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FINANCIAL STRENGTH, FINANCIAL PERFORMANCE AND FIRM'S VALUE IN MULTINATIONAL COMPANIES IN NIGERIA

This study examined the relationship between financial strength, financial performance and firm's value of multinational companies in Nigeria. The main objective of the study is to study the effects of financial strength and financial performance on firm's value of a multinational company in Nigeria. This Study is based on signally theory. Secondary sources of data were sourced from Central Bank of Nigeria Statistical Bulletin and annual report of the selected multinational company in Nigeria. Ordinary Least Square Linear Regression model was used in analyzing the data. Findings show Quick Ratio (QR) has a significant positive relationship with firms' values, Debt to Equity Ratio (DER) has a significant negative relationship with Firms' values, Debt to Assets Ratio (DAR) has a significant positive relationship with Firms' values while Cash Flow Ratio has a significant positive relationship with firms' values as proxies for financial strength. Return on Capital Employed (ROCE) as proxy for financial performance has a significant positive relationship with firms' values of multinational companies in Nigeria. The study concluded that, if multinational companies build strong financial strength to improve their financial performances, their market value would be sustained.

Keywords: financial strength, financial performance, firm value, multinational company, signal theory, linear regression model.

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Нигерияның көпұлтты компанияларындағы қаржылық тұрақтылық, қаржылық көрсеткіштер және фирманың құны

Бұл мақалада қаржылық тұрақтылық, қаржылық көрсеткіштер және Нигериядағы көпұлтты фирманың құны арасындағы байланыс зерттелді. Зерттеудің негізгі мақсаты – қаржылық тұрақтылық пен қаржылық көрсеткіштердің Нигериядағы көпұлтты фирманың құнына әсерін зерттеу. Бұл зерттеу сигналдар теориясына негізделген. Қосымша дерек көздері Нигерия Орталық банкінің статистикалық бюллетенінен және Нигериядағы таңдалған трансұлттық компанияның жылдық есебінен алынды. Деректерді талдау кезінде ең кіші квадраттардың әдеттегі сызықтық регрессиялық моделі қолданылды. Нәтижелер көрсеткендей, жедел әрекет ету коэффициенті (QR) фирмалардың құнымен айтарлықтай оң байланысқа ие, қарыздың меншікті капиталға қатынасы (DER) фирмалардың құнымен айтарлықтай теріс байланысқа ие, қарыздың активтерге қатынасы (DAR) фирмалардың құнымен айтарлықтай оң байланысқа ие, ал ақша ағындарының коэффициенті айтарлықтай оң байланысқа ие, бірге фирмалардың құндылықтары қаржылық тұрақтылықтың көрсеткіштері ретінде көрініс табады. Қаржылық көрсеткіштердің көрсеткіші ретінде пайдаланылған капиталдың кірістілігі (ROCE) Нигериядағы көпұлтты фирмалардың құнымен айтарлықтай оң байланысқа ие. Зерттеу нәтижесінде авторлар егер көпұлтты компаниялар өздерінің қаржылық көрсеткіштерін жақсарту үшін берік қаржылық база құрса, олардың нарықтық құны тұрақты болады деген қорытындыға келді.

Түйін сөздер: қаржылық тұрақтылық, қаржылық көрсеткіштер, фирманың құны, көпұлтты компания, сигнал теориясы, сызықтық регрессия моделі.

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Финансовая устойчивость, финансовые показатели и стоимость фирмы в многонациональных компаниях Нигерии

В этом исследовании изучалась взаимосвязь между финансовой устойчивостью, финансовыми показателями и стоимостью фирмы многонациональных компаний в Нигерии. Основной целью исследования является изучение влияния финансовой устойчивости и финансовых показателей на стоимость фирмы многонациональной компании в Нигерии. Это исследование основано на теории сигналов. Вторичные источники данных были взяты из Статистического бюллетеня Центрального банка Нигерии и годового отчета выбранной транснациональной компании в Нигерии. При анализе данных использовалась обычная линейная регрессионная модель наименьших квадратов. Результаты показывают, что коэффициент быстрого реагирования (QR) имеет значительную положительную связь со стоимостью фирм, отношение долга к собственному капиталу (DER) имеет значительную отрицательную связь со стоимостью фирм, отношение долга к активам (DAR) имеет значительную положительную связь со стоимостью фирм, в то время как коэффициент денежных потоков имеет значительную положительную связь с ценностью фирм как показатели финансовой устойчивости. Рентабельность использованного капитала (ROCE) как финансовый показатель имеет значительную положительную взаимосвязь со стоимостью фирм многонациональных компаний в Нигерии. В исследовании был сделан вывод о том, что, если многонациональные компании создадут прочную финансовую базу для улучшения своих финансовых показателей, их рыночная стоимость будет устойчивой.

