
**MODERATING ROLE OF LIQUIDITY ON EXECUTIVE EMOLUMENTS AND
FINANCIAL PERFORMANCE OF LISTED HEALTHCARE
FIRMS IN NIGERIA**

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Abstract

This study examined the moderating role of liquidity (LIQ) on executive emoluments and financial performance of listed healthcare firms in Nigeria. This study used non-probabilistic sampling technique to arrive at three healthcare firms out of seven listed healthcare firms for the study the period of 12years. Profit after tax (PAT) was employed as the dependent variable, executive emolument (EEM) was employed as independent variable of this study and firm size was adopted as the control, while LIQ was employed as the moderating variable of this study. STATA 13.0 was employed as the analytical tool. The OLS result without moderator revealed that EEM is positively and insignificantly associated with PAT. However, with the introduction of the moderator LIQ, the result showed that executive emolument and liquidity is significantly and negatively correlated with PAT. This study concludes that LIQ is statistically and negatively associated with executive remuneration and PAT. This study recommends thus, that the remuneration committee should consciously make pay policy that will encourage the directors to put in more effort to promote firm value, because their efforts can improve the firm liquidity position.

Keywords: executive emolument, firm size, healthcare, liquidity, profit after tax

1. Introduction

Financial performance is a result obtained by firms at the need of a given financial period. Financial performance is determined by several issues, one of which includes the strategies and choices made by the firm's decision makers on the utilization of shareholders' resources. The major role of the firm's executives involves making strategic choices on matters concerning the entire organization, thus, directors pay should have a possible association with the extent of financial performance (Ebimobowei et al., 2020).

Financial performance reveals the firms result which is obtained from the income statements. The financial reports show the success or failure of the firm at year end. Profit after Tax (PAT) is the balance remaining before appropriation between the equity contributors, interest on preference shares and debenture holders' interests as well as those funds the company might wish to keep for retention purposes. The financial performance of the firm has a strong correlation with the monitoring and supervisory role of the



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corporate directors. This implies that the increase in wealth of the shareholders might not be possible where a firm is poorly directed. Thus, there is likelihood of improved financial performance where firms have an effective pay mechanism for the Directors (Akter, 2020).

The executives of a company are mainly known for playing controlling and monitoring role in corporate establishments. The CAMA 2020 section 267, required the statutory determination of directors' emolument in the firm's general meetings while the Security and Exchange Commission (SEC) Code 2011 was the first code that required increase disclosure of directors pay as well as the disclosure of the policy of the firm on remuneration, consequently, this requirement can result to pay-performance pressure.

Zhou and Bu (2020) observed that the role of firms' directors has evolved beyond mere leading and supervision to encompass strategic oversight and management of the firm hence, embracing corporate governance principles and practice. Meanwhile, one of the important duties of the directors is the preparation of the financial statements of the firm and the board of directors' is also responsible to lead and supervise the management team and the Chief executive officer (Zhou et al., 2020). Scholars have argued that directors pay is a governance tool that helps to make even the interest of the directors and the stakeholders. Other studies reported that directors pay have effect on performance (Akter, 2020; Esenohor et al., 2023).

Remuneration is the total amount of pay directors receive (Hipólito & Dutra, 2012). Hence, directors' emolument is paid out of cash. Implying that lack of sound liquidity level will make this payment difficult. Although several extant studies have provided evidences to show that a connection exists between executive emoluments and firm performance. However, Hou et al. (2014) argued that the condition on which firms carry out their activities affects the non-monetary incentives received by the executives.

Again Wallsten (2000) is of the view that executive pay contract should be done to encourage the executives to take risk and at the same time, protect them from potential bad times. Aslam et al. (2019) and John et al. (2019) found that enhanced remuneration increases firm performance. Thus, these conditions should not be neglected when considering pay packages, level of profitability influences decisions directors pay. Therefore, these findings suggest that with better pay, directors might willingly devote more of their time and energy towards achieving the firm strategic goal. Directors pay is associated with performance because it helps the stewards to improve the fortune of the shareholders (Rahman, 2018).

Size could be perceived as the company level in terms of growth, assets base or profit size. The study such as Scholtz and Smit (2012) as cited in Eichholtz et al. (2008) noted that in the study carried out using United Kingdom property firms show that size is the most central variable and that also, directors' share ownership provide a strong relationship between emoluments and performance.

