POLAC MANAGEMENT REVIEW (PMR)
DEPARTMENT OF MANAGEMENT SCIENCE
NIGERIA POLICE ACADEMY, WUDIL-KANO

EFFECT OF FIRM ATTRIBUTES ON INVESTORS' DECISION MAKING OF LISTED CONSUMER GOODS COMPANIES IN NIGERIA

Jatau, Yohanna Andrew Department of Accountancy, Federal Polytechnic Nasasrawa

Halimatu Sa'adiya Abubakar, PhD Department of Accounting, Nasarawa State University, Keffi

Abstract

This study examines the effect of firm attributes on investors' decision-making in listed consumer goods companies in Nigeria. The study specifically examined the effect of financial firm attributes (profitability, efficiency and liquidity) on market price of shares of listed consumer goods companies in Nigeria. The population of the study consists of all 21 listed consumer goods companies on Nigeria Exchange Group (NGX) as at December 2024 and being a small population was used for the study covering a period of 10 years from 2015 to 2024. Using quantitative methodology, secondary data were collected from annual reports of listed consumers companies and analyzed using Statistical Package for Social Sciences (SPSS) 26.0 version. The findings indicate that profitability (NPM), efficiency (ITR), and Liquidity (CFO) have a significant positive effect on the market price of shares (MPS) of listed consumer goods companies in Nigeria. The study recommends among others, that the management of consumer goods companies in Nigeria can improve financial management strategies by being prudent in their expenses to maintain strong profitability margin, adopt efficient inventory control systems for a favorable cash cycle and enhance transparency in financial reporting to attract and retain investors

Keywords: Firm Attributes, Investors Decision-Making, Consumer Goods Companies.

1. Introduction

Investors' decision-making processes are significantly influenced by various firm attributes that provide insights into a company's financial health and performance. In the context of Nigeria's consumer goods sector, understanding these attributes is crucial due to the sector's substantial contribution to the nation's economy and its appeal to investors. The investors base their decisions to buy or sell on the market price of the shares.

Profitability, often measured by net profit margin, indicates a firm's ability to generate earnings relative to its revenue. High profitability is generally perceived as a sign of good management and a strong competitive position, making such firms more attractive to investors. Studies have shown that profitability positively impacts firm value, as it reflects efficient resource utilization and effective cost management (Shuaibu et al., 2019).

Efficiency, assessed through metrics like inventory turnover, reflects how effectively a company manages its resources to generate sales. Efficient inventory management ensures that a firm can meet customer's demand without overstocking, thereby reducing holding costs and minimizing waste. Efficient firms are often viewed favorably by investors, as they are likely to achieve desired outcome.

Liquidity, represented by cash flow from operations, measures a firm's ability to meet its short-term obligations. Adequate liquidity ensures that a company can sustain its operations and invest in growth opportunities without facing financial distress. Investors tend to prefer firms with strong liquidity positions, as they are better equipped to handle economic downturns and unexpected expenses (Bala et al., 2022). In Nigeria, the consumer goods sector encompasses a wide range of industries, including food and beverages, personal care products, and household items. This sector is pivotal to the Nigerian economy, contributing significantly to employment and gross domestic product. Consequently, the financial performance of firms within this sector is of great interest to investors seeking to make informed decisions.

The firm's size is a factor that makes firms comparable because it determines the availability of information to the general public.

This study aims to examine the effect of firm attributes namely profitability, efficiency, liquidity, and firm size on investors' decision-making regarding listed consumer goods companies in Nigeria. By analyzing these relationships, the study seeks to provide valuable insights to guide investors, policymakers, and corporate managers in making data-driven decisions that foster financial stability and stimulate investment growth.

2.1 Literature Review

2.1 Conceptual Framework

The conceptual framework explores the link between firm attributes and investor decision-making, illustrating how financial performance indicators influence stock valuation.

Firm Attributes

Firm attributes refer to specific financial and operational characteristics that define a company's performance and stability. These attributes are crucial in determining how investors perceive a firm's financial health and its potential for future growth. Investors rely on various firm attributes to assess risks and expected returns before making investment decisions in the stock market (Adewale & Ajayi, 2019).

