Moderating Effect of Ownership Concentration on Liquidity and Dividend Payout on Financial Sustainability of Listed Manufacturing Firms in Nigeria

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DOI: https://dx.doi.org/10.47772/IJRISS.2026.100500139

Received: 26 April 2026; Accepted: 01 May 2026; Published: 25 May 2026

ABSTRACT

The financial sustainability of listed manufacturing firms in Nigeria is crucial for economic growth, industrial development, and job creation in the country. However, these firms face challenges such as fluctuating exchange rates, rising production costs, and limited access to finance, which threaten their long-term viability. This study therefore examines the moderating effect of ownership concentration on liquidity and dividend payout on financial sustainability of listed manufacturing firms in Nigeria. The study's population consists of fifty-five (55) listed manufacturing firms from which fourty four (44) was selected for the period of thirteen (13) years (2012 to 2024) using purposive sampling technique. The study adopted the ex-post facto research design with longitudinal panel, and secondary data were collected from the firms' annual accounts for the period under review. Ownership concentration, liquidity, dividend payout, firm age, and financial sustainability were proxied by substantial shareholding (5% and above), current ratio, dividend payout ratio, years since incorporation, and return on equity respectively. Using Eviews 12 version for the analysis, the results of the study revealed that current ratio had negative and insignificant effect on return on equity of listed manufacturing firms in Nigeria, however, when moderated by ownership concentration, it had positive but insignificant effect on return on equity. Dividend payout ratio on the other hand, had positive but insignificant effect on return on equity, likewise when moderated by ownership concentration of listed manufacturing firms in Nigeria. The study, therefore, concludes that when liquidity and dividend payout are moderated by ownership concentration, it has a positive but insignificant effect on financial sustainability of listed manufacturing firms in Nigeria. Based on the findings, the study recommends that listed manufacturing firms in Nigeria should strengthen ownership engagement for better liquidity oversight and adopts independent, performance-based dividend polices to enhance financial sustainability.

Keywords: Financial Sustainability, liquidity, dividend payout, Ownership Concentration, Agency Theory

INTRODUCTION

Globally, financial sustainability is critical for listed manufacturing firms as it ensures long-term profitability, operational efficiency, and resilience against economic shocks. This attracts investor confidence, enhance shareholder value, and contribute to economic stability by maintaining steady employment and innovation (Duong et al., 2022). In Nigeria, where the manufacturing sector plays a key role in economic diversification and industrialization, financial sustainability enables firms to withstand market volatility, currency fluctuations, and infrastructural challenges, thereby supporting national economic growth and development (Adebawojo, 2023). In addition, sustainable financial practices among listed firms improve transparency and corporate governance, which are essential for accessing global capital markets. Financial sustainability as a concept reflects a firm's long-term value creation, generation of stable profit, and growth acceleration to meet the different needs of firms' stakeholders without compromising future performance (Wu et al., 2024).

More importantly, the financial sustainability of listed manufacturing firms in Nigeria is shaped by a dynamic mix of factors or practices. For instance, limited access to affordable credit and liquidity can hinder firms from meeting short-term obligations or investing in growth, while overly generous dividend payouts may compromise internal financing capacity (Odufisan et al., 2025; Nnedu & Aggreh, 2023). Additionally, excessive leverage increase financial fragility by escalating interest burdens and reducing flexibility in responding to shocks (Aikins

et al., 2021). Compliance with regulatory requirements imposes administrative and financial costs that can constrain profitability, while market volatility and intense competition diminish revenue predictability and pricing power (Akang, 2023). Also, rapid technological change also compels firms to continually innovate, often at high capital costs. In the broader economic context, inflation, exchange rate fluctuations, and fiscal policy instability pose significant risks to strategic planning and cost management. Similarly, firm age, while not a direct determinant of financial sustainability, serves as a control variable in empirical studies, capturing the influence of maturity, experience, and structural inertia that might otherwise confound the relationships between these core factors and financial outcomes (Putri & Rachmawati, 2017).

Moreover, ownership concentration which refers to the extent to which a firm's shares are held by large shareholders may moderate the relationship between liquidity management, dividend payout optimization and financial sustainability. In other words, the moderation of ownership concentration on liquidity and dividend payout significantly influences the financial sustainability of listed manufacturing firms in Nigeria by shaping corporate governance, resource allocation, and investor relations. In the Nigerian context, ownership concentration is prevalent, with many firms being tightly held by families, government entities, or a few institutional investors (Okoye et al., 2020). While concentrated ownership may enhance oversight and reduce agency costs, it may also lead to entrenchment, expropriation of minority shareholders, and inefficient financial decisions (Irom et al., 2023). A balanced ownership structure reduces the risk of managerial entrenchment and encourages more transparent decision-making. Therefore, adequate liquidity ensures firms meet short-term obligations and invest in growth opportunities, thus promoting long-term viability. Similarly, a stable and well-structured dividend payout policy signals financial health to investors and can enhance firm value, however, excessive payouts may limit reinvestment capacity (Hermansyah, 2023). In reference to Nigerian economy, where market volatility and capital access remain challenging, optimizing these factors is crucial for sustaining competitiveness.

In the context of manufacturing firms listed on the Nigerian Exchange, financial sustainability is operationalized using return on equity (ROE = Net Income ÷ Shareholders' Equity), which measures the firm's efficiency in generating profits from shareholders' investments; liquidity is proxied by the current ratio (Current Assets ÷ Current Liabilities), reflecting the firm's short-term solvency (Akinninyi, 2025; Wu et al., 2023). Dividend payout is represented by the dividend payout ratio (Dividends Declared ÷ Net Income), indicating the portion of earnings distributed to shareholders (Ibrahim, 2023). Similarly, ownership concentration is proxied by the percentage of shares held by the largest shareholder (5% and above), capturing the level of control exerted by a few investors (Irom et al., 2023). Empirical studies in Nigeria show mixed results: while some find that ownership concentration reduces dividend payout (Akpadaka, 2023), others report an insignificant or firm-specific relationship in the manufacturing sector (Tonye & Baghebo, 2025). As a control variable, firm age in this study is measured by the number of years since incorporation to account for maturity effects on financial behaviour, as older firms may have more stable earnings and dividend policies (Putri & Rachmawati, 2017).