Liquidity (LIQ) is the measure of how firms are able to pay their short-term obligations. Emolument of directors is firms' obligations which are expected to be settled within short term. Studies have suggested that companies with good cash backings will afford to pay more to directors as against those firms with less cash backings. Meanwhile, literature also suggests that with better pay, the executives will manage the firm's working capital better. Thus, Akinyomi (2012) noted that pay affects performance.



Policy makers will find this study vital, because it will assist them in making policy decisions on emoluments of firm executives. This study also will be a valuable tool in the hands of firm handlers as it will enable them gain insight on the impact of good pay on their directors. Similarly, students and researchers will find this paper important as it will expand their knowledge on pay and performance.

The healthcare sector in Nigeria has been in the forefront on matters concerning the well-being of its citizens. The Board compensation in Nigeria healthcare sector is under pressure from regulatory scrutiny, rising operational costs and investors demands for accountability. Literatures on directors' emolument are still limited and the gap is broader in emerging economies (Khalid & Rehman, 2014). Some studies shows no relationship between pay and performance such as; Tosi and Gomez-Mejia (2000) whereas other studies are of the view that there is connection between pay and performance these includes the studies of (Singhal & Agrawal 2022: Zhou et al., 2020: John et al., 2019; Razali, et al., 2018; Han, 2015; Khalid et al., 2014; Banker et al., 2013: Jaafar et al., 2012: Herdan & Szczepanska, 2011).

On the other hand, Ebimobowei, et al. (2020) and Nyaoga, (2014) results revealed adverse relationship between pay and performance. Besides the mixed results, several studies documented where not carried out in developing countries while most of these studies used return on assets and return on equity as financial performance measures. Additionally, these documented studies failed to incorporate a moderating variable in order to check the ability of the moderator to strengthen the relationship between executive remuneration and financial performance. Therefore, this study aims at extending the existing literature by incorporating the impact of LIQ as a moderator.

This study thus, is set to evaluate the moderating role of LIQ on the relationship between executive emoluments and financial performance of listed healthcare firms in Nigeria. In the light of the above, this study raises the following null hypothesis:

- H₀₁: There is no significant effect between executive emolument and PAT of healthcare firms listed on Nigeria Exchange.
- H₀₂: LIQ has no significant effect on executive emolument and PAT of healthcare firms listed on Nigeria Exchange.
- H₀₃: LIQ does not significantly moderate the relationship between executive emolument and PAT of healthcare firms listed on Nigeria Exchange.

The remaining part of this study is structured to contain literature review in section two, methodology of the study is contained in section three, and furthermore, the discussion of results is contained in section four while section five of this study contains the summary of finding, conclusion and recommendation drawn from this study.

2. Literature Review

Conceptual Review

Financial performance is used to ascertain how effective the directors were able to put into work the assets of the firm to generate profit. Namusonge et al. (2017) defined firm performance as the amount remaining for the company after deducting agency costs and all forms of mandatory and voluntary deductions. In addition, Omoye and Ogiedu (2016) defined financial performance as a comprehensive measure of a company's overall financial wellbeing for a given period. According to Krauter & De Sousa (2009) the



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concept financial performance could be viewed with regards to the growth of the firm or as growth in the size of the firm profit. This study thus, defines financial performance as profit after tax. According to Grivas (2013) financial performance is defined as profit before extraordinary activities. Also, Onyinyechi and Ihendinihu (2017) defined financial performance as profit after tax.

Executive emoluments are the complete set of payment given to executives of a firm by the firm (Esenohor et al. 2023). This payment package is beyond the salary; thus, it comprises bonus payments, stocks, options to buy stocks, and other benefits received by the directors. Hipólito et al. (2012) defined emolument as the direct and indirect payment for work done. Again, Edvinsson and Joachim (2005) defined emolument as components of motivation, loyalty and performance. Again, Aduda (2011) defined remuneration as the total sum due to both executive and non-executive directors.

Liquidity is an accounting measure used to ascertain whether an organization has the capacity to settle its short-term debts or not. There are different measures of liquidity. Current ratio is the ratio of current assets to current liabilities. The ratio of 2:1 is judged good for current ratios.

Firm size (FS) can be measured in terms of profit, growth or asset level. In this study firm size is measured as the log of total assets. Scholars have noted that size of the firm have implication on the directors pay. Studies has therefore, suggested that larger firms tend to pay better than smaller firms.