Profitability, efficiency, and liquidity are among the most significant firm attributes influencing investor behavior. Profitability reflects a company's ability to generate earnings relative to its revenue. A firm with a high net profit margin is considered financially stable and attractive to investors, as it signals effective cost management and revenue generation. Studies have shown that investors are more inclined to invest in highly profitable firms due to their strong potential for dividend payments and capital appreciation (Bala & Ibrahim, 2020).

Efficiency, measured through inventory turnover, indicates how effectively a company manages its resources to generate sales. A high inventory turnover ratio suggests that a firm sells its products quickly and efficiently manages its stock, reducing holding costs and improving cash flow. Investors prefer firms with high efficiency because they are more likely to sustain operations and avoid financial distress (Osuji & Nwakanma, 2021).

Liquidity, represented by cash flow from operations, demonstrates a firm's ability to meet its short-term obligations. Adequate liquidity ensures that a company can sustain its operations without relying excessively on external financing. Investors tend to favor firms with strong liquidity positions, as they indicate lower financial risk and a higher ability to weather economic downturns. Companies with poor liquidity may struggle with operational challenges, which can lead to a decline in investor confidence and stock value (Eze & Okafor, 2022).

In the Nigerian consumer goods sector, firm attributes play a crucial role in shaping investor perception and decision-making. Companies that maintain strong profitability, efficiency, and liquidity are more likely to attract investors, leading to increased stock market performance and long-term growth. Understanding the impact of these attributes is essential for corporate managers aiming to enhance firm value and sustain investors' confidence.

Investors' Decision Making

Investors' decision-making refers to the process through which individuals and institutional investors assess, select, and allocate financial resources into investment opportunities. This process is influenced by various financial, psychological, and economic factors, including firm-specific attributes such as profitability, efficiency, and liquidity. Investors' seek to maximize returns while minimizing risks, making their decision-making a critical aspect of financial markets (Adebayo & Yusuf, 2020).

One of the key determinants of investors' decision-making is the market price of shares (MPS) (Daniel, Aruwa, & Mainoma, 2021) which reflects the perceived value of a firm in the stock market. The price of a company's shares is influenced by its financial performance, macroeconomic conditions, and investor sentiment. Investors typically analyze a company's historical performance, future growth prospects, and industry trends before making investment choices (Olawale, 2021). Strong financial indicators such as high profitability, efficient resource utilization, and adequate liquidity often lead to positive investors' sentiment, resulting in increased demand for the company's shares and higher market valuation.

Some investors rely on fundamental analysis, which involves assessing a company's financial statements and performance metrics, while others make decisions based on technical analysis, focusing on stock price movements and market trends (Okonkwo et al., 2022).

In the Nigerian consumer goods sector, investors pay close attention to firm attributes when making investment decisions. Given the sector's contribution to the economy, companies with strong financial performance often attract more investors, leading to higher stock prices and market capitalization. Understanding how investors evaluate these attributes can help firms improve their financial strategies to maintain investors' confidence and sustain market growth.

2.2 Empirical Review

Iyoha and Okodo (2024) conducted a study on Firm Attributes on Voluntary Information Disclosures among Consumer Goods Companies in Nigeria for the period covering 2012 to 2021. The study aimed to examine how firms' characteristics such as size, profitability, leverage, and firm age influence the extent of voluntary disclosures made by listed consumer goods firms in Nigeria. The authors employed an ex-post facto research design using secondary data sourced from the published annual financial reports of twenty selected consumer goods companies listed on the Nigerian Exchange Group (NGX). The study adopted a panel regression analysis approach to determine the effect of the firm-specific variables on disclosure practices. Firm attributes were proxied using Total assets (firm size), return on assets (profitability), debt-to-equity ratio (leverage), and the number of years since incorporation (firm age) were[i], while voluntary disclosure served as the dependent variable. The findings revealed that firm size and leverage had a significant positive effect on voluntary disclosure, suggesting that larger and more highly geared firms are more inclined to disclose additional information beyond regulatory requirements. However, profitability and firm age were found to have positive but statistically insignificant effects on the level of disclosure. Although the study did not directly assess investors' decision-making through market-based indicators such as share price, it emphasized that voluntary disclosures play a crucial role in reducing information asymmetry and enhancing investors' confidence. The study was anchored on Signaling Theory, which explains how firms with favorable internal characteristics send signals to the market through disclosure to reduce uncertainty and attract investors. Additionally, Stakeholder Theory was referenced to highlight how transparency through voluntary disclosures helps firms build legitimacy and maintain good relationships with key stakeholders, including shareholders and potential investors. These theoretical perspectives support the notion that firm attributes influence managerial disclosure behavior, which in turn affects how investors perceive the firm's reliability and investment potential. A major limitation of the study is its indirect approach to investor decision-making. It does not capture direct investor responses such as market price fluctuations or actual investment behavior. However, it provides meaningful insight into how firm characteristics shape disclosure strategies, which serve as signals that influence investors' perceptions. Therefore, while not directly measuring share price, the study remains relevant to understanding how internal firm attributes contribute to investors' decision-making through improved transparency and corporate communication.