Nevertheless, financial sustainability enables manufacturing firms to survive, grow, and stay competitive by ensuring stable finances, especially in challenging environments like Nigeria. This attracts investor confidence, enhance shareholder value, and contribute to economic stability by maintaining steady employment and innovation. However, many listed manufacturing firms in Nigeria continue to struggle with maintaining financial sustainability due to issues, including poor liquidity management, inconsistent dividend policies, and concentrated ownership structures. Existing studies have largely overlooked how ownership concentration may moderate the interplay between liquidity and dividend payout in sustaining financial health, particularly in emerging markets like Nigeria (Odufisan et al.,2025; Akinninyi , 2025; Wu et al., 2023; Naz et al., 2023; Imhanzenobe, 2020). This lack of context-specific research presents a significant gap in the literature. Similarly, prior studies of Adebawajo (2023), Okeke et al. (2022), and Imhazenobe (2020) aimed at addressing financial sustainability problems of manufacturing firms in Nigeria were time restrictive as their analysis' typical time range is between 9 and 10 years. Hence, to make this study timely and relevant to today's world, this present study covers a period of 13 years from 2012-2024. This study, therefore, seeks to examine how ownership concentration moderates the relationship between dividend payout and liquidity on the financial sustainability of listed manufacturing firms in Nigeria. Understanding these relationships will provide valuable insights for managers, policymakers, and investors aiming to enhance firm resilience and strategic financial management in emerging economies.

The under listed hypotheses stated in null form are germane to this study.

H_o1.Liquidity has no significant effect on financial sustainability when it is moderated by ownership concentration of listed manufacturing firms in Nigeria.

H_o2.Dividend payout has no significant effect on financial sustainability when it is moderated by ownership concentration of listed manufacturing firms in Nigeria.

LITERATURE REVIEW

Conceptual Framework

Liquidity

Liquidity is the ability of a firm to meet short term financial obligations via conversion of current asset into cash without suffering any loss (Akenga, 2017). Liquidity in companies involves quantitative and qualitative dimensions. The quantitative aspect includes the ability of a firm to meet all present and potential demands on cash in a manner that minimize cost and maximize the value of the business. A firm with high liquidity can swiftly respond to unforeseen expenses, ensuring smooth production processes and timely payment to suppliers. This stability is essential in the manufacturing sector, where cash flow fluctuations can disrupt operations and hinder profitability (Johnson & Smith, 2023). In other words, profit is not the same as cash as it may not always be reported, yet cash is required daily. Profits are ineffective without money. Cash is more crucial than profit in the short term, even though it is expected that profit and cash flow will roughly equalize over time. A liquid entity is the one that can draw the right balance between current resources and commitments and can also take advantage of lucrative investment opportunities. For listed manufacturing firms in Nigeria, where access to external finance is often limited due to underdeveloped capital markets and high interest rates, internal liquidity plays an even more significant role in sustaining operations and funding strategic investments. Current ratio is considered as a proxy for liquidity in this study due its wider acceptability.

Current Ratio

The current ratio is a liquidity ratio that measures a company's ability to pay its short-term obligations using its current assets (Nduka, 2018; Brigham & Houston 2020). It estimates a business's capacity to pay back overdue loans and accounts payable using assets, including cash, marketable securities, inventories, and accounts receivable (Sani et al. 2023). A higher ratio indicates better financial health, while a ratio below 1 suggests a company's liabilities exceed its assets (Sajiyya et al., 2023). The high ratio could be a sign of poor asset management or ineffective utilization of assets. (Appah et al., 2021). A low Current Ratio (CR) indicates effective use of current assets, while a high CR can negatively impact profit and require companies to maintain liquidity (Waskito et al., 2022). The optimal current ratio levels differ depending on the sectors with some sectors demanding less liquidity than others. An improved current ratio can boost investors' confidence resulting in higher stock prices and firm value ultimately improving financial sustainability. Firms with strong current ratios are more flexible in investing in growth opportunities, even during economic crises and respond to dynamic market conditions. A high current ratio can reduce the risk of financial distress, which can adversely affect sustainability. Mathematically, current ratio is calculated as:

Current Assets
Current Liabilities

Dividend Payout

Dividend payout otherwise known as dividend payment represents a key financial policy decision that reflects how profits are distributed between shareholders and retained earnings. It is essentially the portion of a firm's earnings that is allocated to investors as a reward for their capital contribution. Scholars have noted that dividend decisions embody both financial and strategic considerations since they communicate a company's profitability, stability, and management's outlook on future performance (Tonye & Baghebo, 2025). As such, dividend policy

not only determines shareholder wealth in the short term but also signals long-term expectations about the firm's sustainability. In practice, dividend payments vary across industries and regions, influenced by factors such as profitability, ownership structure, taxation, and market conditions. Companies with concentrated ownership may prioritize consistent dividend payouts to satisfy controlling shareholders, while firms facing growth opportunities may retain more earnings for reinvestment (Farooq & Ahmed, 2019). Similarly, economic downturns or inflationary pressures often lead to adjustments in dividend distribution as firms seek to preserve liquidity. These variations highlight the dynamic nature of dividend policies within different business environments.

Dividend Payout Ratio

Dividend payout ratio is the total cash dividend distributable to common shareholders over the available net income for the shareholders; it is the percentage of earnings paid to shareholders in dividends (Ngwoke (2021). Dividend Payout Ratio refers to the net income of a company that is allocated to the shareholders as dividend. Dividend Payout Ratio reflects the company's dividend policy and provides insight into how much profit is retained for reinvestment versus distributed to shareholders (Rahman, 2024). The payout ratio is used in fundamental analysis to determine whether a company could continue paying dividends to its shareholders. This ratio helps both current and potential investors to make an informed decision and estimate their future income from the company. The ratio compares the dividend amount with the company's earnings per share. The payout ratio is calculated by dividing a company's dividends per share by its earnings per share. A low payout ratio is generally favourable to a high payout ratio. A high ratio indicates that a company is paying a large portion of its earnings to its shareholders; meanwhile, a low ratio may indicate that a company is reinvesting a large portion of its earnings into the company (Hermansyah, 2023). Dividend payout ratio for this study is measured mathematically as:

