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THE RELATIONSHIP BETWEEN WORKING CAPITAL MANAGEMENT AND PERFORMANCE OF QUOTED NON-FINANCIAL FIRMS IN NIGERIA

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ABSTRACT

Working Capital Management entails the management of current assets and current liabilities to enhance the profitability and liquidity of businesses. The researcher observed that there is a paucity of literature in this area hence this study examined the relationship between working capital management and the performance of a quoted non–financial firms (QFFs) in Nigeria. Descriptive ex post facto research design was adopted. Purposive and cluster sampling techniques were used to select 95 out of 111 quoted non-financial firms listed on the Nigerian Stock Exchange (NSE). Data were obtained from the annual reports of the firms and the NSE fact book for 2019. Pearson's product correlation analysis was used to analyse the data. The result showed a diverse significant relationship between working capital management and the financial performance of QNFFs. The study recommended that for the quoted non-financial firms in Nigeria to survive and maintain stability in performance, they should manage their working capital components efficiently.

Keywords: Working Capital Management; Performance; Quoted Non-Financial Firms

1.0 INTRODUCTION

The primary objective of firm is to maximize profit in order to achieve increase in share price and dividends. It is however noted that this primary objective cannot be achieved without preserving liquidity of the firm. Hence, increasing profitability at the expense of liquidity may defeat going concern of the business and vice versa.

Profit maximization for any firm depends on efficient management of cost and process of production or service as well as increase in sales resulting from firm's market domination. One of the major factors that is deduced to influence firm profitability grossly is the firm's working capital (WC). Hence, Working Capital Management (WCM) is a very important component of corporate finance because of its direct effects on liquidity and profitability of the firm.

Working Capital Management (WCM therefore deals with the management of current assets and current liabilities, has been recognized as an important area of financial management. Working capital refers to the firm's short-term assets. Working Capital (WC) is a measure of both firm's efficiency and its short-term financial health. WC is calculated as current assets

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minus current liability. The Working capital ratio (Current assets/Current liabilities) indicates whether a firm has enough short-term assets to cover its short-term debt. Anything below 1 indicates negative working capital while anything above 2 means the business is not investing excess assets and the most acceptable ratio has been sufficient is between 1:2 and 2:0 as asserted by Mukete and Ngongang (2018). In nutshell, the importance of efficient working capital management by firms in Nigeria cannot be over emphasized as this is extremely needed to boost profitability and increase expansion, which are pre-requisites in solving the country's employment issues and ensuring economic stability. The researcher observed that many firms in Nigeria have closed down and ceased to operate consequent upon lack of working capital being faced ranging from poor working capital management, inability of the financial managers to increase wealth of the shareholders, inappropriate investment decisions among others. This assertion is supported by the views of Ogbuji and Ogunyomi, (2014) that many firms in Nigeria have closed down, some relocated while others are operating below full capacity. therefore, the question raised for this study is to what extent are the relationship between Working Capital Management (WCM) and the performance of quoted non-financial firms in Nigeria exist? The objective of this study was to establish the relationship between working capital management and financial performance.

2.0 REVIEW OF RELATED LITERATURE

Working Capital can be described as a company's entire investment in current assets and current liabilities. Ali, 2019, Onaolapo and Kajola,2015 classified working capital into gross working capital and net working capital. While Sarniloglu and Demirgunes, 2008 cited in Bagh;Nazir; Khan, Khan and Razzaq,(2016) defined working capital management as the best possible mixture of working capital elements such as current assets and current liabilities in such a way which in turn heightens the value of shareholder. In addition, Brealey and Myers (2002 cited in Baghet al., 2016), Fathi and Tavatekoli, (2009 cited in Baghet al., 2016) opined that working capital management is also known as the management of current assets of the firm. It handles the different current assets and current liabilities as well as involves in the decisions regarding finance of the current asset through debt and equity. Furthermore, Gitman, (1994) cited in Bagh, et al., (2016) defined Working Capital Management as the management of short-term assets and short-term liabilities of firms to balance the risks and profitability that have positive contribution in the value of firms. Ajayi, Abogun and Odediran, (2017) observe that working capital management is the efficient and effective planning and controlling of short-term financing and investment decisions of the firm. According to Olaoye, Adekanbi and Oluwadare, (2019 the components of working capital management are decisions which include the involvement of available cash, managing accounts receivable, maintaining a certain level of inventories and accounts payable.

