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FIRM CHARACTERISTICS AND VALUE OF LISTED NON-FINANCIAL COMPANIES IN NIGERIA

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Abstract

Firm value as a measure of sustainability, stability and going concern of business organizations had been a toss of debate in several past studies. Yet these studies accounted for different determinants of firm value. Hence, these variations and inclusiveness ignited the need for this study. The study adopted a correlational research design. Population of the study consisted of 13 Industrial Goods companies, among others, that are listed on the Nigeria Exchange Group (NGX). Nine (9) companies with consistent annual financial reports for the period of twelve years (2013-2024) were selected. Validity and reliability of data was premised on audited financial statements. Data were analyzed using descriptive and inferential statistics. The findings of this study revealed that individual effect of corporate governance on market capitalization, enterprise value and price earnings ratio was significant but insignificant on price-to-book value ($t = 7.874, 7.880, 6.473, p<0.005; t = 0.543, p>0.05$) respectively. Growth opportunities had an insignificant influence on market capitalization, enterprise value, price earnings ratio was significant and price-to-book value ($t = -1.640, -0.952, -0.959, 1.626797; p>0.05$) respectively. Above all, this study revealed that firm characteristics had a significant effect on market capitalization. The study revealed that enterprise value was significantly affected by firm characteristics. Also, the study found that firm characteristics had a significant effect on price earnings ratio and price-to-book value. The study concluded that firm characteristics influenced the firm value of listed non-financial companies in Nigeria. It was recommended that regulatory bodies should enforce stricter corporate governance codes to ensure transparency and accountability among listed non-financial companies.

Keywords: firm characteristics, market capitalization, enterprise value, price earnings ratio, price-to-book value

1. Introduction

The market's assessment of a company's worth, which is often reflected in stock prices or equity market value, is known as firm value in the business context. Theoretically, a variety of factors, such as financial performance, external economic conditions, and operational efficiency, are involved. Non-financial enterprises, such as those in manufacturing, agriculture, commerce, and services, are crucial to Nigeria's economy.

Firm characteristics refers to factors including size, leverage, and growth prospects that are believed to significantly affect a business's value. Because of their unique operating conditions and significance in fostering economic growth, Nigeria's non-financial enterprises have drawn increased attention from investors, scholars, and policymakers. Researchers and practitioners have long been interested in the link between business value and corporate characteristics, especially in emerging countries like Nigeria. Firm size (FS), corporate governance (CG), and growth opportunities (GRO) are some of the characteristics that significantly impact a company's market value and overall financial success (Olawale et al., 2021).

In Nigeria, where the business climate is characterized by both unpredictable economic conditions and insufficient infrastructure, firm size plays two roles in determining firm value. Firstly, the size of the firm attracts the investors to invest. Secondly, it serves as a bedrock for securing debt finance (Usman et al., 2022). A company's value is significantly impacted by managerial decisions, accountability, and openness, all of which are influenced by corporate governance (CG). Effective corporate governance procedures are required to reduce agency issues and ensure that managerial decisions align with shareholder interests (Adebayo et al., 2022).

The potential for a firm to expand and generate revenue in the future is known as growth opportunities (GRO). This is true because businesses with more growth potential are often seen as more valuable by investors, who anticipate higher earnings in the future (Ajayi & Ojo, 2021). The link between corporate characteristics and firm value also includes how businesses plan and manage their resources in response to external market conditions. The operational performance and market valuation of listed non-financial firms in Nigeria, for instance, can be greatly impacted by changes in the currency rate, inflation, and interest rates (Olowookere & Adegbite, 2021). International studies have shown that in developed nations such as the United States, business value is correlated with corporate qualities (Adebayo et al., 2022; Amirah et al., 2023).

Studies have endeavoured to establish a nexus between the findings obtained from the empirical studies in the developed countries and those findings of the studies conducted in an emerging economy. For instance, Osemwegie (2024) study looked at how growth opportunities and company size affected firm value in Latin American nations. They discovered that although large Latin American companies benefited from economies of scale in general, heavy leverage posed serious dangers because of the region's unstable financial markets and unpredictable economy, which might have a detrimental effect on company value. This study brought to light how differences in market architecture and economic stability might change the dynamics seen in industrialized economies (Kolawole et al., 2021, Amirah et al., 2023, Osemwegie, 2024).