Ключевые слова: финансовая устойчивость, финансовые показатели, стоимость фирмы, многонациональная компания, теория сигналов, линейная регрессионная модель.

Introduction

A company's ability to accumulate resources and improve its financial performance over time is vital to accomplishing its key goals of operational growth, stability, and variety. Multinational corporations owe a great deal of their success in doing business beyond national boundaries to the depth and breadth of their financial resources, which in turn provide them an advantage in the marketplace. Profitability and the ability to satisfy financial obligations are indicators of a company's financial health (Myková & Hájek, 2017). The ability to generate adequate cash flow to sustain the firm's expansion, assure return on capital employed for investors, and boost investor confidence in the firm's long-term financial performance is the standard definition of financial strength in the business world. In order to keep up with operational costs, survive market downturns, and take advantage of diversification opportunities, a company needs a solid financial foundation. The financial health of a business is a major factor in its overall performance, which in turn affects the company's growth potential. Looking at a company's financial health might provide investors some information into the company's growth possibilities and investment choices (Bei & Wijewarana, 2012). A company's long-term value is affected by the confidence of its investors and shareholders in its long-term growth, stability, and diversification prospects.

The worth of a company may be seen as an indicator of how efficiently its management has used the available resources. The analysis of financial data may reveal such details. The value of a company may be gauged in part by looking at its stock price. An investor's confidence in a company's ability to develop, stabilize, and diversify is reflected in the share price, making it an important statistic for evaluating a company's success in the capital markets.

Therefore, the objective of this study is to look at the effect on the nexus between firm's financial strength and financial performance on the firm's value from the perspective of the multinational companies in Nigeria. The scanty of literatures on this topic shows that little works have been done in this area, hence the essence of this study.

Literature Review

According to the Minority Business Development Agency (MBDA) (2020), a company's financial strength is its ability to generate revenue, maintain sufficient cash flow, demonstrate financial competence, and provide a return on capital for its

owners. The flow of cash is essential to the success of any business. One way to measure a business's financial stability is via its cash flow ratio. The entire cash flow reflects the company's ability to sustain itself, grow, and diversify. Financial stability is essential for the growth and expansion of any business. To the company's survival, growth, and shareholder returns, this is very crucial. In order to maintain fiscal health, a company must be able to generate profits and sufficient cash flow to meet its operating costs, pay its obligations, and pay dividends to its shareholders (Bei & Wijewarana, 2012). While it's true that some businesses prioritize revenue growth above all else, the reality is that profit is an illusion and cash is what truly matters when it comes to a company's financial stability. FastARfunding (2020) theorizes that a company's valuation may be affected by its funding strategy. The company's financial stability affects how much cash it has available. Maintaining tight control over cash flow, however essential for building financial resilience, is a time-consuming and hard process. Financial stability is essential for every successful business.

The ability of a company to generate a profit. Businesses that generate massive surplus earnings are often viewed as successful. For this purpose, I will use the term "return on assets" (ROA), which states that a higher ROA indicates a higher profit, which in turn indicates a greater dividend-paying capacity and ultimately a greater value to investors (Masrifa, 2016). According to (Masrifa, 2016). Samrotun (2015) argues that ROA ought to be used to influence payment strategy given that dividends represent a component of the acquired company's profitability.