Performance of a firm according to Solomon, (2014), rests on the activities and investment decisions of organizations. Faredenik and Cynthia, (2003) posit that profitability ratios, growth rates and margins are the conduits that harbored firm performance. High financial performance suggests effective and efficient management in making use of company's resources (Naser and Mokhtar, 2004).

2.1 Theoretical Review

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The theories relevant to this study include (i) Pecking Order Theory (ii) Operating Cycle Theory (ii) Cash conversion cycle Theory.

Pecking Order Theory Myers and Majluf, (1984) cited in Onaolapo and Kajola, (2015) postulates that the form of debt a firm chooses can act as a signal of its need for external finance. They submitted that firms most likely prefer to finance new investment with internally raised funds i.e. retained earnings, then with debt and issues equity as a final resort because when managers issue new equity, investors believe that managers think that the firm is overvalued and managers are thinking of this over valuation, consequently, investors will place a lower value to the new equity issuance.

2.2 Empirical Review

Nguyen, Pharma and Nguyen, (2020) investigated the impact of working capital management on the firm's profitability.119 non-financial listed companies on Vietnam stock market over a period of 9 years from 2010 to 2018 were sampled. The study used the regression coefficients. The result revealed negative and significant impacts of the working capital management, measured by cash conversion cycle (CCC) and three components of the CCC including accounts receivable turnover in days (ARD), inventory turnover in days (INVD), and accounts payable turnover in days (APD) on the firm's profitability measured by return on assets (ROA) and Tobin's Q.

Awan, Safdar, Hassanin and Kamran, (2015) conducted a study titled a nexus between working capital management and profitability. The study was conducted on pharmaceutical sector in Pakistan. The study discussed the impact of working capital management on financial outcomes of pharmaceutical sector in Pakistan. Affiliation between independent variables working capital and profitability measured by Return on Investment (ROI) and Return in Equity (ROE) of the firms were found. Secondary data extracted from the annual reports of pharmaceutical companies quoted in Karachi stock exchange. The study revealed that, the null hypothesis of the study is rejected because all the variables related to working capital negatively affected the profitability of pharmaceutical firms measured in terms of ROI and ROE. Results of correlation analysis indicate that there is negative relationship between working capital and profitability.

Francis, (2015) conducted a study on the relationship between and profitability of cement companies in Kenya for five years' period of 2006 to 2010, operating income is used as proxy for profitability while working capital management was measured by cash conversion cycle and spearman's correlation analysis together with a multivariate regression model were employed to observe the relationship between working capital management and profitability. The finding revealed that efficient working capital management increase profitability.

Abdul-khadir, Abdul and Aliyu, (2018) examined the effect of Working Capital Management (WCM) on the financial performance of quoted conglomerate firms in Nigeria for the period 2006 to 2016. Account Receivable Period (ARP), Account Payable Period (APP), Inventory Turnover Period (ITP) and Cash Conversion Cycle (CCC) were adopted as the proxies for WCM while return on equity (ROE), Return on Assets (ROA) and Return on Investments (ROI) were adopted as proxies for financial performance. The study used structural equation model (SEM) for the analysis. The study reveals that APP and CCC have positive effect on

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financial performance; while ARP and INV have negative effect on financial performance. The result showed a significant effect of WCM on financial performance (ROA, ROE and ROI) of quoted conglomerate firms in Nigeria.

Ajayi, Abogun and Odediran, (2017) conducted a study titled impact of working capital management on financial performance of quoted consumer goods manufacturing firms in Nigeria. The study examined the impact of working capital management on financial performance of quoted consumer goods manufacturing firms in Nigeria. Specifically, they examined the impact of working capital management on return on assets and gross operating profit. The secondary data used were obtained from annual financial statements over a period of ten (10) years from 2005 to 2014 of purposively sampled fifteen (15) firms. Descriptive statistics were used to measure variations, statistical inferences were drawn using correlation and panel regression analysis was applied on performance and working capital management indication to test the formulated hypotheses. The finding revealed that efficient working capital management increased financial performance. The study found a negative relationship between Cash Conversion Cycle (CCC) and performance while there is a positive relationship between Average collected period and financial performance.

