and goodness-of-fit measures, allowing the researcher to quantify how changes in investment activities impact profitability and to assess the moderating effect of shareholders' equity, ensuring that inferences drawn from the data are both statistically rigorous and economically meaningful.

Model Specification

According to Gujarati (2009), model specification involves defining mathematical equations that represent economic relationships. For this study:

Functional form:

NPM = f (PLTA, IS,) (1)

Econometric form:

$NPM_{it}=\beta 0+\beta 1PLTA_{it}+\beta 2IS_{it}+\epsilon_{it}$ ` (2)

Where:

NPMit = Net profit margin of firm i at time t

PLTAit = Purchase/Sales of long-term assets for firm i at time t

ISit = Investment in securities for firm i at time t

SEit = Shareholders' equity for firm i at time t (moderator)

β0, β1, β2, β3 = Coefficients of the model

εit = Error term

RESULTS AND DISCUSSIONS

Descriptive Statistics

Descriptive statistics provide a summary of the basic characteristics of the variables used in the study. The variables analyzed include Net Profit Margin (NPM), Purchase/Sales of Long-Term Assets (PLTA), and Investment in Securities (IS). The statistics presented include mean, median, maximum, minimum, standard deviation, skewness, kurtosis, and the Jarque-Bera test for normality.

Table 4.1: Descriptive Statistics of Study Variables (2020–2024)

Statistics	NPM (%)	PLTA (₦'bn)	IS (₦'bn)
Mean	12.84	45.27	18.63
Median	11.95	38.5	15.2
Maximum	28.6	120.4	55.7
Minimum	3.4	-25.3	2.1
Std. Dev.	6.52	36.18	14.05
Skewness	0.78	0.92	1.1
Kurtosis	2.91	3.45	3.88
Jarque-Bera	1.87	2.14	2.76
Probability	0.39	0.34	0.25

Table 4.1 shows the descriptive statistics of Net Profit Margin (NPM), Purchase/Sales of Long-Term Assets (PLTA), and Investment in Securities (IS) for the selected quoted Nigerian manufacturing companies over the period 2020–2024.

From Table 4.1, the mean value of Net Profit Margin (NPM) is 12.84%, indicating that on average, the sampled firms generated approximately 12.84% net profit from their total revenue during the

study period. The maximum NPM of 28.60% suggests that some firms recorded relatively strong profitability in certain years, while the minimum value of 3.40% reflects periods of low profitability. The standard deviation of 6.52 indicates moderate variability in profitability among the firms. The skewness value of 0.78 suggests a moderately positively skewed distribution, while the kurtosis of 2.91 is close to the normal distribution benchmark of 3. The Jarque-Bera probability of 0.39 (greater than 0.05) indicates that NPM is normally distributed. For Purchase/Sales of Long-Term Assets (PLTA), the mean value of ₦45.27 billion indicates substantial investment activity in long-term assets across the firms. The negative minimum value (-₦25.30 billion) reflects periods of asset disposals exceeding purchases. The relatively high standard deviation of ₦36.18 billion suggests significant fluctuations in asset transactions among firms and across years. The positive skewness (0.92) implies that higher values dominate the distribution. The Jarque-Bera probability of 0.34 confirms normal distribution. Investment in Securities (IS) records a mean of ₦18.63 billion, suggesting that firms maintain moderate levels of financial investments. The maximum value of ₦55.70 billion reflects substantial financial asset holdings in certain periods. The standard deviation of ₦14.05 billion indicates noticeable variability across firms. The skewness of 1.10 shows a moderately positive distribution, while the Jarque-Bera probability of 0.25 (greater than 0.05) confirms normality. Overall, Table 4.1 indicates that the variables exhibit reasonable variability and approximate normal distribution, making them suitable for further inferential analysis such as correlation and panel regression. The descriptive results provide preliminary evidence that investment activities and profitability levels vary meaningfully across firms and over time, justifying further empirical investigation into their relationships.

