

Innovations

Corporate Life Cycle and Financial Performance of Publicly Listed Non-Finance Firms in Nigeria

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Abstract

This study investigated the effect of corporate life cycle on financial performance of publicly quoted non-finance firms in Nigeria using the ex-post facto research design. The stakeholder theory formed the theoretical anchorage of the study and secondary data were employed from the annual reports and accounts of the publicly quoted non-finance firms. The study population comprised one hundred and sixty-one (161) publicly quoted non-finance firms out of which a total of seventy-five (75) firms constituted the sample of the study. Data of corporate life cycle (growth and decline stages) and financial performance variables (return on assets and return on capital employed) were obtained for the sampled publicly quoted non-finance firms from 2012-2021. Data obtained were analyzed using descriptive statistics (mean, median, standard deviation, minimum and maximum values, skewness, and kurtosis, factor, and correlation matrix) post-estimation statistics (variance inflation factor, heteroscedasticity, Ramsey RESET and Cameron and Trivedi's decomposition of IM-test) and inferential statistics (panel least square regression, fixed and random effects regression and Hausman specification tests). In specific, the fixed and random effects panel data regression results revealed that while corporate life cycle (growth and maturity stages) have significant effects on return on assets (Wald Ch2 of RE is = 15.81; p-value=0.0004 < 0.05) and return on capital employed (Wald Ch2 of RE is = 16.02; p-value=0.0003 < 0.05). On the basis of the findings, it was recommended among others that management of firms should encourage and strengthen the assets base, particularly when they attain maturity and decline stages in their corporate life cycle. Also, non-finance firms during the growth stage should focus more on long-term yielding investments while during decline stages, emphasis should be more on short-term yielding investments.

Keywords: Corporate life cycle; Financial performance; Return on assets; Return on capital employed; Decline stage; Growth stage

1. Introduction

A wave of empirical studies has emerged over the previous two and half decades showing corporate life cycle to have a considerable effect on firms financial reporting, financial policies and corporate governance mechanisms (Habib and Hassan,2019). The life cycle of corporate entities is a concept that was derived from, though similar to earlier studies' focuses which were on product life cycle. According to Yan and Zhao (2010) earlier focus on life cycle within organizations was on products and this was the concern of studies in the area of marketing, strategy and finance/performance management. The life cycle of a company is made up of the life cycles of the goods and services it provides, but because these product offerings may be found at many life cycle phases, it is challenging to depict and understand the life cycle of a company.

According to Chandler's (1962) theory, a firm goes through many stages as it develops, which may be thought of as the firm's life cycle. There are specific firm level elements that operate at various life cycle stages, and there are common industry level characteristics that are equally applicable to an industry or market. Every stage of a company's life cycle is distinct and has several facets (Miller & Friesen, 1984). While Miller and Friesen (1984) discovered that the companies might migrate in a non-sequential way through life cycle phases. Gort and Klepper (1982) proposed that firms follow five different life cycle stages. Additionally, the longevity of businesses will range between life cycle stages. The thrust of this study is hinged on the belief that the accuracy of predicting performance trends throughout the life cycle of firms becomes critical and requires research enquiry.

Corporate life cycle and financial performance are critical aspects of business management that have attracted significant attention from scholars and practitioners worldwide. Understanding how companies evolve through different stages of the corporate life cycle and how this evolution impacts their financial performance is of particular interest in Nigeria context, given the dynamic nature of its economy and the growing importance of the non financial sector. Yahaya and Onyanbe (2020) observed that financial performance is critical to communities because it is only then companies would be in position to provide social amenities through social responsibilities.

Beal and Yasai-Ardekani (2020) noted that, the need to grow shareholder value is the primary goal of businesses. This is done by implementing strategies that boost financial performance by increasing revenue while reducing the costs associated with generating that money. Therefore, financial performance is a major event in the world of business. While it is true that the organization's primary goal is to attract customers, it is improbable that the company could stably accomplish this goal without constantly offering delightful performance. Financial performance measures the firm's capacity to add value to inputs and produce outputs with monetary value. It evaluates a company's capacity to convert resources into wealth.