Mshelia, (2016) conducted a study titled effects of working capital management on the performance of small and medium enterprises in Nigeria. The study anchored on the research objectives which include establishment whether cash management, inventory management, accounts payable management and account receivable management affect the performance of SME in Nigeria and to what extent. The study adopted descriptive research survey was employed with 250 targeted 250 small and medium enterprises in North & South Local Government Area in Kaduna. Questionnaires interview guides were used to collect data. The study drawn regression model to examine that working capital management has an on the performance of the SMEs. The study results that all the component of working capital management, (cash management, invent management, accounts payable management and accounts receivable management) affect the performance of SMEs positively.

2.3 Conceptual Framework for the study

The conceptual framework for this study describes the relationship between the independent variables (the management of working capital) and the dependent variable (financial performance).The effective and efficient management of working capital, that is average collection period, average payment period, inventory turnover, cash collection cycle, gross working capital ratio, current assets to total assets ratio, current liabilities to total assets ratio are assumed to exert direct influence on financial performance, and the control variables such as firm size, debt (leverage) and age of firm are also assumed to influence the output (financial performance). If the working capital of a firm is well managed, firms' financial performance will improve. If on the other the working capital is not optimally managed, there will be poor financial performance. The feedback provided by the model can be used by financial planners, policy makers and firm's managers to determine the most appropriate working capital items and the working capital period required to enhance firms' financial performance.

The researcher assumed that all the quoted non-financial firms in Nigeria have the same characteristics in terms of management and policy. Ignoring external variables like firms'

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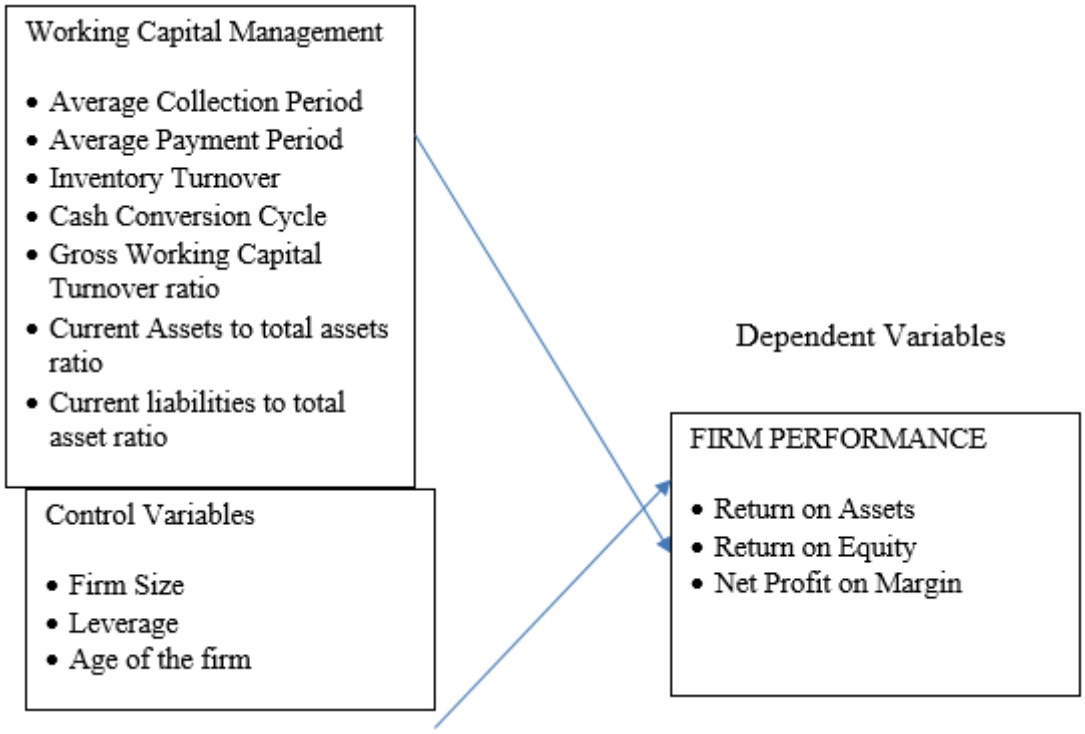
background, managers' skills and leadership style the researcher proposes that: (a) the optimal management of available working capital could produce good firms' financial performance (b) the control variables firm size, growth in sales and effective management of debt could exert good firms financial performance and (c) the contribution of optimal management of working capital within the control variables could produce better firms' financial performance. Therefore, the central thesis of the study as shown in the figure is that, ignoring external variable and holding all other things constant, the researcher proposes that the contribution of the firm size, growth sales, leverage and optimal management of working capital of a firm could produce a better firms' financial performance.