Egugbo (2025) conducted a study on the Appraisal of Firm Attributes on Share Price of Quoted Consumer Goods Firms in Nigeria for the period covering 2014 to 2023. The study aimed to investigate the extent to which specific firm attributes influence the share price of consumer goods firms listed on the Nigerian Exchange Group (NGX). The research specifically sought to identify which firm-level financial characteristics are most relevant to investors when making share valuation decisions. The author employed an ex-post facto research design and relied on secondary data obtained from the annual reports of all listed consumer goods companies in Nigeria that had consistent records within the ten-year study period. The analysis was conducted using panel least squares regression models to test the relationships between the variables. Firm attributes were proxies using return on equity (ROE) to measure profitability, total assets to measure firm size, current ratio to assess liquidity, and debt-to-equity ratio to represent leverage. The dependent variable, investors' decision-making, was measured using the market price per share of the firms as recorded on the Nigerian Exchange. The findings of the study indicated that profitability and firm size had a significant positive impact on share price, suggesting that investors are likely to favor firms that are profitable and have larger asset bases. In contrast, liquidity and leverage showed an insignificant effect on share price, indicating that investors may not place high value on short-term solvency or capital structure in their decision-making within this sector. The study was underpinned by Signaling Theory, which asserts that firms communicate valuable information to investors through observable financial indicators such as profitability and firm size. According to the theory, high ROE and large total assets signal managerial competence and long-term stability, which attract investor interest and influence market valuation. The study emphasized that when firms demonstrate strong financial fundamentals, they send positive signals to the market, encouraging investor confidence and driving share prices upward. A key strength of this study lies in its direct focus on consumer goods firms, aligning precisely with the scope of the current research. Furthermore, by using share price as a direct measure of investors' decision-making, the study offers empirical support for the relevance of financial firm attributes in shaping investor behavior. However, the study did not consider non-financial attributes such as board characteristics or voluntary disclosures, which could further enhance the explanation of investors' actions. Nevertheless, the research provides robust evidence that firm attributes especially profitability and size play a significant role in determining investor responses in Nigeria's consumer goods sector, thereby strengthening the foundation of the current study.

Daniel, A. Aruwa, S. A. A & Mainoma, M. A. (2021) conducted a study on the effect of corporate information on equity investors' decision making in listed non-financial firms in Nigeria. The population comprises all the listed non-financial firms in Nigeria with a sample size of forty-eight (48) firms covering the periods of 2012 to 2019. Using firm growth (FG) and firm size (FS) as proxies for corporate information, the study applied Robust Fixed effect (RE) regression model to assess their effect on investors behavior. Signaling theory was adopted for the study. The findings indicated a significant positive effect on market price of shares (MPS) of quoted non-financial firms in Nigeria for the period under review, as investors preferred firms with higher FG and FS due to their financial stability and profitability potential.

Jibril, M. and Idris, M. B. (2022) examined the effect of firms specific attributes and financial performance of quoted conglomerate companies in Nigeria. The population of the study comprised all the eight (8) conglomerate firms quoted on the Nigerian Exchange as at 31St December, 2020. Using firm size, Leverage and Liquidity as proxies for firms' characteristics, the study applied multiple regression technique to assess return on assets of quoted conglomerates companies in Nigeria. Resource Based Theory and Agency **Costs** Theory were adopted for the study. Findings from the study reveal that liquidity has positive and insignificant effect on financial performance; on the other hand leverage has a negative but insignificant effect on financial performance, within the period under review

Bassey and Okon (2020) investigated the effect of liquidity on investors' behavior in the Nigerian stock market. The study used current ratio and quick ratio as proxies and applied multiple regression analysis. Findings showed that firms with higher liquidity ratios were preferred by investors due to their ability to meet short-term obligations, reducing financial risk.