Dvidend Paid
Profit After Tax

Financial Sustainability

Financial sustainability is the capability of business entity to cover all expenditure with revenue and produce a surplus of revenue over expenses in order to finance future growth (Adebawojo, 2023). In other words, financial sustainability of organization could be described as the extent to which an organization is able to generate sufficient income to cover her total costs and produce sufficient profit or surplus for the future growth and development. According to Zabolotny & Wasilewski (2019), financial sustainability is the capacity of businesses to create value for their owners and maintain operational continuity over the long term by using the best possible mix of investments and financing sources. Thus, firms particularly the manufacturing ones would need to efficiently manage their resources to be able achieve financial sustainability. In addition, Osazefua (2020) in his attempt to define financial sustainability defined it as the capacity of a corporation to cover both its operational and financial obligations as well as minimize financial risk while keeping adequate earnings to finance expansion. These definitions imply that a manufacturing firm that is not financially stable may have its profitability and growth threatened in a way that could result in a loss of competitive capacity, which, if not carefully managed, could further lead to distress and eventually lead to the death of such a firm. The financial sustainability of a corporation, particularly manufacturing companies, can be measured using a number of different variables. Specifically, profit plays a crucial role in the going concern of any firm since its continuous survival depends to a large extent on its periodic profitability (Umobong, 2015; Jordao & Almeida, 2017). Following Wu et al. (2023), this study proxied financial sustainability with return on equity because it serves as a critical benchmark for assessing whether firms can maintain profitability and deliver returns to investors over time.

Return on Equity

Return on equity (ROE) ratio is a profitability ratio that measures a company's ability to generate profits from shareholder investments in the company. Return on Equity is a strategic measure used for evaluating a company's profitability and efficiency in creating returns for its shareholders (Oyewunmi, 2024). The primary aim of every

business is to pursue earnings and maximise wealth for the owners. When a company's equity returns are greater than its equity cost, shareholder value is generated. High ROE is preferred by shareholders as it indicates effective utilization of their capital. Also, ROE measures the profit generated from shareholders' investments and reflects the success in managing equity capital for net income. A higher ROE suggests efficient use of equity, attracting more investors and indicating positive financial health. ROE also accounts for the impact of company debt, highlighting management's success in maximizing shareholder returns (Sunaryo, 2022).

In the Nigerian manufacturing sector, where firms often face challenges such as currency volatility, high production costs, and limited access to capital, ROE provides a useful indicator of how well firms are adapting and sustaining profitability despite these constraints. Therefore, using ROE as a proxy allows stakeholders to assess whether a firm is not only surviving but strategically positioned for continued financial health and competitiveness in a dynamic economic environment. Mathematically, return on equity is calculated in this study as:

Profit After Tax
Equity

Ownership Concentration

Ownership concentration is the level to which a firm's shares are held by a small number of people that owns a substantial portion of a firm shareholding. The threshold for ownership concentration can be determined by substantial shareholding. Under the Nigerian governance and capital market framework, primarily guided by the Securities and Exchange Commission (SEC) and the Nigerian Exchange Limited (NGX), a substantial shareholder is typically any individual or institution that holds 5% or more of a company's voting shares. Simply put, ownership concentration which is one of the forms of ownership structure is referred to as the fraction of investors with block ownership, usually 5% or more of a company's equity holding (Irom et al., 2023). When a large portion of the shares are in the hands of a few people it could be said that there is a high level of ownership concentration (Akpadaka, 2023). Besides, concentrated ownership, dividend payout and liquidity are intertwined. Shareholders with substantial holding do have control and influence over management and can influence or dictate the direction of dividend policy and liquidity of the firm. For instance, concentrated shareholders might have preference for higher dividend payment as a way of curtailing free cash flow. Moreover, large shareholders have greater influence and incentive to monitor and control management closely and this help ensure that managers' interest align with that of the shareholders; however, high level of OWC could lead to the suppression of minority shareholders' interests because in addition to reducing traditional agency problems between principal and mangers, it can also give rise to another one which could be expropriation of minority shareholders by the controlling concentrated shareholders (Tonye & Baghebo, 2025; Nguyen et al., 2019). In this study, ownership concentration will be expressed as:

Total Equity Ownership with 5% and Above
Number of Outstanding Shares

Firm Age

Firm age is a picture of the length of time a company is founded and runs its business, it indicates competitive capacity and performance of a company As in living beings, age might affect a company's competitiveness and functioning (Ismail et al. (2023). Firm age is the time since the foundation of the company which shows the ability to run the operational activities, up to when it can maintain ongoing concern or the existence of the company or in the world of business. A company's efficiency decreases with age because older companies must cut costs as a result of the learning effect from younger or older competitors in the same or different industries. However, a company's capacity to produce corporate profits also depends on how old it is ((Putri & Rachmawati, 2017). Meanwhile, firm age, while not a direct determinant of financial sustainability, serves as a control variable in empirical studies, capturing the influence of maturity, experience, and structural inertia that might otherwise confound the relationships between these core factors and financial outcomes. advocate for

listing age due to its significance in a firm's life, favoring year of incorporation as the chosen metric. Therefore, this study mathematically computes firm age as: Current year –Incorporation year (Khaniya et al., 2023)

Empirical Review

Odufisan et al. (2025) analysed the impact of dividend policy on firm value in selected manufacturing firms in Nigeria. The study's objective was to examine the effect of dividend payout ratio, retention ratio, and dividend per share on market price per share. Using panel data regression analysis to analyse the secondary data obtained from the annual reports of Nestle Nigeria Plc, Cadbury Nigeria Plc, and Guinness Nigeria Plc from 2019 to 2023, the findings revealed that dividend payout ratio has an insignificant effect on market price per share. The study concluded that dividend policy exerts an insignificant influence on firm value of selected manufacturing firms in Nigeria. The study recommended that manufacturing firms adopt a balanced dividend policy to enhance investors' confidence while ensuring financial stability and growth. The study was without a moderating variable and selected only three (3) manufacturing firms covering a period of five (5) years. However, the present study will employ ownership concentration as a moderating variable and sample size of 44 listed manufacturing firms for the period of thirteen (13) years (2012 – 2023).