Figure 2.1 Conceptual Model

Independent variables



Source: Author's Conceptualization, 2024

3.0 RESEARCH METHODOLOGY

Descriptive ex post facto research design was adopted for this study, one hundred and eleven (111) non-financial firms listed on Nigerian Stock Exchange (NSE) fact book of 2019 was used for the study. A multistage sampling method was employed to select ninety-five (95) quoted non-financial firms and purposive sampling technique was adopted for the selection of only non-financial companies that consistently published their annual reports for the period of investigation covering seven (7) years between 2012 and 2018. Working capital management related data such as current assets, current liabilities, quick assets, inventories and financial performance of companies (Net profit, turnover, net profit after tax, Net profit Margin, return

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on assets and returns on equity) for 2012 to 2018 were obtained from the Annual reports and accounts of the sampled quoted non-financial firms and Nigeria Stock Exchange fact book.

Model Specifications

The models stated below established the relationship between the dependent variable (firm performance) and independent variable (working capital management):

Model 1

$$NMit = \beta0 + \beta1ACPit + \beta2APPit + \beta3INVit + \beta4CCC + \beta5CATARit + \beta6CLTARit + \beta7GWCTRit + \beta8SIZEit + \beta9SGROWit + \beta10DEBTit + eit \quad \ldots\ldots 3.1$$

Model 2

$$ROAit = \beta0 + \beta1ACPit + \beta2APPit + \beta3INVit + \beta4CCC + \beta5CATARit + \beta6CLTARit + \beta7GWCTRit + \beta8SIZEit + \beta9SGROWit + \beta10DEBTit + eit \quad \ldots\ldots 3.2$$

Model 3

$$ROEit = \beta0 + \beta1ACPit + \beta2APPit + \beta3INVit + \beta4CCC + \beta5CATARit + \beta6CLTARit + \beta7GWCTRit + \beta8SIZEit + \beta9SGROWit + \beta10DEBTit + eit \quad \ldots\ldots 3.3$$

The β1, β2, β3, β4, β5, β6, β7, β8, β9, β10

The regression revealed the degree of dependent variable caused by the independent variables.

A prior expectation was thatβ1, β2,0 β3, β4, β5, β6, β7, β8, β9, β10

Coefficients of the independent variables in measure the characteristics of each firm otherwise known as the observable heterogeneity,

eit = error term representing factors other than those specified in the model while

i = 1 – 111 firms

t = 2012 – 2018

4.0 RESULT AND DISCUSSION

Descriptive analysis of all variables used in the study was revealed, result of correlation analysis between pairs of variables was also revealed to answer the research question. Mean, standard deviation, minimum and maximum were used to describe all the variables covered by this study.

Table 4.1: Descriptive Statistics of Variables

Variable	Observation	Mean	Std. Dev.	Min	Max

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ROA	609	0.0553462	0.1274448	-0.1965952	0.6304504
ROE	609	0.2126772	1.214175	-2.02232	12.00274
NPM	609	0.2908517	1.562334	-1.498708	15.41713
ACP	609	36.20671	26.62551	-12.64274	97.0383
APP	609	-30.25697	31.57599	-90.57741	80.94926
INV	609	-177.2028	1215.221	-7901.626	6345.275
CCC	609	-110.7391	1205.122	-7792.337	6320.704
CATAR	609	0.5313962	0.7956189	0.0040755	6.896293
GWCR	609	2.542906	22.84624	-92.20247	109.5937
CLTAR	609	0.6864924	1.465887	-0.4535974	12.81374
SIZE	609	7.359582	0.6573713	5.682478	8.472961
LEV	609	0.1346319	0.3777224	-0.4633567	3.660278
SGROW	609	-0.5645499	4.447547	-44.39093	0.9231292

Source: Data Analysis (2021). Where ROA is return on asset, ROE is Return on Equity, NPM is Net Profit Margin, ACP is Average Collection Period, APP is Average Payment Period, INV is Inventory Turnover, CCC is Cash Conversion Cycle, CATAR is Current Assets to Total Asset Ratio, GWCR is Gross Working Capital Ratio, CLTAR is Current Liabilities to Total Asset Ratio, SIZE is Firms Size, LEV is Leverage and SGROW is Sales Growth.