Uche and Emeka (2019) analyzed the effect of firm age on investment decisions. Using firm age as a proxy and adopting a logistic regression model, the study found that older firms attracted more investors due to their established market reputation and financial stability.

Onyekwelu, Nwajei and Ugwu (2017) appraised the effect of firms' characteristics on the financial performance of firms in Nigeria using the oil and gas firms in Nigeria. Sales growth and firms' leverage are the proxies for firms' characteristics while Return on Assets was the measure for financial performance. The study adopted the ex-post facto research design. Data were sourced from the financial statement of firms studied. Multiple regressions were used for analysis. Results show that sales growth and leverage have significant a negative and insignificant effect on Return on Assets. The differences in the period under review between both studies have opened a time gap, because of changes in policy. Therefore, findings from previous studies may not be effective in making conclusions on the effects of firm attributes on the financial performance of conglomerate companies in Nigeria.

Empirical evidence suggests that firm attributes significantly influence investor decision-making in Nigeria's consumer goods sector. Profitability, firm size, leverage, dividend policy, corporate governance, earnings quality, liquidity, stock market performance, firm age, and macroeconomic factors all play essential roles in shaping investor behavior. Companies aiming to attract investors should focus on maintaining strong financial performance, managing leverage effectively, ensuring dividend stability, implementing sound governance practices, and adapting to macroeconomic conditions.

Iyoha and Okodo (2024) explored the relationship between firm attributes and voluntary disclosure practices among listed consumer goods firms. Although the study provided insights into the signaling behavior of firms, it did not directly measure investors' reactions or outcomes such as share price, trading volume, or investor confidence. The reliance on disclosure as a proxy for investors' decision-making introduces conceptual limitations, and the study did not control for potential feedback effects between firm performance and disclosure, raising endogeneity concerns. Moreover, the absence of macroeconomic controls or external influences reduces the explanatory depth of the findings.

Egugbo (2025) assessed the influence of profitability, firm size, leverage, and liquidity on share price within the consumer goods sector. Although the study aligned well with the research context, it failed to consider non-financial variables such as governance quality or ownership structure. Additionally, no effort was made to distinguish between different types of investors, such as institutional and retail, despite their potentially different valuation behaviors. The study also did not apply any robustness checks or alternative model specifications to test the sensitivity of its results, which limits the reliability of its conclusions.

Daniel, Aruwa, & Mainoma, (2021) discovered that there is a significant positive effect on market price of shares (MPS) of quoted non-financial firms in Nigeria for the period under review, as investors preferred firms with higher FG and FS due to their financial stability and profitability potential. However, both studies focus solely on Nigerian firms, limiting generalizability, and do not sufficiently address endogeneity or causality concerns.

Jibril, and Idris, (2022) Findings from the study reveal that liquidity has positive and insignificant effect on financial performance; on the other hand leverage has a negative but insignificant effect on financial performance, within the period under review Yet, their methodology, based on OLS regression, may not fully capture the complexity of the relationships due to potential omitted variables.

Bassey and Okon (2020) found that firms with strong liquidity positions, indicated by higher current and quick ratios, were more appealing to investors due to their ability to meet short-term obligations. However, they did not distinguish between the impact of operational versus financial liquidity.

Uche and Emeka (2019) discovered that older firms attracted more investors, likely due to their market reputation and perceived stability, yet the use of firm age as a singular proxy might oversimplify investors' perceptions.

Overall, the reviewed empirical studies affirm that firm attributes including profitability, size, leverage, dividend policy, governance quality, earnings quality, liquidity, market performance, firm age, and macroeconomic conditions significantly influence investor behavior in Nigeria. However, limitations such as lack of cross-country comparisons, weak causal inference, reliance on limited proxy variables, and the homogeneous treatment of investors constrain the depth and applicability of the findings. Future studies should incorporate more robust econometric techniques, expand to other emerging or global markets, and distinguish among investor types to enrich understanding and relevance in today's dynamic financial landscape.

2.3 Theoretical Framework

The relationship between firm attributes and investors' decision-making is best explained using several financial and investment theories. Signaling Theory **provides** understanding how financial firm attributes influence investor' decision making in capital market.

Signaling Theory

The Signaling Theory, developed by Spence (1973), explains how firms convey important financial information to investors to influence their decision-making. This theory suggests that corporate financial indicators serve as signals to investors, helping them assess a company's future prospects and risks. Investors interpret firm attributes such as profitability, efficiency, and liquidity as signals of financial health, which influence their willingness to invest (Adebayo & Yusuf, 2021).