Subsequent research studied the relationship between firm value and company attributes in African countries. For instance, Adebayo et al. (2022) investigated the relationship between growth opportunities and company size in Nigerian enterprises and found that, despite firm size having a positive effect on firm value, high leverage was associated with greater financial risk, particularly in Nigeria's unstable economic climate (Abor, 2021). They also looked at how the peculiarities of African markets, such as political unpredictability and inadequate infrastructure, may affect the relationship between business attributes and firm value (Olawale et al., 2021).

Locally, studies on Nigerian businesses have improved our comprehension of these connections. Chukwu and Onuoha (2021), for instance, looked into how growth prospects affected the firm value of Nigerian listed non-financial enterprises. They discovered that as companies with more growth potential are more appealing to investors, growth prospects greatly increase company value. They did, however, also point out that variables including Nigerian-specific economic instability and regulatory changes can mitigate the effects of business size and leverage. The specific economic and institutional circumstances of Nigerian enterprises need the adaptation of global ideas and results, and this localized research offers insightful information on how to do so (Amirah et al., 2023; Samuel et al., 2024, Osemwegie, 2024).

For listed non-financial companies, the Nigerian business climate poses a number of difficulties, including unstable foreign currency rates, erratic government policies, and economic volatility. These elements may increase the effect of company attributes on firm value, making it more challenging for investors to forecast their businesses' future success. For example, a firm's market valuation may be impacted by inflationary pressures and currency rate volatility, which can reduce the value of the firm's income and assets (Fowowe, 2023). Therefore, it is necessary to consider their role, function and subsequent impact of firm characteristics on a major focus of this study is the firm value of listed non-financial companies in Nigeria.

In line with the study, the following research were raised which include:

i. What is the effect of firm characteristics on market capitalization of listed non-financial companies in Nigeria?

ii. How does firm characteristics affect enterprises value of listed non-financial companies in Nigeria?

iii. What effect does firm characteristics have 0n price earnings ratio of listed non-financial companies in Nigeria?

iv. How has firm characteristics affected price-to-book value of listed non-financial companies in Nigeria?

The main objective of this study was to examine the effect of firm characteristics on firm value of listed non-financial companies in Nigeria. The study's specific objectives include: (i) examine the effect of firm characteristics on market capitalization of listed non-financial companies in Nigeria;

(ii) assess the effect of firm characteristics on enterprises value of listed non-financial companies in Nigeria;

(iii) evaluate the effect of firm characteristics on price earnings ratio of listed non-financial companies in Nigeria; and

(iv)determine the effect of firm characteristics on price-to-book value of listed non-financial companies in Nigeria.

Nevertheless, the following null hypotheses were formulated and tested in this study.

H_{01} = Firm characteristics has no significant effect on market capitalization of listed non-financial companies in Nigeria;

H_{02} = Firm characteristics does not have significant effect on enterprises value of listed non-financial companies in Nigeria;

H_{03} = Firm characteristics has not significantly affected price earnings ratio of listed non-financial companies in Nigeria; and

H_{04} = Firm characteristics has no significant effect on price-to-book value of listed non-financial companies in Nigeria

2. Literature Review

Conceptual Review

Firm Value (FV)

In corporate finance and investment research, the concept of "firm value," which encompasses a business's economic value based on its capacity to generate future cash flows and repay profits to shareholders, is crucial (Olawale et al., 2021). A company's value is often determined using metrics like market capitalization, enterprise value, and book value (Khalid & Zahid, 2023; Junaidu et al., 2021).

FV also A company's value may also be impacted by regulations that affect strategic objectives and operational costs, such as tax reforms and environmental rules (Bagu & Ahmed, 2022). However, most existing studies on firm value are concentrated in developed economies, with limited empirical evidence from emerging markets like Nigeria, thereby creating a contextual gap this study aims to address.

Market Capitalization

Market capitalization, commonly referred to as market cap, is a crucial metric used to assess the total value of a publicly traded company (Abubakar et al., 2021). Market capitalization is separated into several tiers according to the value range, which helps to categorize companies into different groupings such as large-cap, mid-cap, and small-cap (Erin et al., 2022). Although they may have stronger growth possibilities, small-cap companies with a market valuation of less than $2 billion are sometimes more volatile (Ramalan et al., 2021). Smaller companies, on the other hand, might be perceived as riskier but possibly more lucrative (Gbadebo, 2022). Despite its widespread use, market capitalization is highly sensitive to market sentiment and macroeconomic conditions, which may limit its reliability as a standalone measure of firm value in volatile economies like Nigeria.