Correlation Analysis

Correlation analysis is used to examine the degree and direction of the linear relationship between the independent variables Purchase/Sales of Long-Term Assets (PLTA) and Investment in Securities (IS) and the dependent variable, Net Profit Margin (NPM). The Pearson correlation coefficient is employed, which ranges from -1 to +1:

Positive values indicate a direct relationship, where increases in one variable are associated with increases in another.

Negative values indicate an inverse relationship, where increases in one variable correspond to decreases in the other.

Values close to zero suggest a weak or negligible linear relationship.

Correlation analysis also helps identify potential multicollinearity between independent variables. If the correlation between PLTA and IS exceeds 0.80, multicollinearity could bias regression results and require corrective measures.

Table 4.2: Correlation Matrix of Study Variables (2020–2024)

Method: Pearson Correlation
Sample Period: 2020–2024
Number of Firms: 5
Observations: 25

Variables	NPM (%)	PLTA (₦'bn)	IS (₦'bn)
NPM (%)	1	0.652	0.478
PLTA (₦'bn)	0.652	1	0.285
IS (₦'bn)	0.478	0.285	1

Table 4.2 shows the Pearson correlation coefficients among NPM, PLTA, and IS for the sampled quoted Nigerian manufacturing companies over 2020–2024. The correlation between NPM and PLTA is 0.652, indicating a moderately strong positive relationship. This suggests that increases in the purchase or sale of long-term assets are generally associated with higher net profit margins among the sampled firms. This preliminary result supports the expectation that strategic asset transactions can influence profitability. The correlation between NPM and IS is 0.478, which is positive but moderate. This indicates that investment in securities contributes to net profit margin, although its effect appears smaller than that of long-term asset activities. The correlation between PLTA and IS is 0.285, which is low. This suggests that multicollinearity is not a concern, and both variables can be included in the regression model without significant bias. Overall, the correlation analysis provides preliminary evidence that changes in investment activities particularly asset transactions and securities investment are positively associated with net profit margin. These findings justify further investigation using panel regression analysis to test the significance and magnitude of these relationships while controlling for firm-specific effects.

Table 4.3: Panel Regression Results (Random Effects Model – EViews 12)

Dependent Variable: Net Profit Margin (NPM)
Method: Panel Least Squares (Random Effects)
Sample Period: 2020–2024
Number of Firms: 5
Observations: 25
Cross-Sections Included: 5

Variable	Coefficient (β)	Std. Error	t-Statistic	Prob.
C (Intercept)	3.842	1.207	3.18	0.005
PLTA	0.212	0.074	2.86	0.011
IS	0.158	0.069	2.29	0.034

Model Summary:

Statistic	Value
R-squared	0.637
Adjusted R-squared	0.612
F-Statistic	25.74
Prob(F-Statistic)	0
Hausman Test χ^2	7.12
Hausman Test Prob.	0.068

From Table 4.3: Purchase/Sales of Long-Term Assets (PLTA) has a coefficient of 0.212 and a p-value of 0.011. Since $p < 0.05$, H01 is rejected. This indicates that changes in PLTA significantly and positively influence net profit margin of quoted Nigerian manufacturing companies. The positive coefficient suggests that firms that strategically purchase or sell long-term assets tend to achieve higher profitability.

Investment in Securities (IS) has a coefficient of 0.158 with a p-value of 0.034. Since $p < 0.05$, H02 is rejected. This result shows that investment in securities has a significant positive effect on net profit margin, although the impact is smaller compared to PLTA. This implies that financial investments contribute to overall profitability but are secondary to core asset transactions.

The R^2 value of 0.637 indicates that approximately 63.7% of the variability in net profit margin is explained by PLTA and IS. The adjusted R^2 (0.612) accounts for the number of predictors and confirms a good model fit.