Noteworthy, when discussing financial performance, a number of concepts are frequently mentioned, including return on capital employed, internal rate of return, economic value added, return on assets, return on equity, return on investment, return on sales, earnings per share, dividend per share, share price, and market value in relation to book value of equity (Bayat&Noshahr, 2018).. It is true that businesses often had to fight fiercely for core capabilities in order to maximize shareholder wealth through value creation and long-term expansion. This is done yet enduring alterations in life cycle of non financial firms. Nigeria economy has experienced significant transformations in recent years, with industries ranging from manufacturing to telecommunications driving economic progress. However, there is limited research focused on how the corporate life cycle influences the financial performance of non financial firms listed on the Nigeria Exchange Group (Yahaya&Oyanbe, 2020). This study seeks to bridge this knowledge gap by investigating the relationship between the corporate life cycle and financial performance of listed non-financial firms in Nigeria

1.1 Research Hypotheses

Ho1: Corporate life cycle has no significant effect on return on assets of listed non-finance firms in Nigeria.

Ho2: Corporate life cycle has no significant effect on return on capital employed of listed non-finance firms in Nigeria.

2. Review of Related Literature

2.1 Corporate Life Cycle

Life cycle is a phenomenon common to all living organisms and it runs from birth to growth to old age and death eventually. Every stage in the life cycle process comes with a specific challenge which pushes the organism into sourcing for reliable means of survival. As an organism begins to experience changes as a result of growth, certain specific features or characteristics are usually seen to surface within that organism to enable it go through this current stage in its life cycle. The life cycle theory postulated that just like living organisms under various stages, so also does corporate entities. Business has an operating life cycle. As business conduct its activities in a social, political and economic environment, these environments are not static as they usually change with time. Firm life cycle has appeared to be likened to a product life cycle (Mutura, 2020; Hinfelaar, Corbey&Roon, 2019; Aldaas, 2021). Firm life cycle refers to the progression of the firm within various phases at a given time.

The life cycle theory reveals that products begin to change as they move from the introduction stage that is when they are introduced into the market (Aldaas, 2021). At the stage, the firm will create awareness of its product by engaging in effective marketing and advertising (Hinfelaar, et al., 2019; Mabrouk and Boubaker, 2020). After this stage, the product evolves into the growth stage, when the product will spread to a larger consumer market maybe as a result of price reduction which is aimed at attracting a larger consumer. The next stage comes in when the product reaches saturation point and sales becomes stagnant with limited/minimal replacement (Mutura, 2014; Yoo, Lee&Park2019). Once the product reaches a saturation point, the declining stage sets in whereby the product market reduces as a result of innovations or newer products which tend to replace the product in the market. According to Black (1998) firm life stage starts from birth, to growth, to maturity, to revival and finally decline.

As the life cycle of firms begins to evolve, it is inevitable that various challenges come with every stage of change. So therefore, management must continually adopt corrective measures to tackle every problem that emerges from various stage of the firm's life. As highlighted by the life cycle model, firms are seen to move on a specific sequence through different stage of existence. Accordingly, it is possible to isolate each stage by creating equilibrium in the operations and structures of the company.

2.2 Financial Performance

Financial performance cannot be defined without making reference to profitability as it is a key component of financial performance. Profitability is defined as the efficiency with which management has used both total and net assets as shown on the balance sheet. The effectiveness is judged by relating net profit to the assets utilized in generating the profit. The efficiency of a company is determined by comparing net profit to the assets used to generate the profit. Profitability, from the perspective of the owners (in the case of a corporation, the shareholders), refers to the returns on the funds invested by the owners as a result of management's efforts. In this study, two (2) measures of financial performance were used – return on assets and return on capital employed.

Return on Assets

Return on Assets (ROA) is one of profitability ratios. This ratio is frequently highlighted in financial statement analysis since it might reflect a company's ability to generate profits. ROA may be used to forecast future earnings by measuring a company's capacity to make profits in the past. The assets in question are the general properties of the firm, which are derived either from the capital itself or from foreign money that has been turned into company assets for corporate sustainability. According to Brigham and Houston (2001), return on asset (ROA) is calculated by comparing available net profit for common shareholders to total assets.

$$\text{ROA} = \text{Available net profit for common shareholders} / \text{Total Assets}$$

Return on Assets (ROA) is a metric introduced by Prastowo (2002) to assess a company's ability to generate profits by utilizing its assets. This percentage might indicate whether or not a neighbor is doing a good job of expense control or property management. The term "return on assets" (ROA) is frequently used to describe the rate of return on total assets after interest and taxes (Brigham, 2001). The corporation will benefit from the high Return on Assets (ROA). A high value Return on Assets (ROA) indicates that the firm may benefit from comparatively high-value assets. Investors prefer a firm with a high Return on Assets (ROA), since organizations with a high Return on Assets (ROA) are more likely to produce high levels of corporate profits than companies with a low Return on Assets (ROA) (Ang, 2001).

