ISSN: 6710 – 74X3
Volume 8, Number 3, 2022
Management and Accounting Innovative Journal

LIQUIDITY MANAGEMENT AND FINANCIAL PERFORMANCE OF LISTED FOOD PRODUCTS COMPANIES IN NIGERIA

Dr Patience Omah, Theresa Ibejaiku and Kennedy Suoyo Ockiya
Department of Accounting, Faculty of Management Sciences
Ignatius Ajuru University of Education, Rumuolumeni Port Harcour Rivers State, Nigeria

ABSTRACT

The study examined liquidity management practices and financial performance of listed food companies in Nigeria. The objectives of the study among others were to identify the relationship between commercial paper management and return on assets of listed food companies in Nigeria, and also to evaluate trade receivable management and return on assets of listed food companies in Nigeria. The study adopted ex-post facto design. The return on assets population for the study was nine (9) listed food products companies in the Nigerian Stock Exchange. The instrument for this study was secondary data. The formulated research questions were analyzed with descriptive statistics. The hypotheses were tested using the least square panel data regression analysis with aid of E-view (10). The findings of the study were that there is a significant relationship between commercial paper management and return on assets. Also, there is a significant relationship between trade receivable management and return on asset of listed food companies in Nigeria. Based on the finds the following recommendation is made among others: Liquidity management practices such as commercial paper management practices, trade receivable management practices, and trade payables management practices would positively impact on performance of listed food products companies.

Keywords: Liquidity management practices, financial performance, trade receivable management, commercial paper, management return on assets.

INTRODUCTION

Liquidity management practices refers to the management practice put on ground on the availability of cash or cash equivalents to meet short-term operating needs. In other words, liquidity is the amount of liquid assets that are available to pay expenses and debts as they become due. Obviously, the most liquid asset of all is cash. Creditors and investors often use liquidity ratios to gauge how well a business is performing. Since creditors are primarily concerned with a company's ability to repay its debts, they want to see there is enough cash and equivalents available to meet the current portions of debt. According to Adam and Gordon (2021), liquidity refers to the efficiency or ease with which an asset or security can be converted into ready cash without affecting its market price. The most liquid asset of all is cash itself.

Similarly, Jim and Amy (2021), financial liquidity refers to how easily assets can be converted into cash. Assets like short term solvent are very liquid since they can be converted to cash within days. However, large assets such as property, plant, and equipment are not as easily converted to cash. For example, your checking account is liquid, but if you owned land and needed to sell it, it may take weeks or months to liquidate it, making it less liquid. Liquidity means how quickly you can get your hands on your cash. In simpler terms, liquidity is to get your money whenever you need it, it might be your emergency savings account or the cash lying with you that you can access in case of any unforeseen circumstances or any financial drawback.

Liquidity also plays an important role as it allows you to use of ample opportunities. If you have cash and easy access to fund and a great deal comes along, then it's easier for you to make use of that ample opportunity. Cash, savings account, checkable account are liquid assets because they can be easily converted into cash as and when required (The Economic Times, 2021). According to Ali (2020), liquidity refers to the amount of money that is promptly available to meet

debts or to use for investment. It indicates the levels of cash available and how quickly a financial asset or security can be converted into cash without losing significant value. In other words, how long it takes to sell. It is important because it shows how flexible a company is in meeting its financial obligations and unexpected costs. It also applies to the average individual as well. The greater their liquid assets accounts liquidity. Accounting liquidity refers to a company's or a person's ability to meet its financial obligations aka the money they owe on an ongoing basis. Liquidity is the amount of money that is readily available for investment and spending. It consists of cash, and other short term financial instruments and any other asset that can be sold quickly (Kimberly & Robert. 2020). Franklin (2019), opined that liquidity is the degree to which a security can be quickly bought and sold in the market at a price reflecting its current value, it could also be defined as the conversion financial instrument into cash at market price.

Statement of the Problem

Before now, trade by batter has been the talk of the day, most organizations engaged into business as a result of double coincident of wants, this has been erased off from the business operation due to the disadvantages of double coincident of wants (you have what I want and I have what you want). Presently, organizations engaged in so many volumes of transactions, volumes of transactions could be as a result of return on asset. An organization who failed to meet up its short and long term liabilities is said to be insolvent and therefore be liquidated. However, it is utmost to see that an organization should be able to meet up its immediate obligation and this could be measured through current ratio, acid test ratio and or net operating cash flow otherwise cash ratio therefore, current asset is part of an asset. Asset therefore, is a resource held by an entity as a result of past events, that is measurable and reliable through which its economic benefits could be flown down to the entity and return on asset is an obligation an entity incurred as a result of past event that is of the interest of the business in generating revenue through which its economic benefit could be out flown from the entity. Most organization is not able to meet up its financial obligation due to overtrading and excess inventory system. However, most organization sometimes due to tax deductions and in order to avoid taxes, most organization moves into various ways of raising funds in other to carry out a smooth operation in production, choosing various methods of raising capital might not really be the problem, but the impact these might generate on the financial performance such as return on assets, return on equity and earnings per share. It is on this, we came up with the study liquidity management practices and financial performance of listed food products companies in Nigeria.