As defined by Damayanti and Sucipto (2022), liquidity is the company's ability to meet its short-term obligations. A company's creditworthiness improves its operational possibilities and the market value of its shares, and its liquidity position is a sign of its financial strength in satisfying short-term obligations that are due. Dividends given to shareholders are an indicator of a company's liquidity and may have an impact on the value of the organization. The degree of leverage an organization uses affects its ability to meet both long- and short-term obligations, such as those made in the name of growth and expansion. An organization's leverage ratio indicates how much of its resources are backed by debt compared to equity. Therefore, leverage may be seen as an indicator of a company's fiscal health since it raises the possibility that funds will be made available to fuel expansion. Using a leverage ratio to calculate a company's value, Mulyani et al. (2017) concluded that the firms they examined were worth substantially more.
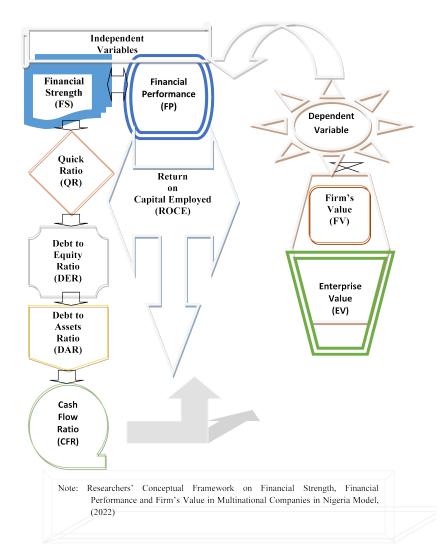
Monetary Outcome

An organization's capacity to turn a profit provides insight into the efficiency with which its resources are being used. Since a company's growth, stability, and diversification prospects are all determined by its financial success, this performance has come to be seen as the company's very identity. (Ali, 2018). Adetayo et al. (2004) state that a company's financial performance may be used as a stand-in for its success. A company's financial performance may be used as a barometer of its success in achieving its financial objectives. It is possible to gauge a business's financial well-being by looking at its profitability, liquidity, and debt levels. As Bradley & Moles (2002) have shown, increasing profits is one of the primary goals of every organization, making profitability metrics widely used measures of financial health. The net interest margin, return on equity, return on asset, return on capital employed, and return on capital employed are all indications of profitability. When discussing a company's "financial performance," what is meant is how well it has been able to reap the benefits of its own operations, investments, and strategic decisions. The demand for a company's shares from existing investors and potential new investors is a major factor in determining the stock price (Tcvetkov et al., 2015).

Financial Strength, Financial Performance and Firm Value

The worth of a company may be defined in terms of its current operations or its value in the event of a liquidation. If a business has enough capital, it may diversify its assets beyond national lines, which may improve its financial performance and value. A company's stock price may be indicative of its financial health. The stock price is one indicator of a company's value in the market (Dolenc et al., 2012). Every company has one overarching objective: to increase its shareholders' wealth as much as possible. The market value of a company's shares is a measure of the wealth of its shareholders and the company itself, reflecting investment decisions, asset management decisions, and firm profitability (Barauskaite & Streimikiene, 2020). Tobin's Q is

calculated by dividing the stock market value by the book value of equity to determine the relative weight of debt and equity claims on the company's assets (Ayuba et al., 2019).

The inflow and outflow of cash is a key indicator of a company's profitability. Any time a business has extra cash on hand, it has the option of either returning some of that money to shareholders in the form of dividends or investing it in ways that will help the firm grow and diversify, both of which will increase the value of the business (Bukit et al., 2019). Stockholders may benefit from a rise in the company's worth as a consequence of shrewd investment.

For financial backers, the concept of "firm value" is crucial since it serves as a proxy for the market's estimation of a company's worth. In this evaluation, we substitute the Enterprise Worth for the firm's actual value (EV). Investors and analysts may at times use EV metrics when trying to estimate a company's worth. There were many in the industry who calculated a company's value only by its market capitalization. Many believe that enterprise value, which includes both debt and cash on hand, more accurately reflects a company's true worth than market capitalization alone (Masterclass, 2020). Market capitalization plus debt plus minority interest plus preferred interest minus cash and cash equivalents equals enterprise value

Conceptual Framework on Financial Strength, Financial Performance and Firm's Value in Multinational Companies in Nigeria

Note: Researchers' Conceptual Framework on Financial Strength, Financial Performance and Firm's Value in Multinational Companies in Nigeria Model, (2022)