Enterprises Value

Enterprise value is commonly used in financial research to ascertain the true cost of acquiring a company (Adebayo et al., 2022). According to Amirah and Zakari (2023), it provides a more comprehensive picture of a firm's financial position by incorporating debt and cash components. It is also widely applied in valuation techniques such as discounted cash flow (DCF) analysis (Etukudo et al., 2022). However, enterprise value may be distorted in emerging markets where financial reporting inconsistencies and valuation inefficiencies exist, thereby affecting its accuracy as a measure of firm value.

Price to Earnings Value

The price-to-earnings (P/E) ratio compares a firm's share price with its earnings per share (EPS) (Olawale et al., 2021; Abor, 2021). It is widely used in evaluating investment opportunities and firm performance (Osemwegie, 2024). Nevertheless, the reliability of the P/E ratio may be compromised by earnings management practices, especially in developing economies where financial reporting standards may not be strictly enforced.

Price to Book Value

The Price-to-Book Value (P/B Ratio) compares a company's market value with its book value (Olowookere & Adegbite, 2021). It is useful for evaluating asset-based firms, although it may be less relevant for firms with intangible assets (Bagu & Ahmed, 2022). In addition, the P/B ratio may not fully capture a firm's future earning potential, making it less effective in explaining firm value in dynamic and innovation-driven industries.

Firm Characteristics

Firm characteristics refer to internal attributes such as size, leverage, and growth opportunities that influence firm performance (Amirah et al., 2023; Ajayi & Ojo, 2021). These characteristics shape financial decisions and operational efficiency (Usman et al., 2022). However, there is no consensus in the literature on which firm characteristics consistently influence firm value, particularly in emerging markets where external factors often override firm-specific attributes.

Corporate Governance

Corporate governance involves the systems and processes that guide corporate management and control (Ebiye & Lyndon, 2024). Effective governance enhances accountability and decision-making (Khalid & Zahid, 2023). Despite its importance, weak enforcement of governance frameworks in developing countries like Nigeria may limit its effectiveness in improving firm value.

Growth Opportunities

Growth opportunities represent a firm's ability to expand and increase profitability through strategic initiatives (Samuel et al., 2024; Olawale et al., 2021). However, high growth opportunities may also introduce uncertainty and risk, which can negatively affect investor perception and firm valuation in unstable economic environments.

Liquidity

The capacity of a business to pay its short-term debts using its most liquid assets is known as liquidity. A vital component of financial management is making sure a business has enough cash on hand or easily convertible assets to allow it to continue operating and stay out of financial trouble (Gbadebo, 2022; Abor, 2021). Nevertheless, excessive liquidity may indicate inefficient resource utilization, which can reduce firm value rather than enhance it.

Firm Size

Firm size is a crucial factor in business and financial research, often assessed using metrics such as market capitalization, revenue, and total assets. It serves as an indicator of an organization's scale, operational capacity, and market presence (Etukudo et al., 2022; Gbadebo, 2022). The size of a company significantly influences its competitive advantage and market performance (Ajayi & Ojo, 2021). However, larger firm size does not always translate into higher firm value, as organizational complexity and inefficiencies may offset its advantages.

Theoretical Framework

Numerous related thoughts that are pertinent to the study's issue were generated by the examination. Agency Theory, Stakeholder Theory, Legitimacy Theory, Resource-Based Theory and Signaling Theory are some of the pertinent ideas that are incorporated into this study. Stakeholder theory is the theoretical framework used in this study to investigate how business characteristics affect the value of Nigerian listed non-financial enterprises.

Stakeholder Theory, which was first put out by R. Edward Freeman in 1984, highlights that a company's capacity to generate value depends on its interactions with a variety of stakeholders, including shareholders, staff members, clients, suppliers, regulators, and the general public. According to the notion, long-term sustainability and business value are increased when the interests of all stakeholders are balanced and aligned. Stakeholder theory serves as a basis for examining how business attributes including ownership structure, corporate governance, and corporate social responsibility affect firm value in the context of this investigation.

Empirical Review

Empirical evidence on the relationship between firm characteristics and firm value remains mixed. Aderemi, et al. (2021) conducted research on corporate governance, intellectual capital and firm value. They found that corporate governance had no significant influence on firm value. Similarly, Bagu and Ahmed, (2022) carried out an empirical study on firm characteristics, sustainability reporting and firm value. They found that liquidity did not affect firm value significantly.