For example, a company with a high net profit margin signals strong profitability, which may attract more investors. Similarly, a high inventory turnover ratio signals operational efficiency, while strong cash flow from operations indicates financial stability. Investors perceive these signals positively, leading to increased demand for the company's shares and a rise in market price (Osuji & Nwakanma, 2021).

Signaling Theory is particularly relevant in the Nigerian stock market, where information asymmetry remains a challenge. Many investors may not have access to detailed financial analysis, so they rely on publicly available firm attributes as indicators of future performance. Firms that provide clear and positive financial signals are more likely to attract investment, whereas firms with weak financial metrics may struggle to gain investors' confidence (Bala & Ibrahim, 2020).

The signaling theory is relevant to this study because the theory states that appropriate disclosure of firm attributes such as (profitability, efficiency and liquidity) in financial statement serves as signal to potential and existing investors for investment decision making. This implies that the disclosure of firm attributes guides equity investors' in their investment decision making which reflect in market prices of shares in the capital market.

3. Methodology

This study adopts an ex-post facto design, specifically a correlational research approach, to examine the relationship between firm attributes and investors' decision-making. A quantitative approach is appropriate because it enables the use of numerical data to establish statistical relationships between variables (Bello &

Yusuf, 2022). The correlational design is employed to analyze how profitability, efficiency, and liquidity influence investors' decision-making, as measured by the market price of shares (MPS).

The population of this study consists of all consumer goods companies listed on the Nigerian Exchange Group (NGX) as of December 2024. This sector is considered because it plays a significant role in Nigeria's economy and attracts substantial investor interest.

All the 25 consumer goods companies listed on the Nigerian Exchange Group (NGX) from 2015 to 2024 were used for the study.

The study utilizes secondary data obtained from the financial statements and annual reports of listed consumer goods companies, as published on the NGX website and company websites. Additional data sources include reports from the Securities and Exchange Commission (SEC) and financial analysis platforms such as Bloomberg and Pros hare.

Measurement of Variables

Profitability (PRF): Measured using Net Profit Margin (NPM), calculated as:

NPM = (Net Profit / Total Revenue) × 100

Efficiency (EFF): Measured using Inventory Turnover, calculated as:

Inventory Turnover = Cost of Goods Sold (COGS) / Average Inventory

Liquidity (LIQ): Measured using Cash Flow from Operations (CFO), obtained directly from financial statements.

Investors' Decision-Making (IDM): Measured using Market Price of Shares (MPS), which reflects how investors react to firm attributes.

Firm Size (FMS**):** Measured as the natural logarithm of total assets (*FMS = ln(Total Assets)*). This variable is included to account for the potential influence of company size on investors' decisions.

The study employs descriptive statistics, correlation analysis, and multiple regression analysis to examine the relationship between firm attributes and investors' decision-making.

Descriptive Statistics: Used to summarize key characteristics of the data, including means, standard deviations, and frequency distributions.

Correlation Analysis: Measures the strength and direction of the relationship between firm attributes (profitability, efficiency, liquidity) and investors' decision-making.

Multiple Regression Analysis**:** Examines the combined effect of firm attributes on the market price of shares (MPS), while controlling for firm size. The regression model is specified as:

MPSit=β0+β1PRFit+β2EFFit+β3LIQit+β4FMSit+εit

MPS_{it}= β0 + β1PRF{it} + β2EFF{it} + β3LIQ{it} + β4FMS{it} + ε{it}

MPSit=β0+β1PRFit+β2EFFit+β3LIQit+β4FMSit+εit

Where:

MPS = Market Price of Shares (dependent variable)

PRF= Profitability (Net Profit Margin)

EFF = Efficiency (Inventory Turnover)

LIQ= Liquidity (Cash Flow from Operations)

FMS= Firm Size (Control variable)

β0 = Intercept

β1,β2,β3,β4 = Regression coefficients

ε = Error term

i = Cross-sectional dimension (company)

t = Time series dimension (year)

Data analysis is conducted using the Statistical Package for the Social Sciences (SPSS) and Microsoft Excel for statistical computations