Presented in Table 4.1 is the summary of the description of the variables of this study. The discovery above indicates that the Return on Assets (ROA) of the sampled firm for the period covered have an average value of 0.0553462% ranged from a negative return of -0.1965952% to a maximum of 0.6304504%. The inference is that for every one naira invested, the industry had made a loss of N0.2 and had made a maximum gain of N0.6. Equally, the average value of ROA reported to be 0.0553462 indicates that the sampled firm could make an average of 0.06% on the net investment with a higher degree of risk as the returns varied at both sides of the scale by a large margin of 0.127%. Also, the table revealed that Return on Equity (ROE) across the sampled firms have an average value of 0.2126772% ranged from a negative return of -2.02232% to a maximum of 12.00274%. This implies that for every naira invested, the industry had made a loss of N2 and made a maximum gain of N12. Similarly, it was revealed from the table that Returns Profit Margin (NPM) across the sampled firms have an average value of 0.2908517% ranging from a negative return of -1.498708% to a maximum of 15.41713%. The corollary of this implies that the industry made a loss of N1.5 for every naira invested and a maximum of N15.4. However, the sampled firms collect the money back from their debtors in 36 days and pay their creditors in 30 days on the average. Whereas their debtors could remain outstanding for a minimum of 12 days, the firms were not paying their bills earlier than 90 days. The credit conversion cycles the companies granted their clients averaged 110 days while it took an average of 117 days to convert inventories into sales. To check the size of the firms and its relationship with profitability, natural logarithm of sales is used as a control variable.

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The mean value of log of sales is 0.5645499 while the standard deviation is 4.447547. The maximum value of log of sales for across the sampled firms for the period covered is 0.9231292 and a great loss of 44.39093. Furthermore, it was revealed that the average value for Current Assets to Total Asset Ratio (CATAR) is 0.5313962, with minimum and maximum values of 0.0040755 and 6.896293 respectively. The standard deviation of 0.7956189 shows that the risk is higher, as it is relatively closer to its mean figure. In the same result, the mean value of Gross Working Capital Ratio (GWCR) is at 2.542906, with minimum and maximum values of -92.20247 and 109.5937 respectively and a standard deviation of 22.84624 which shows that the risk is higher, as it is relatively greater than its mean figure. Also, the mean value of Current Liabilities to Total Asset Ratio (CLTAR) is at 0.6864924 with minimum and maximum values of -0.4535974 and 12.81374. The average value of the debt ratio given to be 13% indicates that the sampled firms have more debt than asset.

4.1 Correlation Analysis

Table4.2: Pearson Correlation Matrix

Variables	ROA	ROE	NPM	ACP	APP	INV	CCC	CATAR	GWCR	CLTAR	SIZE	LEV	SGR
ROA	1												
ROE	0.584	1											
NPM	0.173	0.16	1										
ACP	-0.15	0.01	0.026	1									
APP	-0.07	0.04	0.037	0.14	1								
INV	0.203	0.04	0.028	-0.09	0.26	1							
CCC	0.203	0.04	0.028	-0.08	0.24	0.99	1						
CATAR	-0.08	0.03	-0.06	-0.18	-0.01	-0.01	-0.01	1					
GWCR	0.034	0.01	-0.02	-0.03	-0.06	0.02	0.02	0.0294	1				
CLTAR	0.024	-0.04	-0.03	-0.19	-0.19	-0.03	-0.03	-0.03	0.0022	1			
SIZE	0.034	-0.02	-0.1	0.14	0.05	0.01	0.03	-0.3854	0.0055	-0.1076	1		
LEV	0.317	-0.01	0.07	-0.06	-0.19	-0.01	-0.01	0.1212	-0.0044	0.1984	-0.26	1	
SGR	0.048	-0.03	-0.91	-0.03	-0.03	0.11	0.11	0.0389	0.0119	0.0165	0.133	-0.06	1