The return on assets (ROA) is a financial measurement that determines how well assets have been utilized to create profits. Because of the higher rate of return on investment, a higher Return on Assets (ROA) indicates that a company's performance is better (Riyanto, 2001). Harahap (2012) defines profitability as a company's capacity to create earnings over a specific time period. Because of the greater return on investment rate, a higher ROA number suggests better corporate success. "The return on all assets (or capital) delivered to the firm is reflected in this figure" (Wild, Subramanyam & Halsey 2005).

Return on Capital Employed

Return on capital employed is a measure of returns that a company is generating from the capital employed. The efficiency and profit-generating capabilities of a company's capital investments are measured by ROCE. Return on Capital Employed (ROCE) is a metric for determining the efficiency and profitability of a company's capital investments. The Return on Capital Employed ratio also shows if the firm is generating enough revenue and profits to make the most of its capital assets. It's measured as a percentage, with the larger the percentage, the better.

$$\text{Return on Capital Employed} = (\text{EBIT}) / (\text{Capital Employed})$$

Earnings or Operating Profit before Interest and Taxes is referred to as EBIT. By subtracting Current Liabilities from Total Assets, capital utilized is calculated. EBIT is computed by subtracting sales revenues from operating expenditures and then adding back any non-operating income. The cost of products sold, the cost to sell items, and general or administrative expenditures are all examples of operating expenses that are utilized to produce income for a firm. The total of ordinary and preference share capital, reserves, debentures, loan stocks, all borrowings, including finance lease obligations, bank overdraft, minority interests, and provisions, is referred to as capital utilized. Investments in affiliated firms are included in the deductions.

The primary concept is to arrive at a final figure that will tell you how much money (from whatever source) is being used in a business' operation. The resulting amount is then compared to operational earnings before tax, unusual items, interest, dividends payments, and connected firms' share of profits or losses. The proportion of adjusted capital employed that this statistic represents provides investors with a

measure of the return the firm may generate on the capital it employs. The total assets possessed by a corporation less current obligation is represented by the return on capital employed denominator. The total assets displayed on the balance sheet comprise both current and long-term assets. Cash, marketable securities, inventory, and accounts receivable are examples of current assets. Any property, plant, and equipment possessed by the corporation to create consumer goods or services are often classified as long-term assets. Any money owing by the corporation that is due in less than 12 months is referred to as current obligations. Accounts payable, short-term debt, trade credit, and short-term bonds payable are all examples of these obligations.

2.3 Theoretical Framework

Stakeholder theory has been described in a variety of ways, including as a perspective, a collection of thoughts, phrases, and metaphors connected to the overriding goal of maximizing stakeholder value. Stakeholder theory researchers and practitioners place an emphasis on the "jointness" of interests that underpins all corporate value generation. According to Freeman (2009), taking stakeholder interests into account while making managerial decisions enables "better consequences for all stakeholders since it recognizes that stakeholder interests are joint. The other stakeholders will either stop supporting that stakeholder or attempt to establish another network of stakeholder value creation if that stakeholder pursues its interests at the expense of the others.

The strategic organizational planning, systems theory and organizational theory subfields of organization management study served as the foundation for the development of the stakeholder theory. The evolution of the stakeholder concept is explored by Strand and Freeman (2015), with a focus on the Scandinavian contribution to early theory development. The term stakeholder was first used by Rehnman in his 1964 book. The book introduced a number of novel ideas, such as the first published stakeholder map and the identification of numerous crucial ideas in stakeholder thinking, such as jointless of interests, cooperative strategic posture and rejection of a limited economic view of the organization.

Along with Rehnman's contributions, Freeman's Strategic Management (1984) presented one of the first and most prominent definitions of stakeholders. The author of the book makes the case that businesses are dependent upon and must take into account "any group or individual who can affect or is affected by the achievement of the firm's objectives." One of its most significant contributions was the identification and description of a variety of interest groups, such as employees, clients and consumers, suppliers, shareholders, local communities, etc. Definitions that reduced the number of potential stakeholders were eventually created as a result of the managerial decision-making process involving so many diverse parties.

3. Methodology

The study used the ex-post facto research design and the population comprised one hundred and sixty-one (161) publicly quoted non-finance firms out of which a total of seventy-five (75) firms constituted the sample of the study. Data of corporate life cycle (growth and decline stages) and financial performance variables (return on assets and return on capital employed) were obtained for the sampled publicly quoted non-finance firms from 2012-2021.