4. Results and Discussion

4.1 Descriptive Statistics

Table 1: Descriptive Statistics of the Log-Transformed Study Variables

Variable	Mean	Standard Deviation	Minimum	Maximum	Observation
MPS (₦)	3.48	0.37	2.73	4.22	200
PRF (NPM)	2.06	0.31	0.74	2.70	200
EFF (ITR)	1.47	0.37	0.41	2.28	200
LIQ (CFO) (₦B)	0.97	0.43	-0.16	1.93	200
ln(FMS)	2.84	0.07	2.70	2.98	200

Source: Researchers' Compilation (2025)
(Significance levels: * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$)

The descriptive statistics indicate that the natural logarithm of the Market Price of Shares (MPS) has a mean value of 3.48, with a minimum of 2.73 and a maximum of 4.22, showing a relatively moderate spread in share prices among listed consumer goods firms. Profitability (PRF), with a mean of 2.06, indicates a skew toward firms with strong profit margins. Efficiency (EFF), measured by the log of inventory turnover, averages 1.47, suggesting solid operational turnover rates. Liquidity (LIQ), proxied by the log of cash flow from operations, averages 0.97. Firm Size (ln(FMS)), already in logarithmic form, shows a mean of 2.84, suggesting modest variations in company sizes after transformation.

4.2 Regression Analysis

Table 2: Regression Results (Log-Transformed Variables)

Variable	Coefficient (β)	Std. Error	t-Statistic	p-Value
Constant	0.652	0.308	2.12	0.035*
PRF (NPM)	0.332	0.068	4.88	0.000**
EFF (ITR)	0.198	0.059	3.36	0.001**
LIQ (CFO)	0.164	0.052	3.15	0.002**
ln(FMS)	0.224	0.057	3.93	0.000**

Source: Researchers' Computation using SPSS 26.0, (Significance levels: * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$)

The regression analysis reveals that all independent variables significantly influence the log of MPS. Profitability continues to exert the strongest influence, while firm size (ln(FMS)) also shows a robust and statistically significant impact. The adjusted R^2 value of 0.576 suggests that 57.6% of the variation in log(MPS) is explained by the model.

4.3 Correlation Analysis

Table 3: Correlation Matrix (Log-Transformed Variables)

Variable	MPS	PRF	EFF	LIQ	ln(FMS)
MPS	1.000	0.551**	0.437**	0.391**	0.472**
PRF	0.551**	1.000	0.463**	0.348**	0.402**
EFF	0.437**	0.463**	1.000	0.293*	0.389**
LIQ	0.391**	0.348**	0.293*	1.000	0.336**
ln(FMS)	0.472**	0.402**	0.389**	0.336**	1.000

Source: Researchers' Computation using SPSS 26.0; (Significance levels: * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$)

All independent variables show significant positive correlations with the market price of shares (MPS), even after log transformation. Profitability ($r = 0.551$, $p < 0.01$) remains the most strongly correlated with MPS, suggesting that profit margins are still the most influential factor for share valuation. Efficiency and liquidity are positively correlated with MPS, further reinforcing the importance of sound operational and financial management. Firm size also maintains a strong positive relationship with MPS ($r = 0.472$, $p < 0.01$), validating its inclusion as a control variable.

4.4 Regression Analysis

Table 4: Regression Results (Log-Transformed Variables)

Variable	Coefficient (β)	Std. Error	t-Statistic	p-Value
Constant	0.652	0.308	2.12	0.035*
PRF (NPM)	0.332	0.068	4.88	0.000**
EFF (ITR)	0.198	0.059	3.36	0.001**
LIQ (CFO)	0.164	0.052	3.15	0.002**
ln(FMS)	0.224	0.057	3.93	0.000**

Source: Researchers' Computation using SPSS 26.0
(Significance levels: * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$)

The regression analysis reveals that all independent variables significantly influence the log of MPS. Profitability continues to exert the strongest influence, while firm size (ln(FMS)) also shows a robust and statistically significant impact. The adjusted R^2 value of 0.576 suggests that 57.6% of the variation in log(MPS) is explained by the model.

4.5 Discussion of Findings

The findings of this study provide valuable insights into how firm-specific financial attributes influence investors' decision-making in the Nigerian consumer goods sector, as reflected in the market price of shares (MPS). Utilizing log-transformed data to ensure statistical robustness, the analysis reveals that profitability, efficiency, and liquidity remain significant predictors of market valuation, aligning with theoretical expectations and prior empirical literature.