Conceptual Frame Work:

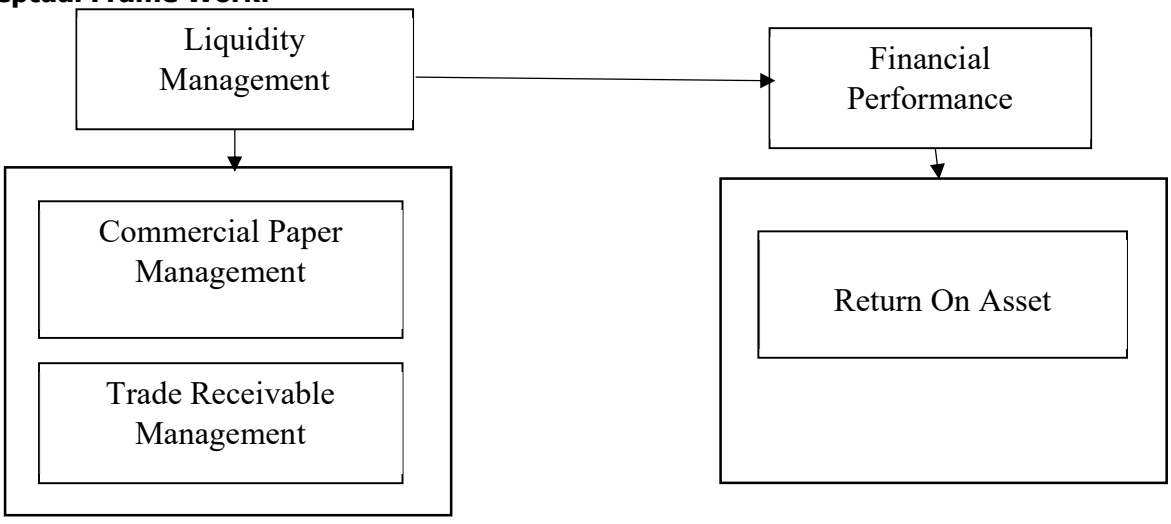

Fig. 1.1 Conceptual frame work of Liquidity management and financial performance

Aim and objective of the Study

The aim of this study is to critically examine the relationship between liquidity management and financial performance of listed food products companies in Nigeria. The specific objectives sought are as follows:

i. Identify the relationship between commercial paper management (CPM) and Return on Assets (ROA) of listed food products companies in Nigeria.
ii. Evaluate the relationship between trade receivable management (TRM) and Return on Assets (ROA) of listed food products companies in Nigeria.

Research Hypothesis

The following null hypothesis (H_O) were stated for the study:

$H0_1$: There is no significance relationship between commercial paper management (CPM) and Return on assets (ROA) of listed food products companies in Nigeria.

$H0_2$: There is no significance relationship between trade receivable management (TRM) and Return on asset (ROA) of listed food products companies in Nigeria.

Conceptual Review

Liquidity Management

Liquidity is used to understand how easily an asset can be bought or sold without affecting its price, also known as market liquidity. When an asset is in high demand, there is high liquidity, so it has been easier to find a buyer (or seller) for that asset. Cash is considered the most liquid asset as it is very stable, readily accessible, and easily spent therefore, cash is often used to gauge the liquidity of other markets. According to Sean and Brock (2021), liquidity management takes one of two forms based on the definition of liquidity. One type of liquidity refers to the ability to trade an asset, such as a stock or bond, at its current price. The other definition of liquidity applies to large organizations, such as financial institutions. Banks are often evaluated on their liquidity, or their ability to meet cash and collateral obligations without incurring substantial losses. In either case, liquidity management describes the effort of investors or managers to reduce liquidity risk exposure. Similarly, Shikher (2021), liquidity means an immediate capacity to meet one's financial commitments. The degree of liquidity depends upon the relationship between a company's cash assets plus those assets which can be quickly turned into cash, and the liabilities awaiting payments could be met immediately. The liquidity and the Investments are two corners opposite to each other. If more earning is required more and more investment is to be made which may result into less degree of liquidity, which may result, on account of not fulfilling the commitments, into penalties/high rate of interests or other type of losses.

Concepts of Commercial Paper: According to Cussen (2021), the world of fixed-income securities can be divided into two main categories. Capital markets consist of securities with maturities of more than 270 days, while the money market comprises all fixed-income instruments that mature in 270 days or fewer. The Commercial paper falls into the latter category and is a common fixture in many money market mutual funds. This short-term instrument can be a viable alternative for retail fixed-income investors who are looking for a better rate of return on their money. Commercial paper is a common form of unsecured, short-term debt issued by a corporation. Commercial paper is typically issued for the financing of payroll, accounts payable, inventories, and meeting other short-term liabilities. Maturities on most Commercial paper ranges from a few weeks to months.