Theoretical Review

The Agency theory by Jensen and Meckling (1976) seeks to align the interest of the agent with that of the principal. The executives or directors are responsible to make decisions on how to allocate resources among the firms' stakeholders. This pay decision for the directors is the task of the board or remuneration committee in order to make the executives act in a way that will satisfy the firms' key stakeholders. As agents also, the company's directors are held responsible for the performance or lack of performance of the firm in terms of monetary and non-monetary performance. In the other hand, shareholders expect increase in their wealth. The choice of PAT for this study is emanated from the fact that shareholders expect better returns as it promises them better dividend.

Grivas (2013) noted that there might be residual or wealth losses when the agent fails to achieve profit target, which should increase the owners' wealth. Thus, from the view point of the agency theory shareholders interest is basically on the continuous increase in the return on their investment. BDO 2010 in Scholtz and Smith (2012) noted that the study of the trends in pay by city which evaluated connection between pay and performance using in ten cities within the United States of America revealed that executive emolument and financial performance have correlation. However, the result showed some exemptions, for instance, staff with positive return on shareholder value received more salary than those staff with negative shareholder returns. Higher pay could help align the interest of the owners and managers thus, reduce agency cost.

Review of Empirical Studies

Empirically, several studies have been conducted on the relationship between executive emoluments and financial performance. Esenohor et al. (2023) conducted a study on the influence between executives' pay and profitability using some listed Nigerian firms. For independent variable the study employed Director's remuneration (DRR) while



Return on Equity (ROE) was employed as the study dependent variable. The population size consists of 10 companies listed on the exchange covering (2012 – 2021). The population was made up of some Oil and Gas firms and some Consumer goods firms. The study used correlational research design and the tool of analysis was the ordinary least square regression and correlation matrix. The result of the study indicates a significant positive association between executive compensation and performance of the selected firms. Thus, the study concluded that executive compensation has a significant and affirmative associated with profitability.

Isa et al. (2022) evaluated the correlation between executive remuneration and financial performance of listed pharmaceutical firms in Nigeria from 2010 to 2019. The data for the study was extracted from the financial reports and accounts of the sampled firms. The study sample size was six (6) out of the seven (7) listed pharmaceutical companies listed on the Exchange. Executive remuneration and financial performance proxied by earnings per share was adopted by the study for independent and dependent variables respectively while FS and FA were used as controls. STATA 13.0 was employed as tool of analysis. The finding of the study reveals that executive pay has an adverse and non-statistical association with financial performance.

Eze (2021) assessed accounting for Human Resource (HR) and firm profitability of non-financial companies in Nigeria. The study used data collected from annual reports of consumer goods companies listed on the exchange. A sample size 10 was used for the study from 2009 to 2018. The study adopted for financial performance, earning per share as dependent, chief executive pay, staff remuneration, directors' remuneration as HR data whereas FS was employed as a control variable. Descriptive, correlational and random effect model was used. The study found that chief executive pay has a negative and non-significant influence on earnings per share, the result also indicated that employees pay has a significant positive impact on earnings per share, furthermore, the study show that that directors pay is negatively and statistically associated with EPS. The study recommended that those in charge of pay should make pay policy that will reduce the gap between chief executive and other directors pay.

Ebimobowei et al. (2020) examined the nexus between pay and firm profitability of money deposit banks listed on the Nigerian Exchange. Secondary data was extracted from annual reports of the selected banks from 2008 – 2017. The multiple regression analysis approach was used as tool of analysis. The study shows that executives' salary and Return on Assets (ROA) and Return on Equity (ROE) and directors' bonus and ROA and ROE and between directors' stock option and ROA and ROE of deposit money banks in Nigeria are associated. The study concluded that directors' salary has impact on ROA and ROE of the sampled banks. However, the correlations between the study variables are insignificant. The study recommended that the director pay should be made to be easily adjustable to enlighten shareholders on the influence of pay on financial performance. The study further recommends mandatory disclosure policy for firms on all aspects of directors pay by regulators.

John et al. (2019) explored the association between Directors' Remuneration and financial performance of listed Nigerian hospitality industry from 2009-2018. The study used ex-post facto research design. Three (3) hotels constituted the research sample size. The study data was extracted from secondary source (audited reports and accounts). The



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regression analysis result indicated a significant affirmative link between remuneration of directors' and firm performance of the listed hospitality industries within the study period.