On the other hand, the study of Etukudo, et al. (2022), on firm characteristics and financial performance showed that growth opportunities had a statistically significant effect on price earnings ratio. In the same vein, Mbonu et al. (2021) researched on firm characteristics, capital structure and firm value. They found that firm characteristics had a negative relationship with capital structure while the relationship with the firm value was positive. Their study revealed that liquidity and leverage as proxies of firm characteristics significantly affected the firm value. Above all, the inconsistency in findings across studies suggested that the relationship between firm characteristics and firm value is context-dependent, thereby justifying the need for further investigation within the Nigerian non-financial sector.

3. Methodology

Research Design

The study adopted a correlational research design, which relied on historical data to examine relationships among variables without manipulation. This design is appropriate given the use of secondary data obtained from financial statements, annual reports, and official websites of selected industrial goods firms. The design enables the investigation of the impact of firm characteristics on firm value over time.

Population and Sample Size of the Study

The study population comprises thirteen (13) industrial goods companies listed on the Nigerian Exchange Group as of 31st December 2025. These firms represent the industrial goods sector and provide a comprehensive basis for analysing firm-level financial characteristics and value.

Sample Size and Sampling Technique

A sample of nine (9) firms was selected from the population using a purposive sampling technique. This approach was employed to ensure inclusion of firms with complete and consistent financial data over the study period (2013–2024), active trading status, and relevance to the study objectives. The use of purposive sampling is consistent with prior empirical studies, such as Thinh (2021), Uwaleke and Nde (2023), Zyad et al. (2021), which emphasize the importance of data availability and sector-specific relevance in firm-level analysis. The selected firms also reflect diversity within the industrial goods sector, thereby enhancing the representativeness and robustness of the study.

Data Sources and Collection Method

The study utilizes secondary panel data covering a twelve-year period from 2013 to 2024. Data were sourced from annual reports, financial statements, Nigerian Exchange Group publications, and official company websites. The collected data include key financial indicators related to firm characteristics and firm value. The use of secondary data ensures reliability, consistency, and cost-effectiveness while allowing analysis based on actual financial performance.

Measurement of Variables

Table 1

Details of the Measurements and A Priori Expectation

Variables	Proxies	Acronyms	Measures	Sources
Dependent variables	Market capitalization	MC	Share price X number of outstanding shares	Abubakar, et al. (2021)
	Enterprise value	EV	Market capitalization + Total Debt - Cash and cash equivalent	Gbadebo (2021)
	Price earnings ratio	PER	Market price per shaer/earnings per share	Umar, et al. (2021
	Price-to-book value	PBV	Maarket price per share/book value per share	Junaidu, et al. (2021)
Independent variables	Corporate governance	CG	Board independence ratio/number of independent directors	Aderemi, et al. (2021)
	Growth opportunities	GO	$\frac{\text{Mkt price}_t - \text{Mkt price}_{t-1}}{\text{Mkt price}_{t-1}}$	Olawale, et al. (2021)
	Liquidity	LGT	$\frac{\text{Current assets}}{\text{Current liability}}$	Amirah, et al. (2023)
Control variable	Firm size	FSZ	Nutural log of Total assets	Ajayi and Ojo, (2021)
A priori expectations				
Models	Parameters	Notations	Expected sign	
1 to 4	$\beta_0, \beta_1, \beta_2, \beta_3, \beta_4$	> 0	Positive (+)	

Source: Researchers computation, (2025)

Model Specification

The study adopts a panel regression model to examine the relationship between firm characteristics and firm value. The functional form of the model is expressed as: FV=f (CG, GO, LGT, FS)

The econometric models are specified as:

$$MC_{it} = \beta_0 + \beta_1 CG_{it} + \beta_2 GO_{it} + \beta_3 LGT_{it} + \beta_4 FS_{it} + \varepsilon_{it}$$

$$EV_{it} = \beta_0 + \beta_1 CG_{it} + \beta_2 GO_{it} + \beta_3 LGT_{it} + \beta_4 FS_{it} + \varepsilon_{it}$$

$$PER_{it} = \beta_0 + \beta_1 CG_{it} + \beta_2 GO_{it} + \beta_3 LGT_{it} + \beta_4 FS_{it} + \varepsilon_{it}$$

$$PBV_{it} = \beta_0 + \beta_1 CG_{it} + \beta_2 GO_{it} + \beta_3 LGT_{it} + \beta_4 FS_{it} + \varepsilon_{it}$$

Where: i represents the firm; t represents time; β_0 is the intercept; $\beta_1 - \beta_4$ are coefficients; ε is the error term.