Commercial paper is usually issued at a discount from face value and reflects prevailing market interest rates. Commercial paper, also called CP, is a short-term debt instrument issued by companies to raise funds generally for a time period up to one year. It is an unsecured money market instrument issued in the form of a promissory note and was introduced in India for the first time in 1990. Companies that enjoy high ratings from rating agencies often use CPs to diversify their sources of short-term borrowings. This gives investors an additional instrument. They are typically issued by large banks. Companies that enjoy high ratings from rating agencies often use CPs to diversify their sources of short-term borrowings. This gives investors an additional instrument. They are typically issued by large banks or corporations to cover short-term receivables and meet short-term financial obligations, such as funding for a new project. CPs have a minimum maturity of seven days and a maximum of up to one year from the date of issue. However, the maturity date of the instrument should typically not go beyond the date up to which the credit rating of the issuer is valid. They can be issued in denominations of N5 or multiples thereof. Since such instruments are not backed by collateral, only firms with high ratings from a recognized credit rating agency can sell such Commercial papers at a reasonable price. CPs are usually sold at a discount to their face value, and carry higher interest rates than bonds (The Times Market 2020). According to an online research, (https://byjus.com/commerce 2021), Commercial paper is an unsecured, short period debt tool issued by a company, usually for the finance and inventories and temporary liabilities. The maturities in this paper do not last longer than 270 days. These papers are like a promissory note allotted at a huge cost and exchangeable between the All-India Financial Institutions (FIs) and Primary Dealers (PDs). Most of the Commercial paper investors are from the banking sector, individuals, corporate and incorporated companies, Non-Resident Indians (NRIs) and Foreign Institutional Investors (FIIs), etc. However, FII can only invest according to the limit outlined by the Securities and Exchange Board of India (SEBI). In India, Commercial paper is a short-term unsecured promissory note issued by the Primary Dealers (PDs) and the All-India Financial Institutions (FIs) for a short period of 90 days to 364 days. Commercial papers are short-term debt financing securities consisting of unsecured and discounted promissory notes issued by large corporations with good credit ratings, which can be readily traded. They don't go longer than 270 days in tenor. Due to their relatively short maturity period, Commercial papers are referred to as low-risk investments, offering competitive returns to investors in compensation for the issuer's credit risk. Commercial papers are not usually backed by any form of collateral making it an unsecured debt. Consequently, only firms with high-quality debt ratings has easily find buyers without having to offer a substantial discount (higher cost) for the debt issue. Other corporations, financial institutions, wealthy individuals, and money market funds are usually buyers of Commercial paper. In Nigeria, investment in Commercial papers is regulated by the Securities and Exchange Commission. (Interstate Securities, 2019).

Trade Receivables Management: According to Dekesi, et al. (2019), The concept of trade receivables management is the process of providing credit facilities to customers, it is one of the most significant drivers of business growth in terms of sales volumes. Trade receivables are a direct product of credit sales. This are current assets arising from sale of goods and services on credit to customers accounting otherwise known as debtors (trade receivables).

Receivable management is a process of managing the account receivables (bills receivables, trade receivables and other receivables) within a business organization. Account receivables simply mean credit extended by the company to its customers (debtors) and are treated as liquid assets. It involves taking decisions regarding the investment to be made in trade debtors by organization.

Trade receivables are defined as the amount owed to a business by its customers following the sale of goods or services on credit. Also known as accounts receivable, trade receivables are classified as current assets on the statement of financial position. Current assets are assets which are expected to be converted to cash in the coming year. In addition to trade receivables, current assets also include items such as cash, cash equivalents, stock inventory and pre-paid liabilities.

A company's receivables may include both trade and non-trade receivables, with the latter including receivables which do not arise as a result of business sales, such as tax refunds or insurance payouts. Non-trade receivables are also typically recorded on the statement of financial position as current assets. Trade receivables, or accounts receivable, are the opposite of accounts payable, which is the term used when a company owes money to its suppliers or other parties. It is the amount owed to a business by its customers following the sale of goods or services on credit. Also known as accounts receivable, trade receivables are classified as current assets on the statement of financial position.

Return on Assets (ROA):

Return on assets (ROA) is a type of return on investment (ROI) metric that measures the profitability of a business in relation to its total assets. This ratio indicates how well a company is performing by comparing the Net profit it's generating to the capital it's invested in assets. The higher the rate of return in percentage (%), the more productive and efficient management is in utilizing economic resources. Return on assets (ROA) is an indicator of how profitable a company is able to strive in the economy to its total assets. ROA gives a manager, investor, or analyst an idea as to how efficient a company's management is at using its assets to generate earnings. ROA is displayed as a percentage; the higher the ROA the better.

$$\textbf{Return on Asset} = \frac{\text{PBIT}}{\text{Average Asset}} \times 100$$

(Marshall and Margaret 2021). Every organization have their ways of defining their ratios and these are one of the disadvantages which most organization faces. However, we shall define ours by using the two different formula in respect of these study. The ROA formula is:

PBIT = Profit Before Interest and Tax.