Theoretical Review

Michael Spence, seeing a chasm between corporate management and workers, created the term "signaling" (Connelly et al., 2011). Signaling theory provides an explanation for the activities of corporate management when communicating with shareholders about the firm's future from an optimistic standpoint. Financial statement readers might use the guidance signal theory provides (Wagenhofer, 2010). This signal includes information on the measures used by management to achieve the owner's aims, as well as information showing that the company is superior to its rivals (Abdullah, et al., 2015). Depending on whether they see the news as a good or bad signal, the public's reaction to the information will be overwhelmingly favorable or negative (Connelly, et al., 2011). The stock price may go up as a result of positive messaging sent to investors once excellent news is announced. A company's worth increases along with its share price. The favorable information on financial strength and performance offered by the business in its financial reports influenced the market's investment decisions, which in turn impacted the firm's value.

Empirical Review

Damayanti and Sucipto examined dividend policy's moderating effect on firm value (2022). We relied only on secondary sources, such as the annual reports and financial statements of companies active in the financial sector and listed on the Indonesia Stock Exchange, for all of our data. Using a systematic selection method, we were able to choose a random sample of 26 firms. In this study, we used the path analysis features of the statistical application Smart PLS 3.3.3. When earnings go up, a company's worth goes up, but when liquidity goes down, it goes down again.

Hendrani and Septyanto (2021) looked at the relationship between the price to book ratio and three different variables: return on assets (ROA), debt to equity (DER), and firm size (PBV). Participating companies in the research were those in the food and beverage manufacturing subsector that were listed on the Indonesia Stock Exchange (IDX) between 2014 and 2018. To conduct this study, data from 8 separate businesses (for a grand total of 32 observations) were gathered using a process of systematic, intentional sampling. Return on Asset, the Debt to Equity Ratio, and Company Size were

all shown to have a significant impact on the value of a firm. It was discovered that the ratio of debt to equity has a negative and statistically significant influence on the value of a firm, whereas the ratio of return on assets has a positive and substantial impact on the value of a company.

Jao et al.(2020) examined the connection between financial performance, reputation, and firm value for non-financial companies listed on the Indonesia Stock Exchange. This research looked at how a company's financial performance affects its valuation. Between 2016 and 2018, 108 non-financial companies were selected using a purposeful selection technique and listed on the Indonesia stock market. A route analysis was carried out in order to look at the data. The study concluded that the value of enterprises is strongly and favorably influenced by their financial performance.

Azaro et al. analyzed the ways in which company size, debt, profitability, and price earnings ratio influenced the value of businesses (2019). Eleven consumer-goods producers that were traded on the Indonesian Stock Exchange between 2013 and 2017 were chosen at random using a purposeful selection methodology. According to the results of a multivariate regression study, leverage has little effect on firm value despite the existence of other significant independent variables.

Bukit et al. (2019) looked at the influence of a possible mediator, capital structure, on the positive correlation between free cash flow and investment and firm value. The sample for the research consisted of non-banking institutions that became members of the Indonesia Stock Exchange between 2014 and 2016. The company's value was the dependent variable, while free cash flow, investment, and capital structure were the independent variables, and the intervening variable. Size, audit quality, and growth rate were included as independent variables. Multiple regression analyses have shown the beneficial impact of cash flow on enterprise value.

The influence of financial characteristics on the market value of publicly listed enterprises in the automotive and component sectors was investigated by Suhesti and Shinta (2019). Ratios of current assets to current liabilities, long-term debt to total assets, and return on assets were among the metrics analyzed (ROA). The price-to-book value (PBV) ratio was used to determine the company's value. Using statistical methods, we were able to calculate how much each independent variable affected our dependent one. According to the results of a subset of the research conducted, in the automotive and

component sectors, neither CR nor DAR have a significant impact on firm value; instead, ROA is the key performance indicator. The outcomes of a battery of concurrent tests demonstrate that a number of different criteria influence the worth of vehicle and parts manufacturers.

Measured in terms of debt to equity, leverage reveals the proportion of financing that originates from debt. Therefore, leverage allows you access to growth capital, which may stand in for financial stability. The leverage ratio considerably boosted the value of the firms investigated by Mulyani et al. (2017).