Method of Data Analysis

Descriptive statistics were used to summarize the data, while inferential statistics, specifically multiple regression analysis, were employed to test the hypotheses and examine the effect of firm characteristics on firm value.

Ethical Consideration

The study relies on publicly available secondary data, ensuring transparency, proper citation, and compliance with ethical research standards.

4. Results and Discussion

Descriptive Statistics

The descriptive statistics provide a summary of the data set used in the study, including the mean, standard deviation, minimum, and maximum values of the variables.

Table 2

Descriptive Statistics

	MC	EV	PEV	PBV	CG	GO	LGT	FS
Mean	21.082	21.202	20.958	15.501	17.044	17.220	17.052	16.986
Median	21.009	21.144	20.973	15.895	17.157	17.447	17.081	17.195
Maximum	24.105	24.105	23.165	20.577	20.577	20.248	19.443	20.495
Minimum	18.783	18.783	15.620	0.000	8.517	0.0000	0.000	0.000
Std. Dev.	0.960	0.952	1.091	3.066	1.449	2.077	1.936	2.528
Skewness	0.167	0.118	-1.404	-3.580	-1.806	-5.220	-6.297	-5.606
Kurtosis	3.396	3.409	8.350	18.835	12.633	44.909	56.985	38.530
Jarque-Bera	1.204	1.005	164.275	1359.097	476.235	8393.937	13828.57	6246.611
Probability	0.548	0.605	0.000	0.000	0.000	0.000	0.000	0.000
Sum	2276.827	2289.785	2263.441	1674.151	1840.701	1859.750	1841.596	1834.490
Sum Sq. Dev.	98.537	96.865	127.443	1006.143	224.681	461.526	400.974	683.968
Observations	108	108	108	108	108	108	108	108

Source: Author's Compilation (2025)

The result shows variations in all study variables across the sampled firms over the period of study. Firm value indicators such as market capitalization, enterprise value, price-to-earnings ratio, and price-to-book value exhibited fluctuations, indicating differences in firm performance across companies and years.

Similarly, firm characteristics such as firm size, liquidity, growth opportunities, and corporate governance also show variability, suggesting that firms differ significantly in structure, financial strength, and governance practices.

Table 3

Correlation Matrix

	CG	EV	FS	GO	LGT	MC	PBV	PEV
CG	1.000							
EV	0.612	1.000						
FS	0.177	0.520	1.000					
GO	0.186	0.448	0.641	1.000				
LGT	0.207	0.508	0.689	0.934	1.000			
MC	0.610	0.793	0.340	0.463	0.540	1.000		
PBV	0.155	0.471	0.693	0.472	0.465	0.141	1.000	
PEV	0.508	0.902	0.689	0.461	0.521	0.639	0.667	1.000

Source: Researcher's Computation (2025)

The correlation results indicated that observed variables were generally and positively related to one another, although the strength of relationships varies across the variables. The absence of extremely high correlation coefficients of 0.99 among the independent variables suggesting that multicollinearity is not a serious problem in the model, as all values fall within acceptable limits.

Regression Analysis

Multiple regression analysis was employed to examine the effect of firm characteristics on firm value of listed non-financial companies in Nigeria. Four separate models were estimated based on the different proxies of firm value.

MODEL 1: Market Capitalization

Table 4

Regression Result (MC Model))

Dependent Variable: MC
Method: Panel Least Squares
Date: 08/30/25 Time: 19:30
Sample: 2013-2024
Periods included: 12
Cross-sections included: 9
Total panel (balanced) observations: 108

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	11.613	0.839	13.839	0.0000
CG	0.3463	0.044	7.874	0.0000
GO	-0.138	0.084	-1.640	0.1041
LGT	0.386	0.096	4.026	0.0001
FS	-0.037	0.034	-1.086	0.280

R-squared	0.568	Mean dependent var	21.082
Adjusted R-squared	0.551	S.D. dependent var	0.96
S.E. of regression	0.643	Akaike info criterion	2.000
Sum squared resid	42.603	Schwarz criterion	2.124
Log likelihood	-103.014	Hannan-Quinn criter.	2.051
F-statistic	33.808	Durbin-Watson stat	1.284
Prob(F-statistic)	0.00000		

Source: Author's Compilation (2025)

The model examines the effect of firm characteristics on market capitalization. The regression results reveal that firm characteristics have a significant effect on market capitalization. The F-statistic is statistically significant ($p < 0.05$), indicating that the model is fit for prediction. The coefficient of determination (R^2) shows that a reasonable proportion of changes in market capitalization is explained by firm characteristics.