Profitability, measured by the natural log of Net Profit Margin (lnNPM), emerged as the most influential factor with a strong and statistically significant positive relationship with MPS. This underscores the importance investors place on a firm's ability to generate earnings from its core operations. Firms with higher profit margins are perceived as financially stable, capable of sustaining operations and rewarding shareholders, thus attracting more investment. This finding supports the signaling theory, which posits that strong financial performance serves as a positive signal to the market, shaping investors' expectations and behavior.

Efficiency, proxied by the log of Inventory Turnover (lnITR), also exhibited a significant positive association with share prices. This result highlights that firms with efficient inventory management systems are viewed more favorably by investors. Higher inventory turnover suggests effective operational control, minimized holding costs, and the ability to respond swiftly to market demands all traits that enhance firm value and market confidence.

Liquidity, captured by the log of Cash Flow from Operations (lnCFO), demonstrated a positive, albeit comparatively moderate, influence on MPS. While liquidity may not be the most dominant factor, it remains a critical indicator of a firm's capacity to meet short-term obligations and support ongoing operations. Investors view healthy cash flows as a sign of operational resilience, which contributes to sustained firm value.

Importantly, the inclusion of Firm Size measured as the natural logarithm of total assets (lnFMS) as a control variable further strengthens the model. The positive and significant relationship between firm size and share price suggests that larger firms are typically perceived as more stable, diversified, and capable of weathering economic shocks. Their visibility and access to financial resources make them attractive to investors. Moreover, the inclusion of this variable improved the model's explanatory power, with the adjusted R^2 rising to 0.576, indicating that over half of the variation in MPS can be explained by the included variables.

Overall, the study confirms that firm-specific financial indicators particularly profitability and efficiency play a crucial role in shaping investor decision-making in the Nigerian stock market. Firm size also acts as a reinforcing factor, reflecting market preferences for well-established and financially solid companies. These insights have practical implications for corporate managers, policymakers, and investors alike.

5. Conclusion and Recommendations

This study examined the effect of firm attributes on investors' decision-making in publicly listed consumer goods companies in Nigeria. The key firm attributes investigated were profitability (net profit margin), efficiency (inventory turnover), and liquidity (cash flow from operations), while investors' decision-making was assessed using the market price of shares (MPS). Log-transformed data analysis confirmed that all three attributes significantly influence investor behavior, with profitability exerting the strongest effect, followed by efficiency and liquidity.

The findings suggest that investors prioritize firms with high profitability, as robust net profit margins signal financial strength and future growth potential. Efficiency in inventory management further enhances a firm's market perception, while liquidity, though slightly less impactful, remains important in ensuring operational sustainability.

Based on these findings, the following recommendations are proposed:

Company Management should focus on profitability by adopting cost-effective strategies, refining pricing models, and expanding income streams.

Financial Managers should monitor liquidity metrics continuously to ensure companies maintain the capacity to meet short-term obligations, which enhances investor confidence.

The Nigerian Exchange Group (NGX) and the Securities and Exchange Commission (SEC) should continue to enforce and strengthen financial disclosure requirements to improve investor trust and promote a more efficient capital market.

The study concludes that firm attributes significantly impact investors' decision-making in Nigeria's consumer goods sector. Therefore, companies should focus on improving their profitability, operational efficiency, and liquidity management to attract more investors and enhance their market valuation.

Based on the findings, Consumer goods companies should adopt cost-effective strategies, improve product pricing models, and expand revenue streams to boost net profit margins.

Financial managers should implement strong financial planning to maintain a high and stable profitability ratio that attracts investors. Also firms should optimize their inventory management systems by adopting technology-driven inventory tracking to enhance inventory turnover rates.

Further, adopting just-in-time (JIT) inventory practices and efficient supply chain management will reduce holding costs and improve operational efficiency. Furthermore, companies should maintain healthy cash flow levels by improving receivables collection and reducing unnecessary expenditures. Nevertheless, financial managers should monitor cash flow ratios and ensure operational sustainability, as investors prefer companies with strong liquidity positions. Regulatory bodies like the Nigerian Stock Exchange (NGX) and Securities and Exchange Commission (SEC) should strengthen disclosure requirements to improve investor confidence.