Source: Data Analysis (2021). Where ROA is return on asset, ROE is Return on Equity, NPM is Net Profit Margin, ACP is Average Collection Period, APP is Average Payment Period, INV is Inventory Turnover, CCC is Cash Conversion Cycle, CATAR is Current Assets to Total Asset Ratio, GWCR is Gross Working Capital Ratio, CLTAR is Current Liabilities to Total Asset Ratio, SIZE is Firms Size, LEV is Leverage and SGR is Sales Growth.

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Table4.2 revealed the relationship between the outcome variables and the predictors. It was revealed that ROA maintained a negative relationship with ACP, APP and CATAR to the tune of -0.15, -0.07 and -0.08. However, the relationship between ROA and ROE, NPM, INV, CCC, GWCR, CLTAR, SIZE, LEV and SGR were positive, 0.584, 0.173, 0.203, 0.203, 0.034, 0.024, 0.034, 0.317 and 0.048 respectively. This is an indication that returns on assets moves towards the same direction with the other outcome variables. In the same vein return on equity has a positive correlation with NPM, ACP, APP, INV, CCC, CATAR, and GWCR of the sampled firm with the correlation coefficients of 0.16, 0.01, 0.04, 0.04, 0.04, 0.03 and 0.01 respectively. This connotes that the direction of their movement is the same. The table equally showed that ROE maintained a negative relationship with CLTAR, SIZE, LEV and SGR to the tune of -0.04, -0.02, -0.01 and -0.03 respectively. As presented in the table, there is a negative relationship between NPM, CATAR, GWCR, CLTAR, SIZE and SGR with correlation coefficient of -0.06 for CATAR, -0.02 for GWCR, -0.03 for CLTAR, -0.1 for SIZE and -0.91 for SGR. This indicates that the variables moved in different directions over the period covered by this study across the sampled firms. On the contrary, the result also showed that there exists a positive relationship between NPM and ACP, APP, INV, CCC and LEV with the correlation coefficient values of 0.026, 0.037, 0.028, 0.028 and 0.07 respectively.

From the result presented there is a negative relationship between ACP, INV, CCC, CATAR, GWCR, CLTAR, LEV and SGR with correlation coefficient of -0.09 for INV, -0.08 for CCC, -0.18 for CATAR, -0.03 for GWCR, -0.19 for CLTAR, -0.06 for LEV and -0.03 for SGR. This indicates that the variables moved in different directions over the period covered by this study across the sampled firms. Contrarily, the result also showed that there exists a positive relationship between ACP and APP with the correlation coefficient of 0.14, a positive relationship between ACP and SIZE with the correlation coefficient of 0.14. The result further revealed that the relationship between APP and the other predictor variables were negative, except the relationship with INV, CCC and SIZE, which were positive with the values of 0.26, 0.24 and 0.05 respectively. For INV, all its relationship with the other predictor variables were also negative, except the relationship with CCC, GWCR, SIZE and SGR, which were positive to the tune of 0.99, 0.02, 0.01 and 0.11 respectively. In addition, the relationship between CCC and other predictor variables were negative except the relationship with GWCR, SIZE and SGR which were positive to the tune of 0.02, 0.03 and 0.11 respectively. CATAR had a positive relationship with all the predictor variables except the relationship with CLTAR and SIZE which were negative to the tune of -0.03 and -0.3854 respectively.

For GWCR, its relationship with all the predictor variables was positive, except with LEV which was negative to the tune of -0.0044. It was shown that the relationship between CLTAR and other predictor variables were positive, except the relationship with SIZE, which was negative with a coefficient value of -0.1076. On the contrary, the relationship between SIZE and other predictor variables were negative except for SGR which was positive with the coefficient value of 0.133. For LEV, all its relationship with the other predictor variables was positive, except the relationship with SGR, which was negative to the tune of -0.06. SGR had a positive relationship with all the predictor variables.