Hypothesis Decision:

Since the probability value ($p < 0.05$), the null hypothesis is rejected. Therefore, firm characteristics significantly affect market capitalization of listed non-financial companies in Nigeria.

MODEL 2: Enterprise Value

Table 5

Regression Result (EV Model)

Dependent Variable: EV
Method: Panel Least Squares
Date: 08/31/25 Time: 07:17
Sample: 2013 2024
Periods included: 12
Cross-sections included: 9
Total panel (balanced) observations: 108

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	11.874	0.825	14.386	0.0000
CG	0.340	0.043	7.880	0.0000
GO	-0.079	0.083	-0.952	0.343
LGT	0.178	0.094	1.893	0.061
FS	0.108	0.033	3.245	0.002

R-squared	0.574	Mean dependent var	21.202
Adjusted R-squared	0.558	S.D. dependent var	0.951
S.E. of regression	0.6332	Akaike info criterion	1.967
Sum squared resid	41.216	Schwarz criterion	2.091
Log likelihood	-101.228	Hannan-Quinn criter.	2.018
F-statistic	34.766	Durbin-Watson stat	1.274
Prob(F-statistic)	0.0000		

Source: Author's Compilation (2025)

The result shows that firm characteristics significantly influence enterprise value. The model is statistically significant as indicated by the F-statistic ($p < 0.05$). The R^2 value indicates that firm characteristics explain a meaningful proportion of variations in enterprise value among listed firms.

Hypothesis Decision

The null hypothesis is rejected, implying that firm characteristics have a significant effect on enterprise value.

MODEL 3: Price Earnings Ratio

Table 6

Regression Result (P/E Model)

Dependent Variable: PEV
Method: Panel Least Squares
Date: 08/31/25 Time: 07:37
Sample: 2013 2024
Periods included: 12
Cross-sections included: 9
Total panel (balanced) observations: 108

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	11.243	0.880	12.77	0.0000
CG	0.298	0.046	6.473	0.0000
GO	-0.085	0.088	-0.959	0.340
LGT	0.098	0.100	0.980	0.329
FS	0.260	0.036	7.284	0.0000
R-squared	0.632	Mean dependent var		20.958
Adjusted R-squared	0.618	S.D. dependent var		1.091
S.E. of regression	0.675	Akaike info criterion		2.096
Sum squared resid	46.879	Schwarz criterion		2.220
Log likelihood	-108.180	Hannan-Quinn criter.		2.146
F-statistic F(4,105) =	44.252	Durbin-Watson stat		1.583
Prob(F-statistic)	0.0000			

Source: Author's Compilation (2025)

The regression result indicates that firm characteristics have a statistically significant effect on the price-to-earnings ratio of listed non-financial companies in Nigeria.

Although the explanatory power of the model is relatively moderate, the F-statistic confirms overall model significance.

Hypothesis Decision

The null hypothesis is rejected; thus, firm characteristics significantly influence the price earnings ratio.

MODEL 4: Price-to-Book Value

Table 7

Regression Result (PBV Model)

Dependent Variable: PBV
Method: Panel Least Squares
Date: 08/31/25 Time: 08:06
Sample: 2013 2024
Periods included: 12
Cross-sections included: 9
Total panel (balanced) observations: 108

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.295	2.900	0.102	0.919
CG	0.082	0.152	0.543	0.588
GO	0.473	0.291	1.627	0.107
LGT	-0.524	0.331	-1.582	0.117
FS	0.859	0.117	7.316	0.0000
R-squared	0.494	Mean dependent var		15.501
Adjusted R-squared	0.475	S.D. dependent var		3.066
S.E. of regression	2.223	Akaike info criterion		4.481
Sum squared resid	508.909	Schwarz criterion		4.605
Log likelihood	-236.953	Hannan-Quinn criter.		4.531
F-statistic	25.159	Durbin-Watson stat		1.935
Prob(F-statistic)	0.0000			

Source: Author's Compilation (2025)

The result reveals that firm characteristics significantly affect price-to-book value. The model is statistically significant at the 5% level. The explanatory variables jointly account for variations in firm value, indicating that firm-specific attributes play an important role in market valuation.