Ruparelial & Njuguna (2016) examined the nexus between board members pay and firm performance of deposit money banks, insurance and investment firms listed on Nairobi Exchange for the study period of (2003 – 2013). The underpinning theory is the agency theory. Director annual fee is the measure for pay, while return on assets, return on equity, dividend yield, and earnings per share constitute financial performance measures. The study found different degrees of association from the companies for the study. Significant link was found between remuneration and dividend yield, contrary to return on assets, return on equity and on earnings per share. On segmentation based on financial market, the study showed that there is a statistical and significant correlation between pay and dividend yield in the banking sector. While the study revealed different results for ROA, return on equity and EPS. Insurance sector result showed a statistical significance between board remuneration and for only ROA, meanwhile the result of the investment sector, revealed nil association between pay and financial performance.

In another study, Hassen et al. (2015) examined the nexus between CEO pay and performance of French family companies from 2007-2010. The study employed multiple regression technique. The study found that French family businesses offer too much in terms of compensation when compared to the businesses of their non-family counterpart, this implies that families might take advantage of by extracting personal benefits at the expense of the minority shareholders. Also, the result reveal that excess executive pay have adverse effect on performance.

Khalid and Rehman (2014) evaluated the influence of firm performance on directors' compensation using 70 listed Pakistani companies for the study period covering (2007 – 2011). The study used (return on assets and return on equity, earning per share, sales growth and shareholder return) for profitability while fixed and variable pay constitutes the remuneration of directors. The fixed effect model was employed for data analysis and the study showed that correlation exists between directors' compensation and financial performance but at different degrees considering the various performance measures used. The study found an affirmative association between directors pay and firm profitability. The study concluded that there might be rise in utilization resources with pay-for-performance in Pakistan and surge in the wealth of equity holders' as expected.

Krauter (2013) assessed executive pay and performance of Brazilian firms. The secondary data used for the study was extracted from Study Program on Human Resource Management and the Institute for Accounting Actuarial and the Financial Research Foundation. The study employed 82 non-financial firms for the period of 2008 and 2009. Remuneration was adopted as the independent variable while, mean monthly wage and variable wage comprising of benefits, career and development constitute executive pay (for the presidents and vice presidents) respectively. Financial performance (sales growth, return on equity and return on assets) was used as dependent variable. For control the study used firm size and activity segment. The Spearman results show that a statistical association exists between remuneration and performance of the Brazilian firms within the study period. Similarly, statistical associated is found between financial pay and performance as well as between non-monetary pay and performance using the multiple linear regression (MLR) test. The study shows that pay level have the tendency to improve



directors' determinations on focusing on the business strategic objectives and towards making deliberate efforts that will promote the profitability of the firm.

Again, Scholtz et al. (2012) investigated the impact of pay on profitability using data from South African Exchange from 2003 to 2010. The study focused on benefits received by directors on short-term and performance. The study found that pay is statistically correlated with compensation on total assets, turnover and share price.

Similarly, Aduda (2011) examined the relationship between compensation and performance of Kenya's deposit money banks listed on Nairobi's market using 2008 data. The study employed causal research design method and multiple regression technique for analysis of data using the SPSS statistical package. The study result indicates a non-significant effect of pay on performance. In additional, the study reveals that size does not necessarily determine executive pay of larger banks. The study concludes that this finding could be associated with lower influence of the firm owners on the management as a result of growth.

Jaafar et al. (2012) in their study evaluated the impact of executive pay on financial performance of Malaysian family companies for two years 2007 to 2009. The study used remuneration fees, salary, bonuses and benefits of kin as executive pay. For family firm a dummy of "1" and "0" variable was adopted. If the firm was owned by family "1" was assigned, if otherwise "0" was assigned for non-family-owned company. For the performance measures the study employed return on assets and return on equity. The study found a significant affirmative association between executive pay and financial performance of the sampled firms. The finding of the study therefore, suggests that pay motivate directors to improve on their role for increase profitability.