Nawaiseh (2017) analyzed the impact of financial performance on the market value of Jordanian manufacturing firms listed on the Amman Financial Market (AFM). Between 2006 and 2015, forty (40) publicly traded firms were polled. Regression was used to examine the hypotheses. Tobin's Q and operational efficiency are only two examples of the kinds of quantitative indicators used to assess a company's performance (Gross profit and the operating expenses). Based on the findings, it is clear that financial outcomes have a major bearing on a company's value.

Methodology

This research used a retrospective, descriptive method. Descriptive research, in its most basic definition, is any study that uses data analysis to describe a phenomenon without attempting to modify or interpret the data's attributes. These research methods were useful for elucidating previously unknown relationships between variables since they could be applied to preexisting data. Secondary resources were mined for data utilized in this study. The information was gathered from Royal Dutch Plc's Annual Reports. Between 2007

and 2021, data on a variety of measures of financial health and performance were gathered, including the quick ratio, debt to equity ratio, debt to assets ratio, and cash flow indicator.

Ordinary Least Squares analysis was used to study the correlation between financial stability, financial performance, and the value of a firm; the findings were straightforward. The regression findings were obtained using E-Views 9.5.

Model Specification

Using the Quick Ratio (QR), the Debt to Equity Ratio (DE), the Debt to Assets Ratio (DA), and the Cash Flow Ratio (CF) as proxies for Financial Strength (FS), and Return on Capital Employed (ROCE) as a proxy for Financial Performance (FP), regression models were developed to examine the impact of FS and FP on the firm's value of MNCs operating in Nigeria (FV). The worth of a company is a good proxy for its market value.

This model was adopted from Osho and Efuntade (2019);

$$FV = F(FS, FR) \qquad\qquad 1$$

This model was modified in 2 as stated below:

$$FV_{it} = \alpha_{it} + \beta_1 QR_{it} + \beta_2 DER_{it} + \beta_3 DAR_{it} + \beta_4 CFR_{it} + \beta_5 ROCE_{it} + \varepsilon_{it} \qquad\qquad 2$$

Where; FV represents Firm's Value which is proxy by Enterprise Value

α = the constant term

QR = Quick Ratio

DER = Debt to Equity Ratio

DAR = Debt to Assets Ratio

CFR = Cash Flow Ratio

ROCE = Return on Capital Employed

ε = Error Term

Results

Table 1 – Descriptive Statistics

	FV	QR	DER	DAR	CFR	ROCE
1	2	3	4	5	6	7
Mean	5.196237	0.984133	97.53133	0.160933	1.017600	0.136067
Median	5.183136	0.884000	84.33000	0.137000	1.015000	0.113000
Maximum	5.410511	2.025000	165.9200	0.285000	1.663000	0.295000
Minimum	5.055676	0.786000	33.77000	0.067000	0.357000	0.015000
Std. Dev.	0.096861	0.301270	38.96270	0.064391	0.310691	0.086354
Skewness	0.553489	2.989744	0.114367	0.325566	-0.075598	0.615124
Kurtosis	2.910420	10.94161	1.997945	1.996198	3.355005	2.443753
Jarque-Bera	0.770890	61.76468	0.660271	0.894745	0.093055	1.139325

1	2	3	4	5	6	7
Probability	0.000148	0.000000	0.000826	0.000306	0.000538	0.000016
Sum	77.94355	14.76200	1462.970	2.414000	15.26400	2.041000
Sum Sq. Dev.	0.131350	1.270690	21253.29	0.058047	1.351406	0.104399
Observations	15	15	15	15	15	15
Source: Authors' Computation from E-view 9.5						