Average Asset = (Ending Asset-Beginning Asset) / 2

Second formula:

$$\text{Return on Asset} = \frac{\text{PBIT}}{\text{End of Period Assets}} \times 100$$

Theoretical Review

Pecking Order Theory

The pecking order theory, also known as the pecking order model, relates to a company's capital structure. Made popular by Stewart Myers and Nicolas Majluf in 1984, the theory states that managers follow a hierarchy when considering sources of financing. The pecking order theory states that managers display the following preference of sources to fund investment opportunities: first, through the company's retained earnings, followed by debt, and choosing equity financing as a last resort. It's a fact of life, and it's how the common English phrase "pecking order" originated. Pecking order originally described the way chickens assert dominance over each other, eventually creating a hierarchy of chickens. Now, we use it to describe a hierarchy of anything, from people to finance strategies. Pecking order theory is the idea that company managers decide how to finance company operations based on a hierarchy for instance we can say payment of short term liabilities or current liabilities where we use current assets as to knock off current liabilities, by so doing, we take the current assets as against current liabilities according to hierarchy (most important obligations to meet) (Maddie 2019). If a firm incurred debt or debt that obligation within one-year duration, this has increase the working capital ratios as in turns to increase current ratios, quick ratios, and net operating cash flow. The accumulated or accrued liability has increase the ratios in a down turn. If firms follow the pecking order, there may be new asset pricing implications from the nature of the time-varying short time obligation and investments in working capital.

(Murray 2020). The pecking order theory of corporate capital structure also could be used to analyze the working capital structure which states that firms finance short term deficits with internal resources when possible. If internal funds are inadequate, firms obtain external debt such as bank overdraft to meet up its short term obligation. Bank over draft, personal contribution and money from various sources of long term loans is the last resort. Some financing patterns in the data are consistent with pecking order: firms with moderate deficits favor debt issues; firms with very high deficits rely much more on current asset than current liabilities. (Murray etal. 2020).

Empirical Review

Adesina and Afolabi (2020) studied the influence of liquidity management on the performance of ten manufacturing enterprises during 2012-2016. These businesses' annual reports and accounts included secondary data. Data were analysed using descriptive statistics, correlation, and regression. According to the findings of the study, current ratio has a negative and significant impact on profitability (ROA) of the selected firms, while quick and cash ratios have a positive but insignificant relationship with ROA.

Adekoya and Ogungbade (2020) studied the impact of liquidity on the performance of Nigerian listed manufacturing enterprises. The study used an explanatory research approach to analyse the link using data from 16 consumer goods manufacturing companies' financial statements from 2009-2018. The data was examined with SPSS and E-View. The study found that quick ratio has a considerable negative impact on the performance of listed manufacturing enterprises. However, liquidity has a significant impact on the profitability of manufacturing enterprises in Nigeria, whereas current ratio and cash conversion cycle have little impact. Nonetheless, Nigerian manufacturing businesses did not profitably sustain their cash levels. He advises manufacturing enterprises to establish and adhere to rules and procedures that assist them maintain a healthy balance between liquidity and profitability.

On the link between liquidity and profitability of Nigerian manufacturing enterprises, Akinleye et al. The study focused on the impact of cash, current, and quick ratios on manufacturing enterprises' profit after tax in Nigeria. This study used panel data estimators such as the pooled OLS estimator, fixed effect estimator, random effect estimator, Hausman test, panel co-integration and pooled granger causality tests to examine secondary data from selected enterprises from 2007 to 2016. The results showed that the quick ratio (QR) had a negative and minor influence on profit after tax ($p=0.2247 > 0.05$). With a coefficient estimate of 0.379774 ($p=0.0121$ 0.05), financial liquidity has a positive and substantial influence on profit after tax. The study also found that the profit after tax is affected by the quick ratio (QR), cash ratio (CR), and current ratio (CNR) (PAT). Moreover, there is no long-run association between liquidity and profitability of Nigerian manufacturing enterprises. The study indicated that financial liquidity aided selected Nigerian manufacturing enterprises' financial performance. A favourable and considerable influence of cash ratio on manufacturing firm profitability in Nigeria. Thus, manufacturing companies should aim to lower their bill receivables in order to increase their profitability.

Chukwu (2016) investigated the influence of liquidity management on manufacturing business profitability in Nigeria. The data came from the financial records of 30 manufacturing companies registered on the Nigerian Stock Exchange. Descriptive statistics, multiple correlation, and regression approaches were used to analyse panel data integrating time series and cross sectional data. The study used data from 2008 through 2012, totaling 150 business years. RCE is favourably associated to OCR and ICP, whereas ROE is negatively related to CR and CCC. The total impact of the predictor variables (OCR, CR, CCC, ICP, DCP, and CPP) on the independent or outcome variable (ROCE) was.227. The predictor factors explain just 22.7% of the variations in the outcome variable (ROC E). The operating cash flow ratio, current ratio, and cash conversion cycle have no significant impact on the profitability of Nigerian manufacturing firms.