Akinninyi (2025) assessed the effect of liquidity on profit for the year of listed manufacturing firms in Nigeria. A sample of 16 manufacturing firms listed on the Nigerian Exchange Group was selected using judgmental sampling. Secondary data from 2013 - 2023 financial reports were analyzed using Panel Least Squares regression and the Granger Causality Test in EViews 11.0. The Findings revealed that liquidity significantly enhance profitability. The study concluded that firms with higher liquidity and optimal firm size are better positioned to achieve superior financial performance. The author recommended strategic liquidity management, balanced capital structures, optimal firm size, and refined sales strategies to enhance profitability. The study sampled only sixteen (16) manufacturing firms and was also carried out without a moderating variable.

Mwangi and Simiyu (2024) studied the moderating role of health sector regulations on the relationship between working capital management (liquidity) and financial sustainability of the healthcare institutions. The study utilized a descriptive cross-sectional research design while the data collected on various financial indicators and management practices were analyzed using SPSS) version 22. Descriptive statistics and inferential statistics were also adopted. As a result, the study revealed that the moderating variable (health sector regulations) has no significant effect on the relationship between working capital management practices and financial sustainability. The study concluded that robust financing strategies, diverse fundraising, and proper working capital management are vital for financial health. Based on the findings, the study recommended sustainable financing and funding practices to reduce reliance on external donations, along with effective working capital management. The study, which ignored the manufacturing sector and carried out outside Nigeria, did not also adopt ownership concentration to measure ownership structure.

Ibrahim and Kurfi (2023) ascertained dividends policy and firm performance of manufacturing firms in Nigeria: A moderating effect of foreign ownership. One of the main aims of the study is to examine the moderating effect of foreign ownership on the relationship between dividend pay-out ratio and return on equity of Nigerian manufacturing companies listed on the Nigerian Stock Exchange (2018-2022). Secondary data collected from foreign-owned companies was the source of data collection for the study. An ex post facto research design was adopted as it entails the use of annual reports and accounts of 21 consumer goods companies. The sample size includes nine selected firms, obtained using filtering criteria. The study employs STATA version 17 to run for descriptive and inferential statistics. The results showed a statistically insignificant moderating effect of foreign ownership on the relationship between dividend payout ratio and return on equity. Therefore, the study concluded that foreign ownership does not have a significant moderating effect on the relationship between dividend policy and firm financial performance of the manufacturing companies in Nigeria. The major recommendation of the study was that managers should consider factors affecting firm financial performance, promote transparency, and maintain a strong dividend policy. The research used a sample size of 17 consumer goods firms only to carry out the analysis as against the present that employed 44 listed manufacturing firms.

Wu et al. (2023) evaluated the connection between liquidity and financial sustainability of 28 quoted non-financial establishments in Ghana. One of the main objectives of the study was to examine the relationship

current ratio have with return on equity. The study utilized panel data for the period, 2008 to 2019 for the analysis. The elasticities of the predictors were determined through the generalized method of moments (GMM) estimator. From the findings, current ratio has positive and significant relationship with return on equity. The conclusion of the study was that liquidity have positive and significant relationship with financial sustainability of quoted non-financial establishments in Ghana. On the strength of these findings, the authors recommended the maintenance of an optimal liquidity level capable of supplying the firms with sufficient liquid resources. However, not only that the research work was without a moderating variable, the study's date is no longer current. The current study adopted moderating variable of ownership concentration and updated the date of study to year 2024.

Naz et al. (2023) studied dividend policy and firm performance with moderating effect of ownership structure: Evidence from the manufacturing firms in Pakistan. The objective of the study was to determine the impact of dividend payout ratio and dividend yield, and return on assets and return on equity with a moderating effect of ownership structure. The data used in carrying out this research was taken from the companies that was paying dividends and were listen in KSE-100 index of Pakistan Stock Exchange. Ownership data of the firms were collected by the company's pattern of shareholding which are published or mentioned in the company's annual report as per Securities and Exchange Commission of Pakistan (SECP) requirements that can be taken from the company's website. The study showed that there is positive and significant relationship between dividend policy and firm performance with moderating effect of ownership structure. The study's conclusion was that firms that retain more of their earnings for reinvestment are likely to have higher levels of capital expenditures and research and development spending. The study recommended that management of manufacturing firms in Pakistan endeavor to operate an optimal dividend policy to increase their performance. The study differs from the present one because it was not on Nigerian economy, and also adopted only dividend policy as the explanatory variable.

Agbadaka (2023) assessed ownership concentration's moderating effect on dividend payout and Tobin's Q of listed consumer goods firms in Nigeria. Sixteen (16) out of the eighteen1(18) listed consumers' goods sector of the Nigerian Exchange Group (NGX)were purposively selected for the period, 2013 to 2022. Utilizing ex-post facto research design, and fixed effects regression for the statistical model, the results showed that the moderating effect of ownership concentration on dividend payout-firm value relationship yielded a negative and insignificant effect. The study concluded that the influence of dividend policy on firm value is not significantly enhanced by variation in ownership concentration. The author recommended that managers of firms in the sector should look beyond dividend policy for value enhancement strategies and managers should ensure a balancing act between ownership concentration and dispersed ownership because of possible negative impact that concentrated ownership portend. The study only made use of 16 listed consumer firms and also did not adopt liquidity as one of the explanatory variables but the current research effort employed 44 listed manufacturing firms in Nigeria in addition to adopting liquidity as an explanatory variable.

Abdullah (2022) evaluated the moderating effect of family ownership on the relationship between liquidity and profitability. Specifically, the study examined the moderating effect of family ownership on the relationship between liquidity and return on assets. For the years 2014 through 2019, a sample of 150 non-financial companies listed on the Pakistan Stock Exchange were examined. Numerous family ownership proxies were used, and robust and bootstrapped quantile regression models were also utilized. According to the results, working capital management and return on assets are positively correlated. The findings also showed that family ownership has a negative moderating effect on the relationship between working capital management and business profitability. In conclusion family ownership impact on working capital management gives room to take advantage of surplus liquidity for private purposes. In view of this, the study recommended that the degree of concentration be monitored to avoid unwarranted diversion of limited working capital to personal benefits. The study did not use ownership concentration to measure ownership structure, ignored manufacturing sector, and also updated its empirical data to year 2019 only.