Future studies should expand the scope to include other sectors beyond consumer goods to determine if firm attributes have a similar impact across different industries. Lastly, incorporating additional variables such as leverage, firm size, and dividend policy can provide deeper insights into investors' decision-making behavior.

References

Abdulkarim, U. F., Mohammed, L., Mohammed, A. N., & Abubakar, S. (2019). The effect of firm specific characteristics on financial leverage of quoted diversified companies in Nigeria. *Malaysian Management Journal, 23(2) 27-46*

Abubakar, A. Suleiman, I. and Haruna, U., (2018) Effect of Firms Characteristics on Financial Performance of Listed Insurance Companies in Nigeria. *African Journal of History and Archaeolog*y 3(1) 1-8

Adegboye, F. B., Adediran, O. S., & Akinbode, S. O. (2017). Financial statement analysis and corporate performance: A study of selected consumer goods companies in Nigeria. International Journal of Advanced Academic Research: Social Sciences, Education and Humanities, 3(10), 1-1

Ali, A., & Hussain, S. (2020). The impact of firm profitability on investment decisions: Evidence from emerging markets. *Journal of Financial Economics*, *45*(2), 112-130.

Arsyad, M., Haeruddin, S. H., Muslim, M., & Pelu, M. F. A. (2021). The effect of activity ratios, liquidity, and profitability on the dividend payout ratio. *Indonesia Accounting Journal, 3(1), 36-44.*

Bawa, A., & Ibrahim, M. (2022). Liquidity management and firm valuation: A study of Nigerian consumer goods companies. *African Journal of Business and Economic Research*, *18*(3), 211-230.

Central Bank of Nigeria. (2023). *Annual economic report 2022*. CBN Publications. Chukwuma, E. K., & Okonkwo, C. J. (2019). Efficiency and stock market performance: The role of inventory turnover. *International Journal of Finance and Accounting*, *7*(4), 45-60.

Daniel, A. Aruwa, S. A. A & Mainoma, M. A. (2021). Effect of Corporate Information on Equity Investors’ Decision Making in Listed Non-Financial Firms in Nigeria. *International Journal of Public Administration and Management Research (IJPAMR), Vol. 6, No. 6, August,*

Fadrul, F., Wijaya, F. T., Natalia, A., Estu, A. Z., Novitriansyah, B., & Hadi, S. (2024). The Effect of Profitability Ratio, Solvability Ratio, and Liquidity Ratio on Stock Price at Sector Company Consumer Non-C

Fama, E. (1970). Efficient Capital Markets: A Review of Theory and Empirical Work. *Journal of Finance*, 25(2), 383-417.

Husain, T., & Sunardi, N. (2020). Firm's Value Prediction Based on Profitability Ratios and Dividend Policy. Finance & Economics Review, 2(2), 13-26.

Jensen, M., & Meckling, W. (1976). Theory of the Firm: Managerial Behavior, Agency Costs, and Ownership Structure. *Journal of Financial Economics*, 3(4), 305-360.

Jibril, M. and Idris, M. B. (2022) Firms Attributes and Financial Performance of Quoted Conglomerates Companies in Nigeria, Journal of Economics, Finance and Management Studies Volume 5 Issue 10 October 2022.

Johnson, T. & Eze, C. (2021). Investor sentiment and share price movements: Evidence from the Nigerian Stock Exchange. *West African Journal of Economic Research*, *29*(5), 87-102.

Kwaltommai, A.S. Enemali, M.L. DUNA, J. and Ahmed, A., (2019) Firm Characteristics andFinancial Performance of Consumer Goods Firms in Nigeria. *Scholars Bulletin*; 7(3) 743-751

Onyekwelu, U.L. Nwajei, N.B., and Ugwu, K.O., (2017) Effect Of Firms' Characteristics on Financial Performance of Oil and Gas Companies in Nigeria. *Asia Pacific Journal of Research in Business Management* 8(3) 64-80

Otemu, O., & Onodavwerho, O. J. (2023). Profitability and Dividend Policy of Consumer Goods Firms in Nigeria. Jalingo Journal Of Social And Management Sciences, 4(4), 209228-209228.

Pandey, I. M. (2019). *Financial management* (12th ed.). Vikas Publishing House.

Ross, S. (1977). The Determination of Financial Structure: The Incentive-Signaling Approach. *The Bell Journal of Economics*, 8(1), 23-40.

Securities and Exchange Commission Nigeria. (2021). *Investor education and stock market performance*.