Dadepo and Afolabi (2020) studied the influence of liquidity management on the performance of ten manufacturing enterprises during 2012-2016. These businesses' annual reports and accounts

included secondary data. Data were analysed using descriptive statistics, correlation, and regression. The study found that current ratio has a negative and considerable influence on profitability (ROA), whereas quick and cash ratios have a favourable but little impact. He suggested that industrial enterprises in Nigeria should focus on liquidity management to increase profitability.

Gap in literatures

The above presents a comparative analysis between Liquidity Management and financial performance of manufacturing firms and what it should be if liquidity management could be effective in organizational short term management such as current ratios, acid ratios, and net operating cash flow. While the current study tested relationship between the proxies of Liquidity Management Practices (Commercial paper management practices, Trade receivables management practices, and Trade payables management practices) and the measures of Financial performance (Return on Assets, Return on Equity and Earnings per share). Further gap identified in the study above is that data were analyzed using percentages, multiple regression and Chi-Square statistical test while the current study used Statistical package for social sciences (SPSS). While the secondary data is to be used to analyze the solvency of the companies. And the results are different, finally, this study will focus on the listed food products companies in Nigeria.

METHODOLOGY

The study adopted ex-post facto design. The population and sample size of this study include all 9 listed food products companies in the Nigerian Stock Exchange (NSE) as at 31 August 2021. The instrument for this study was secondary data. The formulated research questions were analyzed with descriptive statistics. The hypotheses were tested using the Ordinary Least Square (OLS) Model regression analysis with the aid of E-view (10).

Table 1: Population of the Study

S/N	Listed companies	Food Products
1	Cadbury Nigeria Plc	Food Products
2	Dangote Sugar Plc	Food Products
3	Mcnichols PLC	Food Products
4	Northern Nigeria Plc	Food Products
5	Nestle Nigeria PLC	Food Products
6	Flour Mills NIG. PLC.	Food Products
7	Nascon Allied PLC	Food Products
8	Union Dicon Salt Nig. PLC	Food Products
9	Honeywell Flour Mill	Food Products

Source: Field Survey, 2021

Model Specifications

Cobb-Douglas economic production function model was adopted for this study. The model is specified as:

$Y = f(x_1, x_2, \ldots x_n + \upsilon)$ 3.1

Adekanmi (2015), Agbiogwu, et al. (2016), defined Liquidity management practices components as the summation of X functions.

Thus,

X = f (corporate social responsibility accounting components) 3.2

In this study combining the two models will yield a richer econometric model that will facilitate estimation. The Liquidity management (LM) components in the study are {Commercial paper management (CPM) and Trade Receivable Management (TRM) } defined as two components used in the study; this modification will help us investigate the impact of a Liquidity

Thus:
Where;
ROA = Return On Assets
CPM = Commercial paper management
TRM = Trade Receivable Management
β_0 = Constant term (y intercept)
β = Coefficient of the independent variable
υ = Error term (causes of market share or profitability not explained by variables in the model)

Thus, the study developed two multivariate hypotheses models:
The First Model: The first hypothesis test model; shows the relationship between Return on assets and Commercial paper management, $ROA_{it} = \beta o + \beta_1$(CPM*).....(i)*
The Second Model: The second hypothesis test model; shows the relationship between return on asset and trade receivable management, $ROA_{it} = \beta o + \beta_3$(TRMP*).....(iii)*
Where;
LOGROA = Natural log of Return On Assets
LOGCPMP = Natural log of Commercial paper management practices
LOGTRMP = Natural log of Trade receivable management practices
Gillette and Robert (1992), suggested that in a linear regression equation where both the explained variable and the explanatory variables are in natural logs. Elasticity is a popular tool among empiricists because it is independent of units and thus simplifies data analysis.

Data Analyses and Results Interpretations
Univariate Descriptive Analysis and Result Interpretations
Table 2: Descriptive Analysis

	CPM	TRM	ROA
Mean	233382.3	114359.8	185.9663
Median	224592.5	93735.50	191.4550
Maximum	352920.0	589386.0	262.5200
Minimum	20,123.0	194052.0	68.17000
Std. Dev.	151531.4	54068.58	60.39937
Skewness	1.181692	1.580462	1.692572
Kurtosis	7.598538	1.740768	2.955988
Jarque-Bera	0.698715	0.977804	0.640187
Probability	0.705141	0.613299	0.726081
Sum	1867058.	914878.0	1487.730
Sum Sq. Dev.	5.08E+10	2.05E+10	25536.58
Observations	10	10	10