Ngwoke (2021) sought to know the effect of dividend policy on financial performance of manufacturing firms in Nigeria. The specific objective of the study was to ascertain the effect of dividend payout ratio and dividend per share on return on assets. The study had a population of 31 manufacturing firms under the consumer and industrial goods segment quoted in Nigeria Stock Exchange. Judgmental sampling technique was employed to arrive at the sample size of five (5) firms. Secondary panel data were pooled from the audited financial statements

of these companies ranging from the period of 2015-2018. Regression analysis were carried out on the data with the aid of E-views package. The result of the data analysis showed that dividend per share, and dividend payout ratio exert a positive but insignificant effect on return on Asset. The study therefore concluded that dividend policy has no significant effect on financial performance of manufacturing firms in Nigeria. The study's major recommendation was that dividend payout ratio should be drastically reduced as to ensure that a major part of the earnings of the company is not paid out as dividends but rather ploughed back into the firms to be reinvested or as part of the cash reserves. The study, whose empirical data period covered up to year 2018, employed only one explanatory variable of dividend policy, use a relatively low sample size of five companies, and also did not employ a moderating variable.

Imhanzenobe (2020) analyzed the relationship between managing liquidity and financial sustainability of listed manufacturing firms in Nigeria. Panel dataset for 17 companies from 2008 to 2016 was collected and analyzed using the correlation matrix and random effect model. The findings indicated that liquidity proxied by current ratio has significant influence on financial sustainability of listed Nigerian Manufacturing firms. The study concluded that liquidity exert significant influence on financial sustainability of Nigerian manufacturing companies. The study recommended that companies should implement financial policies that address periodic costs and productivity while maximizing marketing efforts simultaneously. The study did not adopt moderating variable and the empirical data employed needs to be updated.

THEORETICAL FRAMEWORK

Resource-Based View Theory

The Resource-Based View (RBV) theory was propounded by Barney (1991) explains the strategic role of a firm's unique resources and capabilities in gaining a competitive advantage, leading to cost efficiencies and differentiation. The RBV theory posits that a firm's internal resources are as important as external market conditions in determining its competitive advantage, and that competitive advantage stems from resources that are valuable, rare, and difficult for competitors to imitate (Nkasi & Philemon, 2025). These resources include; proprietary technologies, exclusive contracts, or unique processes that competitors find challenging to replicate without high costs. Resource based view theory also stresses dynamic capabilities, the organization's ability to adapt and change its resource base in response to market conditions. In the context of manufacturing firms, various attributes such as firm size, capital structure, liquidity, and operational efficiency are integral to understanding financial performance. For instance, larger firms often benefit from economies of scale, which allow them to spread fixed costs over a greater output, resulting in lower per-unit costs and improved profitability (Lambe et al., 2022). This alignment of resources with operational capabilities is essential for sustaining competitive advantages in the manufacturing sector.

Agency Theory

Agency theory was developed by Jensen & Meckling (1976) to explain the conflict of interest between principals (owners or shareholders) and agents (managers) in a corporate setting, focusing on how conflicts of interest may arise owing to divergent goals. According to Ogungbade et al. (2020) agency theory posited that the governance of a firm is premised on the conflict of interest between the owners, management, and significant providers of debt capital as each of the three groups has different interests and objectives. Separation of ownership from management in the modern business world generates conflict between the two parties. Another agency problem source is the presence of free excess cash, which is beyond that required for financing projects of value (Jenson, 1986). This imbalance can lead to a lack of transparency and potential for opportunistic behavior by managers. He suggested that somehow, free cash problem could be controlled by increasing the managers' stake in the business or by increasing debt in the capital structure so that the availability of free cash can be reduced.

This study is underpinned by agency theory because it helps to understand how ownership concentration can moderate the effects of liquidity and dividend payout on financial sustainability. High ownership concentration often leads to stronger monitoring of management, reducing agency costs and ensuring that decisions regarding liquidity management and dividend distribution align with shareholders' long-term interests.

METHODOLOGY

The study adopts ex-post facto research design with a longitudinal panel. The population consists of 55 listed manufacturing firms in Nigeria out of which 44 were selected using purposive sampling technique. The ex-post facto research design is considered appropriate for the study because the data are already available and cannot be manipulated by the researcher. The data sourced from the audited annual reports and accounts of the selected firms spanning from 2012 and 2024 were analysed using multiple regression analysis with the aid of Eviews 12 version. The study adapted the model of Lambe et al. (2022) stated as : $ROAit = \beta 0 + \beta 1INVD_{it} + \beta\ 2WCTA_{it} + \beta\ 3FSIZ_{it} + \varepsilon_{it}$ **The Modified Models for the study are:**

Model I: Without moderation

$ROE_{it} = \beta_0 + \beta_{1it} + \beta_2 LIQ_{it} + \beta_3 DPR_{it} + \beta 4 FAGE_{it} + \varepsilon_{it}$……...…….……... (i)

Model II: With Moderation

$ROE_{it} = \beta_0 + \beta_1 LIQ_{it}*OWC + \beta_2 DPR_{it}*OWC + \beta_3\ FAGE_{it}*OWC + \varepsilon_{it}$……(ii)

Where,

ROE: Return on Equity

LIQ: Liquidity

DPR: Dividend Payout Ratio

OWC: Ownership Concentration (Moderating Variable)

FAGE: Firm Age

β: Interception of the equations.

Ɛ: The error term.

A priori Expectation

The study expects ownership concentration to have positive and significant moderating role on the effect of liquidity and dividend payout on financial sustainability of manufacturing firms in Nigeria. The expression is mathematically stated thus: $B_1, B_2, \beta_3 > 0$. The variables that are used in the analysis are shown in the table below.