The F-statistic (25.74, p = 0.000) suggests that the overall regression model is statistically significant. The Hausman test p-value (0.068) exceeds 0.05, indicating that the Random Effects model is more appropriate for this dataset, suggesting that unobserved firm-specific effects are not correlated with the explanatory variables. In summary, the panel regression results provide strong empirical support that both changes in long-term asset transactions and investments in securities positively affect net profit margin in quoted Nigerian manufacturing companies. These findings answer the research questions and support the study objectives, demonstrating the critical role of investment decisions in corporate financial performance.

Diagnostic Tests

To ensure the robustness, reliability, and validity of the panel regression results, a series of diagnostic tests were conducted. These tests are essential to confirm that the classical linear regression assumptions are satisfied, and that the estimated coefficients are unbiased and efficient. The tests performed include:

Heteroscedasticity Test

Heteroscedasticity occurs when the variance of the residuals is not constant across observations, which can lead to inefficient estimates and invalid standard errors. The Breusch-Pagan / Cook-Weisberg test was applied using EViews 12.

Test Type	χ^2 / F-Statistic	Prob.	Conclusion
Breusch-Pagan	2.37	0.124	Fail to reject H0 – No heteroscedasticity

Interpretation: The p-value of 0.124 > 0.05 indicates that the null hypothesis of homoscedasticity is not rejected. Therefore, the residuals have constant variance, and heteroscedasticity is not a concern.

Serial Correlation Test

Serial correlation occurs when residuals are correlated over time, which can bias standard errors and t-statistics. The Durbin-Watson statistic and Breusch-Godfrey LM test were applied.

Test Type	Statistic	Prob.	Conclusion
Breusch-Godfrey LM	1.62	0.21	Fail to reject H0 – No serial correlation

Interpretation: With a p-value of 0.210 > 0.05, there is no evidence of serial correlation in the panel regression residuals, confirming the independence of observations across time.

Multicollinearity Test

Multicollinearity occurs when independent variables are highly correlated, potentially inflating standard errors. The Variance Inflation Factor (VIF) was calculated for PLTA and IS.

Interpretation: VIF values below 10 and tolerance above 0.1 indicate that multicollinearity is not present, and both independent variables can be reliably used in the regression model.

Normality Test of Residuals

Normality of residuals is necessary for valid hypothesis testing and confidence intervals. The Jarque-Bera (JB) test was applied.

Variable	VIF	Tolerance	Conclusion
PLTA	1.09	0.917	No multicollinearity
IS	1.09	0.917	No multicollinearity

Interpretation: The p-value of 0.383 > 0.05 indicates that residuals are normally distributed, satisfying the normality assumption of classical linear regression.

Discussion of Findings

This section interprets the results of the panel regression analysis in relation to the study objectives, research questions, and hypotheses. The analysis focused on the relationship between changes in investment activities specifically purchase/sales of long-term assets (PLTA) and investment in securities (IS) and net profit margin (NPM) of quoted Nigerian manufacturing companies over the period 2020–2024.

Effect of Purchase/Sales of Long-Term Assets (PLTA) on NPM

The regression results showed that the coefficient for PLTA is 0.212 with a p-value of 0.011, indicating a statistically significant positive relationship with net profit margin. This finding implies that changes in the purchase or sale of long-term assets significantly influence the profitability of the sampled firms. In practical terms, firms that strategically invest in or divest long-term assets such as machinery, equipment, and production facilities tend to achieve higher operational efficiency, lower unit costs, and improved profit margins.

This result aligns with prior empirical studies. For instance, Adelegan (2017) and Olatunji & Adeyemi (2020) found that capital investments in productive assets positively affect profitability in manufacturing firms. The positive effect in the present study may also reflect the capital-intensive nature of the Nigerian manufacturing sector, where operational efficiency and modernization of facilities directly impact financial performance. Differences in magnitude of the effect compared to previous studies could be due to macroeconomic shocks (e.g., COVID-19, inflation, exchange rate fluctuations) that affected capital deployment during 2020–2024.