This study examined the effect of working capital management (average collection period, average payment period, inventory turnover, cash conversion cycle, current asset to total assets ratio, gross working capital ratio and current liabilities to total asset ratio) on the performance

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of quoted non-financial firms in Nigeria proxied with Return on Asset (ROA), Return on Equity (ROE) and Net Profit Margin (NPM). It was a quantitative study and covered 7 years, spanning from 2012 to 2018, across 95 firms. It was discovered that the mean values for the performance metrics of the selected quoted non-financial firms in Nigeria were 0.055, 0.213 and 0.291 for return on asset, return on equity and net profit margin respectively. The variability of the performance level across the quoted sampled non-financial firms and years covered was high as seen in their standard deviations of 0.127 (return on asset), 1.214 (return on equity) and 1.562 (net profit margin). This might be due to the operational activities and management skills of the sampled quoted non-financial firms in Nigeria. Another possible explanation is the selection of the various quoted non-financial firms in the business sector, where the nitty-gritty of the business activities is relatively similar. The discussion of the findings of this study was done based on the research objective of the study stated as: To establish the relationship between Working Capital Management (WCM) and the performance of quoted non-financial firms in Nigeria

Table 4.2 revealed the relationship between the outcome variables and the predictors. It was revealed that ROA maintained a negative relationship with ACP, APP and CATAR to the tune of -0.15, -0.07 and -0.08. This finding is contrary to the results of Ajayi et al, 2017 who found that there is a positive relationship between ACP and firm performance. However, Table 4.2 also revealed that the relationship between ROA and INV, CCC, GWCR, CLTAR, SIZE, LEV and SGR were positive of the following values 0.584, 0.173, 0.203, 0.203, 0.034, 0.024, 0.034, 0.317 and 0.048 respectively and this result also agrees with Sorin and Anca (2021) results that revealed a positive relationship between all components of working capital management and financial performance. The result shows an indication that return on assets moves towards the same direction with the other outcome variables.

In the same vein, Table 4.2 also revealed that Return on Equity (ROE) has a positive correlation with ACP, APP, INV, CCC, CATAR, and GWCR of the sampled firms with the correlation coefficients of 0.01, 0.04, 0.04, 0.04, 0.03 and 0.01 respectively. This result agreed with the result of Tahir and Anur (2015) who revealed that working capital management such as CCC, CATAR, are positively related with financial performance. Table 4.2 equally showed that ROE maintained a negative relationship with CLTAR, SIZE, LEV and SGR to the tune of -0.04, -0.02, -0.01 and -0.03 respectively and this result disagree with Sorin and Anca (2021) results that revealed a positive relationship between all components of working capital management and financial performance.

Furthermore, Table 4.2 revealed that NPM has a negative correlation with CATAR, GWCR, CLTAR, SIZE and SGR with correlation coefficient of -0.06, -0.02, -0.03, -0.1 and -0.91 respectively. This indicates that the variables moved in different directions over the period covered by this study across the sampled firms. This result does not agree with Sorin and Anca (2021)'s view that working capital management and financial performance should move in the same direction. On the contrary, Table 4.2 revealed that there exists a positive relationship between NPM and ACP, APP, INV, CCC and LEV with the correlation coefficient values of 0.026, 0.037, 0.028, 0.028 and 0.07 respectively, which is in line with Olaniyan et al., (2020) and Okoye et al., (2020) that ACP, APP, INV, CCC are positively correlated with financial performance.

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In summary, this study has revealed and established a diverse relationship between the components of working capital management and financial performance of the selected quoted non- financial firms in Nigeria. This relationship between the variables also confirmed the conceptual framework for this study earlier discussed in chapter two. The diverse relationship between the dependent and independent variables provided asymmetric information about the variables and this upheld the relevance of Pecking order theory for this study.

5.0 CONCLUSION AND RECOMMENDATIONS

The study revealed that there is a relationship between independent variables (CATAR, GWCR, CLTAR, INV, LEV, ACP and APP) and performance of NFFs (NPM, ROA and ROE) in different direction over the period covered by this study across the sampled firms.

It should be noted that factors that could influence firms' performance are multifaceted. Therefore, premised on the findings in this study the researcher recommended that all component of working capital should be effective and efficiently managed by the NFF managers to achieve their targeted results.

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