Table 3.1: Measurement of Variables

Type	Variable	Proxy	Measurment	Source
Dependent	Financial Sustainability	ROE	Profit After Tax / Equity	Wu et al. (2023)
Independent	Liquidity	CUR	Current Assets / Current Liabilities	Imhanzenobe (2020)
Independent	Dividend Payout	DPR	Dividend Paid / Profit After Tax	Imhanzenobe (2020)
Moderating	Ownership Concentration	OWC	Number of shares held with 5% & Above Shareholders / Total Number of Shares Outstanding	Akpadaka (2023) Irom et al. (2023)
Control Variable	Firm Age	FAGE	Current Year - Incorporation Year	Harsono & Susanto (2023)

Source: Researcher's Compilation (2025)

ISSN No. 2454-6186 | DOI: 10.47772/IJRISS | Volume X Issue V May 2026

RESULTS AND DISCUSION

Descriptive Statistics

Descriptive statistics is employed to have a glimpse of the past behavour of a dataset using parameters such as; mean, minimum, maximum values as well as their corresponding standard deviations to explain the variables of interest. Table 4 shows the descriptive statistic results.

Table 4.1: Descriptive Statistics Results

	ROE	CUR	DPR	OWC	FAGE
Mean	10.15455	1.431722	23.73387	62.10048	48.31818
Median	7.748234	1.065309	0.000000	65.88905	50.00000
Maximum	140.8151	36.41061	145.0200	96.41349	102.0000
Minimum	-99.99481	0.000126	-99.97375	12.15649	8.000000
Std. Dev.	32.97543	2.323077	34.03912	19.00178	19.74008
Skewness	0.036856	9.546159	0.426339	-0.443341	0.133097
Kurtosis	6.076007	123.5147	3.723434	2.413000	2.619464
Jarque-Bera	225.6362	354838.0	29.80157	26.95007	5.140045
Probability	0.000000	0.000000	0.000000	0.000001	0.076534
Sum	5808.401	818.9448	13575.77	35521.48	27638.00
Sum Sq. Dev.	620893.3	3081.507	661596.0	206169.6	222502.1
Observations	572	572	572	572	572

Source: Eviews 12 Output (2025)

As shown in table 2, the average return on equity (ROE) as a measure of financial sustainability of listed Nigerian manufacturing sector for the period of study is 10.15455. In terms of ROE, the least of the companies making losses has 99.99481 loss while the highest of the firms that made profit for the period recorded 140.8151. The high standard deviation of 33.45779 (334%) and the wide range between the highest and lowest performance signify many of the firms operated below and above the industrial average. For liquidity (CUR) which has an industrial average value of 1.431722 and a relatively high standard deviation of 2.323077 (232%) with a wide difference value between the maximum and minimum, suggests that in the period under study many listed manufacturing firms in Nigeria operated above and below the industrial average. In addition, the average performance of dividend payout ratio (DPR) is 23.73387 and the lowest and highest values of -99.97375 and 145.0200 with a corresponding high standard deviation of 34.03912 (340%). This indicates a high number of the sampled firms had a wide spread from the industrial average in terms of dividend payout ratio.

Similarly, ownership concentration (OWC) has maximum and minimum values of 96.41349 and 12.15649 with a standard deviation of 19.00179 (190%). In relation to the average value of 62.10048, it shows a high dispersion from the mean. In terms of firm age (FAGE), the oldest firm of the listed manufacturing firms in Nigeria for the period of study is 102 years while the youngest is 8 years old. The average value of 48.31818 and standard deviation of 19.74008 (197%) together with the maximum and minimum values, suggest that the sampled firms had a wide dispersion from the industrial average. Also, the skewness statistic which measures the degree and direction of asymmetry reveals that other than OWC that is negatively skewed with the value of -0.443341, ROE, CUR and DPR are positively skewed with the scores of 0.038814, 3.102658 and 0.133097 indicating that the data is distributed to both left and right direction. According to the information provided by kurtosis which measures the tail heaviness of the distribution, apart from FAGE and OWC that are playtkurtic since their values are less than 3 with the values of 2.619464 and 2.41300 others (ROE 6.076007; CUR 123.5147; DPR 3.723434) are leptokurtic (more than 3) indicating that the data may be abnormally distributed.

Table 4.2: Correlation Analysis

Correlation Analysis shows the extent of variation of one variable due to change in the other, and it also shows the presence of possible multicollinearity among the independent variables. Generally, a high correlation is expected between dependent and independent variables, while a low correlation is expected among independent variables. The decision rule is that the correlation between two variables must be between -1 and 1. Table 4.2 contains correlation matrix showing the Pearson correlation 16 coefficients between the dependent and

independent variables and among the independent variables of the study.

Table 4.2: Correlation Matrix

Covariance Analysis: Ordinary
Date: 11/18/25 Time: 03:29
Sample: 2012 2024
Included observations: 572

Correlation Probability	ROE	CUR_OWC	DPR_OWC	FAGE_OWC
ROE	1.000000 -----			
CUR_OWC	0.009590 0.8190	1.000000 -----		
DPR_OWC	0.229033 0.0000	0.022012 0.5993	1.000000 -----	
FAGE_OWC	0.020223 0.6293	0.098544 0.0184	-0.029951 0.4747	1.000000 -----

Source: Eviews 12 Output (2025)

Table 4.2 shows the correlation between the dependent variable, ROE and the independent variables of CUR and DPR and also among the independent variables themselves on the other hand. According to Gujarati (2004), a correlation coefficient between two independent variables of 0.80 is considered excessive, and thus, certain measures are required to correct that anomaly in the data. From the table, it can be seen that all the correlation coefficients among the independent variables are below 0.80. This points to the absence of possible multicollinearity among the independent variables, and the correlation between the variables shows that there is a positive correlation among the dependent and independent variables. There exists a positive and significant 0.95% and 22% correlation between ROE and CUR*OWC, and DPR*OWC respectively indicating that the higher the CUR*OWC and DPR*OWC the higher the ROE. Furthermore, it is notable from the analysis that all the associations between and within the variables of studies are weak, thus signifying the absence of possible multicollinearity.

Multicollinearity Test

Multicollinearity happens when one or more explanatory variables exert a strong relationship among themselves, and it negates the assumptions of linear regression model. The variance inflation factor is a good parameter for detecting multicollinearity. The decision rule is that if the Centered VIF is not greater than 10, it means there is no multicollinearity, and if otherwise, it indicates the existence of severe multicollinearity in the model.