3. Methodology

This study adopted the ex-post facto correlation research design because the nature of the study is based on secondary Data. The health care firms consist of seven listed firms as at 2010. They include Fidson healthcare, Glaxosmithkline Nigeria, May and Baker Nigeria Plc., Neimeth International Pharmaceutical, Morison industries, Pharma Deko and Ekocorp. Data was extracted from NGX database, 2026. The sample size of this study was arrived at using non-probabilistic sampling technique. Thus, all firms with incomplete data, considering this study period or with abridged financial report (s) were excluded. Hence, the sample size of three (3) listed firms which include Fidson Healthcare, May and Baker Nigeria Plc, and Pharma Deko Plc.

This study period covers 2010 to 2021 firm year. The regression approach was used in analyzing the data of this study using STATA 13.0 statistical package to test the moderating role of LIQ on executive emoluments and financial performance. This study used financial performance (profit after tax) as dependent variable and executive emolument as independent variable. Firm size was adopted as control variable while LIQ was employed as the moderating variable.

Model Specification

Data was analyzed using descriptive and inferential statistics. This study developed two models for the test of hypotheses as follows: $PAT = f(EEM, LIQ, FS)$.

$PAT_{it} = \beta_0 + \beta_1 EEM_{it} + \beta_2 LIQ_{2it} + \beta_3 FS_{it} + e_{it}$ ----- (1). The dependent variable of this study is financial performance proxy by Profit after Tax (PAT), independent variable Executive



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Emolument (EEM), firm size is the control variable of this study. PAT is the profit remaining after paying for tax (Onyinyechi & Ihendinihu, 2017). EEM is measured as the naira amount of both fixed and variable pay to directors (Esenohor et al. 2023). Liquidity is measured as current assets divided by current liabilities (Ju Ahmed et al., 2017) while firm size is measured as the log of total assets (Kuo, et al., 2013; Kazan, 2016).

The moderating variable will be used to multiply the explanatory variable in order to check the strength of the relationship (Irom, et al., 2022). Hence, for the moderating variable LIQ, the study used the product as explanatory variable in regression: $PAT = f(EEM, LIQ, EEM * LIQ, FS)$; $PAT_{it} = \beta_0 + \beta_1 EEM_{it} + \beta_2 LIQ_{it} + \beta_3 EEM * LIQ_{it} + \beta_4 FS_{it} + e_{it}$ -----(2).

4. Results and Discussion

Table 1

Descriptive Statistic

Variable	Obs	Mean	Std. Dev.	Min	Max
PAT	36	375165.8	693901.8	-325206	3719913
EEM	36	65800.64	38982.86	7750	183244
LIQ	36	1.227968	.7902881	.385607	3.749814
FS	36	6.844373	.3777848	6.287128	7.519899

Source: STATA 13 Output

The table 1 of this study reports the summary statistics of the variables used in this study. The mean result of the dependent variable indicates that on the average PAT is N375,165.8 million and a minimum value of –N325,206 million, while the maximum value of PAT for the period of the study is N3,719,913 million. The mean value of executive remuneration stood at N65,800.64 million while the minimum and maximum values of remuneration received by the firm’s director is N7,750 million and N183,244 million respectively. The mean value of LIQ stood at 1.227968, the minimum value stood at .385607 and the maximum value is 3.749814. Meanwhile the control variable which is FS depicts a mean value of 6.844373 and minimum and maximum values of 6.287128 and 7.519899 respectively.

Table 2

Correlation Matrix Result

	PAT	EEM	LIQ	FS
PAT	1.0000			
EEM	0.5168*	1.0000		
	0.0012			
LIQ	-0.2829	-0.4452*	1.000	
	0.0946	0.0065		
FS	0.5692*	0.6192	-0.4389*	1.000
	0.0003	0.0001	0.0074	

Source: STATA 13 Output



The result of the correlation matrix in table 2 shows that PAT which is the study dependent variable has a coefficient value of 0.5168 is positively and significantly related to EEM at a p-value of 0.0012. The EEM is at 51.68%, thus, this implies a strong association with PAT. Again, the relationship between PAT and LIQ shows the value of -28.29%. This shows a weak negative correlation between PAT and LIQ. In addition, the result of the control variable FS shows that PAT is significantly and positive.