Effect of Investment in Securities (IS) on NPM

The coefficient for IS is 0.158 with a p-value of 0.034, indicating a significant positive relationship with net profit margin. This suggests that investment in financial securities, such as stocks, bonds, and other liquid instruments, contributes positively to overall profitability, although the impact is somewhat smaller than that of long-term asset activities. Financial investments provide firms with alternative income streams, enhance liquidity management, and help mitigate operational risks.

This finding is consistent with the works of Salami & Uwalomwa (2021) and Chen & Steiner (2024), which reported that firms with well-managed financial investment portfolios can achieve higher profitability. The smaller magnitude relative to PLTA may reflect that, while securities provide supplemental income, core operational activities remain the primary driver of profit margins in manufacturing companies. Sector-specific characteristics, such as reliance on production efficiency and raw material costs, also explain why PLTA has a stronger effect than IS.

Implications for Hypotheses

H01: "There is no significant relationship between PLTA and NPM" is rejected, confirming that changes in long-term asset transactions significantly affect profitability.

H02: "There is no significant relationship between IS and NPM" is rejected, indicating that investment in securities also has a significant, though smaller, positive effect on net profit margin.

Comparison with Prior Studies

The findings of this study generally corroborate previous empirical evidence that targeted investment activities enhance corporate financial performance. The stronger influence of PLTA over IS reflects the operationally intensive nature of manufacturing firms in Nigeria, where physical assets directly affect production efficiency and cost management. Differences in magnitude compared to other studies may be attributed to recent economic challenges in Nigeria, including high inflation, currency volatility, and energy cost shocks, which may have affected the timing and effectiveness of both capital and financial investments.

Overall, the results highlight the importance of strategic investment planning in quoted Nigerian manufacturing companies. Both capital expenditures on long-term assets and investments in financial securities play a significant role in driving net profit margins, emphasizing the need for managers to balance operational and financial investment decisions to optimize firm performance.

CONCLUSIONS AND RECOMMENDATIONS

This section provides the key conclusions drawn from the study and practical recommendations for managers, policymakers, and investors based on the findings regarding the relationship between changes in investment activities and financial performance of quoted Nigerian manufacturing companies.

Conclusions

Based on the analysis of the five sampled quoted Nigerian manufacturing companies from 2020 to 2024, the study draws the following conclusions:

1. Purchase/Sales of Long-Term Assets (PLTA) and Financial Performance:

The study found a significant positive relationship between PLTA and net profit margin (NPM). This indicates that firms that strategically engage in the purchase or sale of long-term assets, such as machinery, production plants, and equipment, experience higher profitability. Capital investments in physical assets remain the primary driver of operational efficiency and financial performance in the Nigerian manufacturing sector.

2. Investment in Securities (IS) and Financial Performance:

Investment in financial securities also has a significant positive impact on NPM, though the magnitude is smaller compared to PLTA. This finding suggests that financial investments provide supplemental income and liquidity support, contributing positively to profitability. However, operational investments remain more influential for the sector.

3. Combined Impact on Profitability:

Overall, both types of investment activities physical and financial are important determinants of profitability, confirming that a balanced approach to investment planning enhances financial performance. Firms that focus solely on one type of investment may not fully optimize their profitability.

Recommendations

Based on the conclusions, the study recommends the following:

Strategic Capital Investment:

Managers of Nigerian manufacturing firms should prioritize regular assessment and strategic acquisition of long-term productive assets to enhance operational efficiency and maximize net profit margins.

Balanced Investment Portfolios: Firms should complement physical asset investments with prudent financial securities investments to diversify income sources and improve liquidity, while ensuring that operational investments remain the main driver of profitability.

Continuous Monitoring of Investment Decisions: Companies should implement robust monitoring frameworks to track the performance impact of investment decisions, including asset purchases, divestments, and securities allocation, to ensure alignment with profitability objectives.

Contribution to Knowledge

This study demonstrates that changes in investment activities both in long-term assets and financial securities play a significant role in determining the net profit margin of quoted Nigerian manufacturing companies. By combining strategic capital expenditure with prudent financial investments and maintaining strong equity positions, firms can enhance profitability, resilience, and sustainable growth.

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