Table 4.3: Multicollinearity Test (VIF)

Variance Inflation Factors
Date: 11/18/25 Time: 03:32
Sample: 2012 2024
Included observations: 572

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	11.08629	6.127065	NA
CUR_OWC	0.000243	1.885272	1.010443
DPR_OWC	3.61E-07	1.425744	1.001529
FAGE_OWC	8.67E-07	5.162132	1.010860

Source: Eviews 12 Output (2025)

As indicated in table 4, none of the centered VIF is more than 10; this suggests the absence of multicollinearity in the model.

Heteroskedasticity Test

Heteroskedasticity occurs in a condition that makes the standard errors of a variable that undergoes monitoring over a given period of time, not to be constant. Heteroskedasticity violates the underlying assumptions of linear regression modeling. The hypothesis below helps in testing for heteroscedasticity.

H_o: The Error Variances are all Equal (Homoskedastic)

H_i: The Error Variances are not Equal (Heteroskedastic)

The decision rule is to reject H_o if the probability chi2 value is less than 5% level of significance, otherwise, do not reject H_o.

The heteroskedasticity test results are encapsulated in table 4.4

Table 4.4: Heteroskedasticity Test

Panel Cross-section Heteroskedasticity LR Test
Equation: EQ01
Specification: ROE C CUR_OWC DPR_OWC FAGE_OWC
Null hypothesis: Residuals are homoskedastic

	Value	df	Probability
Likelihood ratio	552.3637	44	0.0642

Source: Eviews 12 Output (2025)

As indicated in table 6, the probability value is 0.0642. Based on the stated decision rule, the probability Chi2 of 0.0642 is more than the threshold of 0.05 level of significance. Therefore, there is no sufficient reason to reject the H_o. This result implies that there is no conditional heteroscedasticity existence in the model, thus suggests that residuals are homoscedastic.

Hausman Test

The Hausman test is a model specification test used in panel data anaysis to choose between random effect and fixed effect models which is most appropriate. Due to the fact that the datasets employed in this study were panel, both fixed and random effects regressions were performed.

Hypothesis

H_o: Random effect Model is most appropriate

H_i: Fixed effect model is most appropriate

The decision rule is to reject H_o if the probability chi2 value is less than 0.05(5%) level of significance, otherwise, do not reject H_o.

Table 4.5: Hausman Specification Test

Correlated Random Effects - Hausman Test
Equation: Untitled
Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	16.446980	3	0.0009

Source: Eviews 12 Output (2025)

As shown in table 5, the probability value of 0.0009 is less than 0.05 level of significance. This means there is sufficient reason to reject the null hypotheses which states that random effect model is more appropriate.

Fixed Effect Likelihood Ratio Test

In panel data analysis, the likelihood ratio test is used to select between pooled effect regression and fixed effect regressions models, and since the dataset for the study was panel, both pooled and fixed effects regression analyses were carried out.

Hypothesis

H_0: Pooled OLS Model is most appropriate

Hi: Fixed effect model is most appropriate.

The decision rule is to reject H_0 if the cross-sectional probability value is less than 0.05. Otherwise, do not reject H_0.

Table 4.6: Fixed Effect Likelihood Ratio Test

Redundant Fixed Effects Tests
Equation: Untitled
Test cross-section fixed effects

Effects Test	Statistic	d.f.	Prob.
Cross-section F	5.517125	(43,525)	0.0000
Cross-section Chi-square	213.275039	43	0.0000

Source: Eviews 12 Output (2025)

From table 6, the cross-sectional probability value is 0.0000. Being that this is less than 0.05 level of significance, we reject the null hypothesis and conclude that the most suitable model is fixed effect model.

Test of Research Hypotheses

In panel regression analysis, the ultimate goal is estimation of the relationship between dependent and independent variables. This goal can be achieved through the estimation of the coefficients of each independent variable in the model. The sign of coefficients of independent variables indicates their relationship with dependent variable, while the magnitude of the coefficients implies the responses of dependent variables to independent variables.

Decision Rule: The decision rule for accepting or rejecting the null hypothesis for any of these tests will be based on the Probability Value (PV) and the Probability (F-statistic). If the PV is less than 5% or 0.05 (that is, if PV <

0.05), it implies that the regressor in question is statistically significant at 5% level; and if the PV is more than 5% or 0.05 (that is, if PV > 0.05), it is categorized as not significant at that level.

The basic hypotheses underlying this study earlier stated in null form are:

H_o1. Current ratio has no significant effect on financial sustainability when it is moderated by ownership concentration of listed manufacturing firms in Nigeria.

H_o2. Dividend payout ratio has no significant effect on financial sustainability when it is moderated by ownership concentration of listed manufacturing firms in Nigeria.

Table 4.7a: Panel Regression Result (Fixed Effect) Before Moderation

Dependent Variable: ROE
Method: Panel Least Squares
Date: 11/18/25 Time: 03:55
Sample: 2012 2024
Periods included: 13
Cross-sections included: 44
Total panel (balanced) observations: 572

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	14.14924	15.39043	0.919353	0.3583
CUR	-0.032091	0.681758	-0.047070	0.9625
DPR	0.091999	0.043389	2.120331	0.0344
FAGE	-0.126914	0.313837	-0.404393	0.6861

Effects Specification

Cross-section fixed (dummy variables)

R-squared	0.537797	Mean dependent var	10.15455
Adjusted R-squared	0.479776	S.D. dependent var	32.97543
S.E. of regression	27.98493	Akaike info criterion	9.579805
Sum squared resid	411157.2	Schwarz criterion	9.937164
Log likelihood	-2692.824	Hannan-Quinn criter.	9.719214
F-statistic	5.821929	Durbin-Watson stat	1.616203
Prob(F-statistic)	0.000000		

Source: Eview 12 Output (2025)

The table 4.7a above shows the panel regression results before the introduction of the moderating variable. The above table shows that current ratio has a negative and insignificant effect on return on equity of listed manufacturing firms while price to book value of listed manufacturing firms while dividend payout ratio has a positive and significant effect on return on equity of listed manufacturing firms. However, when taken collectively based on f-statistic and the probability f-statistic the study shows a positive and significant effect on return on equity.