Table 1 provides a summary of information on the financial health, financial performance, and corporate values of MNCs in Nigeria. The median values of the firm's Value (FV), Quick Ratio (QR), Debt to Equity Ratio (DER), Debt to Assets (DAR), Cash Flow Ratio (CFR), and Return on Capital Employed (ROCE) are all between 5.06 and 5.41, indicating a high degree of consistency. The mean values for (FV), (QR), (DER), (DAR), (CFR), and (ROCE) were (5.2), (0.98), (97.5), (0.16), (1.02), and (ROCE), respectively (0.14). When analyzing dispersion, statisticians often utilize the standard deviation (SD). Standard deviation values ranged from 0.01% to 0.3%, 38.96% to 0.6%, 0.3% to 0.9%. Coefficients of 0.55, 2.99, 0.11, 0.33, and 0.62 for Firm Value (FV), Quick Ratio (QR), Debt to Equity Ratio (DER), and Return on Capital Employed (ROCE), respectively, indicate a rightward bias; a coefficient of -0.08 indicates a leftward bias for Cash Flow Ratio (CFR). Value of firms (FV), quick ratio (QR), debt to equity ratio (DER), cash flow ratio (CFR), and return on capital employed (ROCE) all have kurtosis values of 2.91, 3.36, 2.44, and 2.0, respectively (ROCE). This means their kurtosis is within the acceptable range of 3 with the exception of the Quick Ratio (QR). All of the variables are normally distributed if their individual probabilities are less than 0.05, as determined using Jarque-Bera (JB) statistics.

Table 2 – Pearson correlation matrix

	FV	QR	DER	DAR	CFR	ROCE
FV	1.000000					
QR	0.336185	1.000000				
DE	-0.454416	-0.251761	1.000000			
DA	-0.408311	-0.216350	0.991333	1.000000		
CF	0.132223	0.115122	-0.059280	-0.023638	1.000000	
ROCE	0.669878	0.397187	-0.784617	-0.764879	0.099785	1.000000
Note: Authors' Computation from E-view 9.5						

Table 2 displays the analysis's Pearson correlation matrix for the variables. Multinational corporations in Nigeria exhibit a link between financial health, financial performance, and company value, as shown by the coefficients of determination. Table 4.2 demonstrates that the coefficients for the Quick Ratio (QR), Debt to Equity Ratio (DER), Debt to Assets Ratio (DAR), Cash Flow Ratio (CFR), and Return on Capital Employed (ROCE) are 0.336, -0.454, -.0408, 0.132, and 0.670, respectively. Firm Values (FV) are positively correlated with the Quick Ratio (QR), Cash Flow Ratio (CFR), and Return on Capital Employed (ROCE) variables, but negatively correlated with the Debt-to-Equity Ratio (DER) and the Debt-to-Assets Ratio (DAR) (FV). These findings corroborate what one should anticipate about the connection between financial stability, financial success, and the valuation of multi-national corporations operating in Nigeria.

Regression: Least Squares

Dependent Variable: FV

Method: Least Squares

Date: 08/21/22   Time: 09:43

Sample: 2007 2021

Included observations: 15

Variable	Coefficient	Std. Error	t-Statistic	Prob.
QR	0.374009	0.083373	4.485973	0.0000
DER	-0.042509	0.004826	-8.808329	0.0000
DAR	-6.903141	2.832218	-2.437362	0.0348
CFR	0.234801	0.074846	3.137121	0.0099
ROCE	1.537386	0.444073	3.462011	0.0092
C	5.349267	0.168469	31.75221	0.0000

R-squared	0.521460	Mean dependent var		5.196237
Adjusted R-squared	0.255605	S.D. dependent var		0.096861
S.E. of regression	0.083570	Akaike info criterion		-1.837080
Sum squared resid	0.062856	Schwarz criterion		-1.553860
Log likelihood	19.77810	Hannan-Quinn criter.		-1.840097
F-statistic	2.961444	Durbin-Watson stat		1.874847
Prob(F-statistic)	0.017909			

Note: authors' Computation from E-view 9.5

With a Durbin Watson statistic of 1.87, the results in Table 4.3 show that there is no autocorrelation or serial correlation between the variables. Estimated model showed all model variables to be statistically significant.