Source: Author's calculations using E-view 12.0
The above table displays descriptive statistics of study data for input variable's dimensions of [Commercial paper management (CPM) and Trade Receivable Management (TRM) and the outcome measure of Return on Asset (ROA) of the study.
The mean values of CPMP and TRMP were 233382.3 and 114359.8 respectively, Thus, the maximum and minimum values of CPMP and TRMP were 352920.0 and 589386.0. On the other hand, the standard deviation values of 151531.4 and 54068.58 signifying that the data deviate from the mean values of the three study dimensions, which implies that there is a wide dispersion of the data from the means because the standard deviation is closed to the mean.
Furthermore, Skewness and Kurtosis calculated mean values which is a measure of the departure of a distribution from symmetry above for three study dimensions CPM and TRM a positive skewness values (1.181692 and 1.580462 respectively) that is greater than 1. This indicates that

the three study dimensions are normally distributed. In support, the Kurtosis result which measures the extent of flatness or peakedness of a distribution in relative terms to a normal distribution confirms that CPM and TRM are normally distributed and are not platykurtic (not having negative values / flatted curved) as its kurtosis coefficients (7.598538,1.740768) are more than 3. Also, the p-value for the three study dimensions for Jarque-Bera statistics [(JB (PValue > 0.05) = Accept Ho (Normal Distribution) and also JB (P Value < 0.05) = Reject Ho (Non-Normal Distribution)]. Thus, the values of 0.705141 and 0.613299 for CPM, TRM and TPM respectively of Jarque-Beta and its statistical probabilities were accepted. The result forward strengthens the normality test of variable of normally distributed.

The table also indicates for the outcome measures of [Return on Asset (ROA of the study have a mean value of 185.9663 also the maximum and minimum values of ROA were 262.5200 and 68.17000. on the other hand, the standard deviation value of 60.39937 signifying that the data deviate from the mean value. which implies that there is a dispersion of the data from the means because the standard deviation is closed to the mean.

On the other hand, Skewness and Kurtosis calculated mean values which is a measure of the departure of a distribution from symmetry above for measure of ROA shows a positive skewness values that is greater than 1. This indicates that the three study measures are normally distributed. More so, the Kurtosis result which measures the extent of flatness or peakedness of a distribution in relative terms to a normal distribution confirms that profit after ROA are normally distributed and are not platykurtic (not having negative values / flatted curved) as its kurtosis coefficient are more than 3. The result forward strengthens the normality test of variable of normally distributed.

Test of Hypotheses

Hypotheses One

The First Model: The first hypothesis test model; shows the relationship between Return on assets and Commercial paper management practice,

$ROA_{it} = \beta o + \beta_1(CPM)$ .....(i)

Dependent Variable: ROA
Method: Least Squares
Date: 4/30/22 Time: 08:26
Sample: 2011 2020
Included observations: 10

Variable	Coefficient	Std. Error	t-Statistic	Prob.
CPM	0.457104	0.320260	3.398728	0.0105
C	5536.582	23608.18	0.234520	0.8160

R-squared	0.559391	Mean dependent var	56590.29
Adjusted R-squared	0.236948	S.D. dependent var	123371.7
S.E. of regression	107768.7	Akaike info criterion	9.306881
Sum squared resid	3.83E+11	Schwarz criterion	2.615768
Log likelihood	-454.2041	Hannan-Quinn criter.	2.609949
F-statistic	0.755791	Durbin-Watson stat	2.379012
Prob(F-statistic)	0.000080		

Source: Researcher's Statistical Computation from E-view (v.10), 2022.

From the table output above, the coefficient of CPM and ROA is 0.457104. This value implies that for every unit increase in ROA is predicted to be accompanied by 0.457104-unit decrease in CPMP. The T-statistics is above 1, which is sufficient statistical evidence of significant @ 1% T-stat confidence level. The Prob value of CPMP is 0.0105, which means the relationship between CPM and ROA is statistically significant at the 5 percent significant level.

The result also showed that the R2, which measures the goodness of fit, is 0.559391, meaning that 55 percent of the variation in the Return on assets can be explained by the dimension of the independent variables. The result indicates that the model is proper and adequate for the study. The model's goodness of fit and appropriateness is also supported by the outcomes of F-statistics and probability of F-statistics of 0.755791 and 0.000080 respectively. The Durbin-Watson statistics of 2.379012 also indicate the absence of serial autocorrelation.

Hypotheses Two

The Second Model: The second hypothesis test model; shows the relationship between return on asset and Trade receivable management practices,

$ROA_{it} = \beta o + \beta_3(TRMP)$ .....(ii)

Dependent Variable: ROA
Method: Least Squares
Date: 4/30/22 Time: 08:26
Sample: 2011 2020
Included observations: 10

Variable	Coefficient	Std. Error	t-Statistic	Prob.
LNTRMP	0.650511	0.201618	0.316070	0.0078
C	6903.498	24302.30	0.284068	0.7781

R-squared	0.532629	Mean dependent var	56590.29
Adjusted R-squared	0.209375	S.D. dependent var	123371.7
S.E. of regression	109698.5	Akaike info criterion	26.10430
Sum squared resid	3.97E+11	Schwarz criterion	6.619318
Log likelihood	-454.8253	Hannan-Quinn criter.	2.613499
F-statistic	9.000396	Durbin-Watson stat	2.202757
Prob(F-statistic)	0.003044		

Source: Researcher's Statistical Computation from E-view (v.10), 2022.