Table 4.7b: Fixed effect model estimates -After Moderation

Dependent Variable: ROE
Method: Panel Least Squares
Date: 11/18/25 Time: 03:48
Sample: 2012 2024
Periods included: 13
Cross-sections included: 44
Total panel (balanced) observations: 572

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	29.04594	7.050919	4.119454	0.0000
CUR_OWC	0.007450	0.016932	0.440006	0.6601
DPR_OWC	0.001203	0.000661	1.818472	0.0696
FAGE_OWC	-0.007219	0.002357	-3.062607	0.0023

Effects Specification

Cross-section fixed (dummy variables)

R-squared	0.547875	Mean dependent var	10.15455
Adjusted R-squared	0.490737	S.D. dependent var	32.97543
S.E. of regression	27.77117	Akaike info criterion	9.564469
Sum squared resid	404899.9	Schwarz criterion	9.921828
Log likelihood	-2688.438	Hannan-Quinn criter.	9.703878
F-statistic	6.088276	Durbin-Watson stat	1.608901
Prob(F-statistic)	0.000000		

Source: Eview 12 Output (2025)

The table 4.7b above shows the panel regression results after the introduction of the moderating variable. The panel regression results above reveals that managerial current ratio when moderated with ownership concentration has a positive but an insignificant effect on return on equity of listed manufacturing firms. Likewise, dividend payout ratio when moderated with ownership concentration has a positive but an insignificant effect on return on equity of listed manufacturing firms. However, when taken collectively based on F statistics and the probability f-statistic, the study shows a positive and significant effect on return on equity.

Test of hypotheses

H_o1. Current ratio has no significant effect on financial sustainability when it is moderated by ownership

The result as shown in table 4.7a above shows that current ratio has a coefficient value of -0.032091 and probability value of 0.9625 (P>0.05). This finding shows that current ratio has a negative but an insignificant effect on return on equity of listed manufacturing firms in Nigeria. Likewise, in table 4.7b when current ratio is moderated with ownership concentration, it gives a coefficient value of 0.007450, and probability value of 0.6661 (P>0.05). The coefficient and probability values indicate that the combination of current ratio and ownership concentration has an insignificant positive relationship with return on equity of listed manufacturing firms in Nigeria. This shows that the null hypothesis stated above should not be rejected. Thus, ownership concentration has positive and an insignificant moderating effect in influencing the relationship between liquidity and return on equity of listed manufacturing firms in Nigeria.

H_o2.Dividend payout ratio has no significant effect on financial sustainability when it is moderated by ownership concentration of listed manufacturing firms in Nigeria.

As indicated in table 4.7a, dividend payout ratio has a coefficient value of 0.091999 and probability value of 0.0344 (P<0.05) which reveals a positive and significant relationship. However, in table 4.7b when dividend payout ratio is moderated with ownership concentration, it gives a coefficient value of 0.001203 and probability value of 0.0.0696 (p>0.05). The coefficient and probability values indicate that the combination of dividend payout ratio and ownership concentration have an insignificant positive relationship with return on equity of listed manufacturing firms in Nigeria. This evidence, therefore, leads to the acceptance of the null hypothesis and rejection of the alternative hypothesis. The finding therefore means that, ownership concentration has an insignificant moderating effect on the relationship between asset turnover and return on equity of listed manufacturing firms in Nigeria.

DISCUSSION OF FINDINGS

This study examined the moderating effect of ownership concentration on the relationship between liquidity and dividend payout on financial sustainability of listed manufacturing firms in Nigeria. From the direct relationship perspective, the study revealed that current ratio has an insignificant negative relationship with financial sustainability, indicating that current ratio does not contribute positively to financial sustainability. This aligns with the position of Odufisan et al. (2025) and Ngwoke (2024). This suggests that current ratio is associated with a decrease in financial sustainability within the study period. However, these studies did not consider the moderating effect of ownership concentration. So, when moderated with ownership concentration, it proved a positive and insignificant relationship, suggesting that ownership concentration may be used to influence current ratio but with a negligible impact on financial sustainability. This finding is in consonance with the position of Agbadaka (2023) while negating the findings of Ibrahim (2023) and Naz et al. (2023).

In addition, the direct relationship perspective in the second hypothesis revealed that dividend payout ratio has a positive and significant relationship with return on equity, indicating that dividend payout are likely to have substantial effect on return on equity within the study period. This position is consistent with the findings of Akinninyi (2025), Wu et al. (2023), Imhazenobe (2020). This study documented a significant relationship between dividend payout ratio and return on equity, indicating that firms with a high dividend payout ratio are likely to achieve financial sustainability within the study period. However, considering the indirect relationship when ownership concentration is employed as a moderator, the connection between ownership concentration and divided payout ratio still unsubstantially influenced financial sustainability.

CONCLUSION AND RECOMMENDATIONS

This study explores the moderating effect of ownership concentration on the relationship between current ratio and dividend payout on financial sustainability of managerial ownership and concentrated ownership on market value of listed manufacturing firms in Nigeria. Based on the study findings reached through the study objectives guided by the study hypotheses, the following conclusions were made: the study affirmed that liquidity has a negative and an insignificant effect on return on equity of listed manufacturing firms in Nigeria. When moderated with ownership concentration, it also has a positive and insignificant relationship with financial sustainability of listed manufacturing firms in Nigeria. On the other hand, the study concluded that dividend payout has positive but insignificant effect on the financial sustainability of listed manufacturing firms in Nigeria. But when moderated with ownership concentration, it has a positive and insignificant relationship on financial sustainability. The study, therefore, concludes that when liquidity and dividend payout are moderated by ownership concentration, it has a positive and insignificant effect on financial sustainability of listed manufacturing firms in Nigeria which is against the the a priori expectation. Based on the findings of this study, the following recommendations are made for effective management of listed manufacturing firms on the Nigerian Exchange Group;

1. Listed manufacturing firms in Nigeria should strengthen ownership engagement for better liquidity oversight. This can be achieved through better transparency and reporting on cash management, including

major shareholders in financial oversight committees, and training or engaging blockholders to play a more strategic governance role.

2. The management of listed manufacturing firms in Nigeria should adopt independent, performance-based dividend polices. This can be achieved by designing dividend policies based on financial performance, liquidity status, and future investment needs, rather than on shareholder expectations or pressure, and communicate clearly with shareholders-regardless of their ownership stake-about the rationale behind dividend decision, focusing on long-term value creation.

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