Table 3

Test for Multicollinearity on independent variable

VARIABLE	VIF	1/VIF
EEM	1.73	0.579322
FS	1.71	0.583319
LIQ	1.32	0.758575

Source: STATA 13 Output

The table 3 shows the results of the multicollinearity test. The table shows that all the values of the variables for VIF and 1/VIF falls within the threshold of 10 and 0.10 respectively. The result in table 3 confirms the absence of multicollinearity among this study independent variables, this depicts that there is no trace of collinearity in the study variables (Gujarati & Porter, 2009).

Table 4

Regression Result

Var.	Direct effect			Indirect effect		
	Coef.	T-value	P-value	Coef.	T-value	P-Value
-Cons	-5.100642	-2.26	0.031	-8579792	-3.77	0.001
EEM	4.831498	1.47	0.151	15.07806	3.48	0.018
LIQ	15284.5	0.11	0.915			
EEM*LIQ	-	-	-	-156014	-3.19	0.003
FS	750853.7	2.22	0.033	1230754	3.69	0.001
R ²			0.3680			0.5241
Adj- R ²			0.3088			0.4627
Prob>F			0.019			0.001
F			6.21			8.54

Source: STATA 13 Output

Table 4 reports on the summary of the ordinary least square regression results for both the direct effect and the indirect effect (with moderator). The regression result shows that EEM is positively and insignificantly associated with PAT with a t-value of 1.47 and a p-value of 0.151. This finding suggests that EEM is positively and insignificantly related with financial performance (PAT).

According to stakeholder theory, this study result shows that the firm at large might benefit from enhanced executive remuneration. Thus, this study finding agrees with scholars whose position support higher executive pay. This finding agrees with the hypothesis 1 of this study which states that there is no significant effect between executive



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emolument and PAT of healthcare firms listed on Nigeria Exchange. This study, based on this result, fail to reject the Hypothesis 1. This finding is in disagreement with the results of Singhal & Agrawal 2022; John et al., 2019; Razali, et al., 2018; Han, 2015 whose study indicated that improved remuneration results to improved performance from the side of the executives. Hence, increase in executive remuneration will lead to increase in financial performance of the firm. However, the result is in consonance to that of Aduda (2011). This finding suggests that there are likely other factors that affect pay, these could include the fact that pay is fixed mainly on contract and in other cases politics also have a role to play.

This study also revealed that LIQ is positively and insignificantly associated with emolument and PAT. This study hence, based on the finding fail to reject the H_{02} of this study which states that there is no significant effect between Firm LIQ and PAT of healthcare firms listed on Nigeria Exchange. However, with the introduction of a moderator LIQ, the result showed that $EEM*LIQ$ has a significant and positive association on PAT. Thus, this study rejects the H_{03} of this study which states that LIQ does not significantly moderate the relationship between executive emolument and PAT of healthcare firms listed on Nigeria Exchange.

The model 1 coefficient of determination R^2 is 0.3680. This implies that 36.80% of the changes in PAT are caused by changes in EEM, LIQ and FS while 63.20% of the changes in PAT is caused by other factors not captured in the model. The F-statistics is 6.21 with the p-value of 0.0019. This is less than 5%. This is significant meaning that the model is fit to account for the variation in the dependent variable of the study. Model 2 of this study incorporates the moderator variable of this study which is LIQ. The coefficient of determination with the moderating variable shows that R^2 is 0.5241 which means 52.41% of the changes in the dependent variable is caused by EEM, LIQ, $EEM*LIQ$ and FS while the remaining changes is caused by factors outside this study model. The F-statistics is 8.54 with the p-value of 0.0001 which is less than 5%. This is statistically significant, meaning that the model accounts for the variation in the dependent variable of this study.

5. Conclusion and Recommendations

This study evaluated the moderating role of LIQ on executive emoluments and financial performance of listed healthcare firms in Nigeria. Panel data comprising of three healthcare firms was adopted for the study for the period of 12years. Profit after tax was employed as dependent variable of this study, executive emolument was adopted as the independent variable, firm size was adopted as the control while LIQ was employed as the moderating variable.

This study is anchored on the Agency theory. OLS result without moderator revealed that EEM is positively and insignificantly associated with PAT. However, with the introduction of the moderator LIQ, the result showed that $EEM*LIQ$ is significantly and negatively correlated with PAT. This study concludes that LIQ is statistically and negatively associated with executive remuneration and PAT.

This study recommends thus, that the remuneration committee should consciously make pay policy that will encourage the directors to put in more effort to promote firm value, because their efforts can improve the firm liquidity position.



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