From the table output above, the coefficient of LNTRMP and NLROA is 0.650511. This value implies that for every unit increase in NLROA is predicted to be accompanied by 0.650511-unit decrease in LNTRMP.

The T-statistics is above 1, which is sufficient statistical evidence of significant @ 1% T-stat confidence level. The Prob value of LNTRMP is 0.0078, which means the relationship between LNTRMP and NLROA is statistically not significant at the 5 percent significant level.

The result also showed that the R2, which measures the goodness of fit, is 0.532629, meaning that 53 percent of the variation in the return on asset can be explained by the dimension of the independent variables. The result indicates that the model is proper and adequate for the study. The model's goodness of fit and appropriateness is also supported by the outcomes of F-statistics and probability of F-statistics of 9.000396 and 0.000044 respectively. The Durbin-Watson statistics of 2.202757 also indicate the absence of serial autocorrelation.

Summary Results Findings

Table: 5 Summary Computation of Hypotheses Results

Hypotheses	Coefficient	Std. Error	T-Stat	P-Value 0.05	Statistical Decision	Result
$H0_1$	0.457104	0.320260	3.398728	0.0105	Significant	Rejected $H0_1$
$H0_2$	0.650511	0.201618	0.316070	0.0078	Significant	Rejected $H0_3$

Source: Researcher's Computation, 2022

From the summary of hypotheses table above, the results of the hypotheses of the study were presented in line with the statistical decision rule**: '**if the probability value (PV) is less than 0.05 alpha level, we reject the null hypotheses and accept significant relationships. Meanwhile, if the probability value (PV) is greater than 0.05 alpha level, we accept the null hypothesis and accept an insignificant relationship. Hence:

$H0_1$: There is a significant relationship between commercial paper management (CPM) and Return on assets (ROA).

$H0_2$: There is a significant relationship between trade receivable management (TRM) and Return on asset (ROA)

CONCLUSION

This study investigated the relationship between liquidity management practices and financial performance of listed food products companies in Nigeria. Management practice be it large, medium or small. This implies that when liquidity management practice is high, it affects short term sources of funds alternatives are used in choosing the best short term financing for business operation. The relationship between liquidity management practices and financial performance measured by return on asset of listed food products companies in Nigeria is highly considered. Based on the analysis, it was found that; There is a significant relationship between Commercial paper management (CPM) and return on assets (ROA). There is a significant relationship between trade receivable management (TRM) and Return on asset (ROA).

RECOMMENDATIONS

Based on the findings of this study and the conclusion drawn thereof, the following recommendations are made:

(i) Liquidity management practices such as commercial paper management practices, trade receivable management practices, and trade payables management practices would positively impact on performance of listed food products companies. Therefore, its sources are recommended in short term financing a firm's project.

(ii) Liquidity management practices, is very essential in facilitating not only the level of productivity but also to increase earnings per share of the firm in any organization. The listed food products companies therefore, should take liquidity management seriously as it has positive impact on the firm's performance in terms of earnings per share.

Contributions to Knowledge

This study has made modest contributions to the body of knowledge by providing guidance to business executives in the listed food products companies and policy makers for theory building. The contributions include:

(i) This study used returns on assets and earnings per share as measures of financial performance and Commercial paper management and trade receivable management practices, as proxies of liquidity management practices. No prior study to the knowledge of the researcher combined the variables as it is used in this study.

REFERENCES

Adam H. & Gordon S, (2021). An online research retrieved. Definition of stock. *https://www.investopedia.com*

Adam H. & Gordon S, (2021). An online research retrieved. *History of Bond. https://www.investopedia.com.*

Adam H. & Gordon S. (2021), Investopedia an online research retrieved. Definition of liquidity, *Trading Skills & Essentials Trading Basic Education.*

Adekoya A. C. & Ogungbade O.I. (2020). Liquidity and performance of listed manufacturing companies in Nigeria, *International Journal of Economics, Commerce and Management.*

Adesina O.D. & Afolabi O. F. (2020), Impact of liquidity management on profitability of selected manufacturing firms in Nigeria. *https://www.researchgate.net/publication*

Akinleye G. T. & Ogunleye J. S. (2019). Liquidity and the profitability of manufacturing firms in Nigeria*, https://www.semanticscholar.org, 5(2), 68-73,*

Ali H. (2020), What is liquidity? How easily you can sell an asset for cash here's when and why it matters to your finances.

Alicia T. & David K (2021). Definition of trade payable. *Fundamental Analysis Tools For Fundamental Analysis , https://www.investopedia.com.*

Alicia T. & Khadija K. (2021), Definition trade receivables *https://www.investopedia.com*.