Increasing the Quick Ratio (QR), Cash Flow Ratio (CFR), and Return on Capital Employed (ROCE) by one percentage point each was found to boost the value of multinational firms in Nigeria by N0.374, N0.235, and N1.537, respectively. The value of MNCs in Nigeria falls by 0.04% and 6.90% when their debt-to-equity and debt-to-assets ratios increase, respectively. Based on the probability shown below: Quick Ratio 0.37 (0.00), Debt to Equity Ratio -0.4 (0.00), Debt to Assets Ratio -6.90 (0.35), Cash Flow Ratio 0.23 (0.01), and Return on Capital Employed 1.53 (0.01). All explanatory variables are significant at the 5% level of significance. The model explains 52% of the variation in the firm values ($R2 = 0.5215$), while the remaining 48% is explained by the stochastic error factor. The calculated model is demonstrated to be statistically significant when the Prob. (F-statistic) value is considered (0.01).

Discussion of Findings

Theoretical efforts and their relevance to the ongoing investigation are discussed here. The Quick Ratio is highly connected with the market value of MNCs in Nigeria (QR). The obtained T-statistic (4.49), and associated P-value (0.00), were both statistically significant (both less than 5%). Thus, the result provided support for the competing hypothesis over the null. This finding suggests that raising the Quick Ratio might be beneficial to the stock prices of multinational firms operating in Nigeria. This finding contradicts the work of Damayanti and Sucipto (2019) and Suhesti and Shinta (2019). (2019). (2022)

According to Table 4.3, a negative association was discovered between the Debt to Equity Ratio and the market value of MNCs in Nigeria, which was established while testing the second hypothesis. Both the T-statistic (-8.18) and the accompanying P-value (0.00) in this example were considerably less than 5%. For this reason, it's possible that the alternative hypothesis will end up being chosen above the null. Accordingly, when the DEr rises, the worth of MNCs in Nigeria would fall.

It is hypothesized in the third hypothesis that the market value of MNCs in Nigeria is unaffected by their debt-to-assets ratio (DAr). The results showed that the debt-to-asset ratio negatively correlates with the market value of MNCs in Nigeria. At the 5% level of significance, both the T-statistic (-2.44) and the P-value (0.00) were significant. Because of this, the result lends credence to the alternative hypothesis rather than the null hypothesis. This demonstrates that a reduction in a company's debt to assets ratio (DAr) increases its value in Nigeria. This result contradicts the work of Suhesti and Shinta (2019).

To counter argument 4, it is anticipated that there is no correlation between the cash flow ratio and the market valuation of MNCs in Nigeria. Table 4.3 displays the positive relationship between the Cash Flow Ratio (CFR) and the Firm Value (FVR) for MNCs in Nigeria. T-statistics (3.13) and P-values (0.01) were statistically significant at levels below the 5% cutoff. The result supported the null hypothesis rather than the alternative. Multinational company values in Nigeria tend to increase along with the Cash Flow Ratio (CFR). Bukit et aldiscovery .'s is consistent with these results (2019).

The study of Hypothesis 5 reveals that there is no statistically significant relationship between the Return on Capital Employed (ROCE) and Firm Values (FV) of MNCs operating in Nigeria.

Multinational firms in Nigeria are worth more when they have a higher Return on Capital Employed, as shown in Table 4.3. (ROCE). Although the P-value (0.01) and T-statistic (3.46), were not quite at the 5% level of significance, they were nevertheless considerably lower than expected. Thus, the result provided support for the competing hypothesis over the null. Therefore, a higher Return on Capital Employed (ROCE) will increase the worth of MNCs in Nigeria.

Financial health, financial performance, and firm values are significantly correlated among Nigerian MNCs, as shown by the Prob(F-statistic) of 0.018 in Table 4.3. The findings of Jao et al. (2020), Nawaiseh, and others are consistent with this (2017).

Conclusion

With the use of a regression model, we analyzed the effect of the company's financial health and performance on its market value using data from a global organization based in Nigeria. Surrogates for a company's financial health include the Quick Ratio (QAR), the Debt to Equity Ratio (DER), the Debt to Assets Ratio (DAR), and the Cash Flow Ratio (CFR), while Return on Capital Employed (ROCE) is used to measure a company's profitability (ROCE). Value of a corporation may be approximated by calculating its Enterprise Value. Multiple variables were identified to affect FV, including QR, DER, DAR, and CFR. A significant positive correlation was found between financial health, financial performance, and business value in MNCs across all regression models. Therefore, we determined that the market value of MNCs might be preserved provided these companies improved their financial conditions and financial performances.

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