Hypothesis Decision

The null hypothesis is rejected. Therefore, firm characteristics significantly affect price-to-book value.

Discussion of Findings

In Table 4, the results revealed that corporate governance and liquidity had a statistically positive and significant effect on market capitalization. In the same vein, growth opportunities and firm size had an insignificant effect on market capitalization. The implication of these findings is that corporate governance and liquidity were relevant in that model while growth opportunities and firm size could be omitted because of their irrelevance in the model, although all the explanatory variables had a joint significant effect on market capitalization which showed that firm characteristics significantly affected value of non-financial companies in Nigeria. This finding can be supported by the past studies such as Abubakar et al., (2021), Bagu and Ahmed, (2022), Chalaki et al., (2012). This finding contradicted the outcome of Etukudo et al., (2022), Fowowe, (2023), Uwaleke and Nde, (2023).

In Table 5, corporate governance and firm size had a significant effect on enterprise value while liquidity and growth opportunities were not significant. This implied that enterprise value of non-financial companies depended significantly on any change of CG and FS. The interaction of the three independent variables and one control variable jointly had a statistically significant influence on enterprise value. The finding aligned with the results of Akindele, (2022)., Akpan and Amran, (2022), Amirah, et al (2023) but was in opposite to Chukwu and Onuoha, (2021), Ebiye and Lyndon, (2024), Etukudo et al., (2022) that concluded that firm characteristics had no significant effect on value of non-financial companies.

Corporate governance significantly affected price earnings ratio based on the results shown in Table 6. Growth opportunities, liquidity and firm size could not exert a significant effect on price earnings ratio. The F-statistic of the estimation confirmed a combined significant influence on price earnings ratio. So, the finding corroborated the position of Ezekwesili and Ezejiofor (2022), Gbadebo (2022) but was at variance with the finding of Kolawole et al. (2021), Mbonu and Amahalu (2021).

Individual result of firm size showed that it affected price-to-book value significantly. Corporate governance, growth opportunities and liquidity had no significant effect on PBV. This suggested that the firm size was only the determinant of price-to-book value. The combined effect revealed that firm characteristics significantly influenced value of non-financial companies in Nigeria. This finding agreed with the outcomes of Olawale et al., (2021), Safdar et al., (2022), but disagreed with the findings of Thinh, (2021), Uwaleke and Nde, (2023)

5. Conclusion and Recommendations

The study concluded that firm characteristics do not have a statistically significant effect on market capitalization and enterprise value of listed non-financial companies in Nigeria. This indicates that external market forces such as investor sentiment and macroeconomic conditions play a more dominant role in determining these valuation measures than internal firm-specific factors. However, firm characteristics were found to have a significant effect on price-to-earnings ratio, with leverage emerging as a key determinant. This suggests that capital structure decisions significantly influence investor perception of earnings quality.

Firm characteristics did not significantly affect price-to-book value, although leverage showed a partial influence. Finally, firm size was found not to have a significant moderating effect on the relationship between firm characteristics and firm value, implying that firm size does not strengthen or weaken this relationship in a meaningful way.

Based on the outcome of the study, recommendations were provided. This study found that the proxies of firm characteristics jointly had a significant effect on the market capitalization. In view of this finding, the board of directors of non-financial companies in Nigeria should ensure that any firm specific is considered important so as to enhance the firm value for the shareholders.

In addition, it was found that the combined effect of firm characteristics on enterprise value was statistically significant. Therefore, the management of the non-financial companies in Nigeria should not compromise the code of corporate governance, the level of liquidity as well as the market trend because of their multiplier effect on firm value.

Furthermore, it was revealed in this study that the value of price earnings ratio of non-financial companies in Nigeria was a product of the firm characteristics. So, the management should increase the level of compliance in corporate governance and manage the companies' liquidity very well.

The firm characteristics of non-financial companies jointly had a statistically significant impact on price-to-book value in this study within the period covered. Then, it will be recommended that the management should always put the interests of other stakeholders in mind by ensuring that quality is attained in the financial reporting.

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