An online Research Retrieval, (2021). What is Commercial paper definition and type*, https://byjus.com/commerce*

An online Research Retrieved (2021), on Return on equity (roe) - Meaning, formula, assumptions

An online Research Retrieved, (2021) Return on equity (ROE), *Business Literacy Institute Customized Financial Training Journal, http://www.business-literacy.com/financial-concepts/return-on-equity*.

An online Research Retrieved, (2021), What is the earnings per share (EPS) Formula? *https://corporatefinanceinstitute.com.*

An online Research, Retrieval (2021), What is firm performance *igi global, www.igi-global.com › dictionary › firm-performance.*

Ben McClure , (2020),What is financial analysis, how to analyze a company's financial position, Investopedia Investing.

Bener G., Ceyda Y. K., & Musa G. (2020), an online research retrieval, Researches on financial performance, *https://www.researchgate.net*

Chukwu O.E (2016). Liquidity management and the profitability of manufacturing firms in Nigeria. *Journal of Accounting, Business and Social Sciences, 1(1),1-16*

Cussen M. P. (2021), An online retrieved, an Introduction to Commercial paper, *https://www.investopedia.com/articles/investing/070313/introduction-Commercial-paper.asp*

Dadepo, A.O & Afolabi F.O. (2020). Impact of liquidity management on profitability of selected manufacturing firms in Nigeria. *European Journal of Business and Management www.iiste.org, 12(27), 93-99.*

Dehaan P. (2021), What is liquidity management? *https://www.smartstream-stp.com.*

Dekesi, A.C. & Ozogbuda, S.C. (2019).Trade receivables management and liquidity of oil service Companies (case in Rivers state, Nigeria), *Published on International Journal of Economics and Business.*

Dheeraj V. (2021). Definition of trade receivables*, https://www Western Europe International JOURNAL,.wallstreetmojo.com*

Didin F., & Mochamad M. (2018), How measuring financial performance, *International journal of civil engineering and technology, 9(6)*

Duru A. N. & Okpe I. I. (2016). Management of accounts payable on the financial performance of industrial/ domestic manufacturing companies in Nigeria. *Journal of Humanities and Social Science (IOSR-JHSS), 21(7), 54-61*

Eshna Verma (2020). Financial performance - understanding its concepts and importance, an online Research Retrieved.

Fernando J. & David K. (2021). Earnings per share (eps), *Corporate Finance And Accounting Financial Ratios, https://www.investopedia.com*

Franklin T. (2019), Liquidity meaning & importance of liquidity in financial performance

GeoPoll (2021). Receivables management: objectives, importance, nature and scope *International Development & Humanitarian Aid Research Solutions, https://knowledge.geopoll.com*

Has Kenton, & David Kindness, (2021). What is financial statement analysis? *Corporate Finance & Accounting Financial Statements*

Hasiam Mitchell (2021). Law Review, Mitchell Hamline School of Law. *8 (2), 426*.

IFRS7 & IAS 39 Items not added to the agenda (2021), *Inventory (BC),*https://www.iasplus.com,

Interstate Securities, (2019). Commercial papers: features, advantages and disadvantages*, https://interstatesecurities.com*

Jackson N. (2019). Liquidity management: what it is and why it's important.

Lalonde M. C., & Chan V. (2021). What is return on equity (roe)? *https://investinganswers.com*.

McCaw M. (2018). Cash & liquidity management cash management what are the objectives of liquidity management? *International Journal of Innovative Finance and Economics Research, 9(2), 73-84.*

Mohamed A. B., Willy M., Said M., & Mohamed S. S. (2019). Effect of cash management on financial performance of listed food products companies retailers in Puntland state of Somalia: a

case of Garowe District. *International Journal of Contemporary Applied Researches, 6(3), (issn: 2308-13).*

O'Shea A., & Davis C. (2021), What is the stock market and how does it work? https://www.nerdwallet.com/article/investing

Price M. (2021). What is earnings per share? *https://www.fool.com/investing/stock-market/basics/earnings-per-share*

Sean R. & Brock T. (2021). Liquidity management in business and investing, corporate finance & accounting corporate finance. *https://www.investopedia.com*

Shabani H., Morina F., & Misiri V. (2019). The effect of capital adequacy on returns of assets of Commercial banks in Kosovo, *European Journal of Sustainable Development, 8(2), 201-208. Doi: 10.14207*

Shikher T. (2021). Liquidity management by banks: steps and principles, *https://www.businessmanagementideas.com*

Soundarya S, Vanitha P., & Ramprathap K. (2019). The effect of receivables management on working capital of VKS fabrics.

The economic times, (2021). Definition of 'earnings per share (eps)' *https://economictimes.indiatimes.com.*

The Times Market (2020). What is Commercial paper? *https://economictimes.indiatimes.com*

Waswa C. W., Mukras M. S. & David O. (2018). Effect of liquidity on financial performance of the sugar industry, *International Journal of Education and Research, 6(6), 29-44*

Wikipedia, (2021). Definition of earnings per share, **Error! Hyperlink reference not valid.**