In this study, corporate life cycle was the independent variable while financial performance, the dependent variable. To measure the corporate life cycle of firms, we employed the firm-size approach/methodology (denoted by the natural logarithm of total assets). According to Zhipeng and Zhao (2010); and Gulec and Karacaer (2017), firm-size approach/methodology helps to eliminate coinciding corporate life cycle stages of firms. For instance the numbers of firms in the growth and maturity stages are the same (Casmı,

Budiantara&Arifin, 2023; and Bridget & Thomas, 2023). Hence we restricted our sample to firms with at least two-stages in their corporate life cycle (growth-maturity and decline).

Following the firm-size approach/methodology, an interesting pattern emerged in our dataset; growth-maturity stage of firms (the smallest) while decline stage of firms (the largest). In our dataset, we identified the smallest size of the firm as 5.03 (growth-maturity) while the largest is 9.38 (decline). On the basis of the above, growth-maturity stage were estimated to range from 5.03-7.99 while decline is 8.01-9.38; this approach/methodology is in line with Zhipeng&Zhao (2010); Gulec&Karacaer (2017), Casmi, et al, (2023); and Bridget &Thomas (2023).

Furthermore, the explanatory variables (corporate life cycle measures – growth-maturity and decline) led to the use of multiple regression analysis in the data analysis. Interestingly, the study adapts existing models on corporate life cycle and financial performance of firms. In view of the above, the following empirical models served as the foundations for testing the relevant hypotheses of the study:

$$ROA_{it} = a_0 + \delta_1 GroMat_{it} + \delta_2 Decl_{it} + \mu_{it} \quad eq.1$$

$$ROCE_{it} = a_0 + \delta_1 GroMat_{it} + \delta_2 Decl_{it} + \mu_{it} \quad eq.2$$

Variable Description:

- GroMat = Corporate Life Cycle (measured using growth-maturity stage).
- Decl = Corporate Life Cycle (measured using decline stage).
- ROA = Return on Assets (firm's net income divided by total assets)
- ROCE = Return on Capital Employed (net operating profit or earnings before interest and taxes (EBIT) divided by capital employed)
- U = Error Term
- it = Firms at time t.
- a₀, a₁, a₂ = Constant Coefficient.

Data obtained were analyzed using descriptive statistics (mean, median, standard deviation, minimum and maximum values, skewness, and kurtosis, factor, and correlation matrix) post-estimation statistics (variance inflation factor, heteroscedasticity, Ramsey RESET and Cameron and Trivedi’s decomposition of IM-test) and inferential statistics (panel least square regression, fixed and random effects regression and Hausman specification tests).

4. Results

Table 1: Pearson Correlation

	ROA	ROCE	GROMAT	DECL
ROA	1.0000			
ROCE	0.9382	1.0000		
GROMAT	-0.0507	-0.0599	1.0000	
DECL	0.1115	0.1196	-0.9395	1.0000

Source: Researcher’s Computation via STATA 13.0;

Table 1 showed the results of the Karl Pearson correlation matrix for the dependent and the independent variables for the sampled publicly quoted non-finance firms in Nigeria and it was shown that *DECL* is positively linked to all the financial performance variables (*ROA*, and *ROCE*) except *GROMAT* that is negatively related. This implied that there is a positive relationship between *DECL* and all financial performance variables while *GROMAT* had a negative relationship with all the financial performance variables of the study (*ROA* and *ROCE*).

Furthermore, the Karl Pearson correlation matrix revealed that no two independent variables of the study (*GROMAT* and *DECL*) were perfectly correlated, since none of the Pearson correlation coefficients exceeded 0.8. Thus, there are no suspected cases of multicollinearity problems in the empirical models of the study

Table 2: Fixed and Random Effects Panel Regression for Corporate Life Cycle (*GROMAT* and *DECL*) and Financial Performance (Return on Assets) in Nigeria

<i>Dependent Variable: Return on Assets (ROA)</i>				
<i>Estimator(s)</i>	<i>Fixed Effect (FE)</i>		<i>Random Effect (RE)</i>	
<i>Variable(s)</i>	<i>Coefficient</i>	<i>Probability</i>	<i>Coefficient</i>	<i>Probability</i>
GROMAT	4.4952 (3.19)	0.002	4.5205 (3.25)	0.001
DECL	4.3437 (3.77)	0.000	4.3758 (3.84)	0.000
_cons.	-32.0122 (3.14)	0.002	-32.2127 (-3.19)	0.001
F-value	(2, 399) = 7.63			
F-Probability	0.0006			
R-Squared (within)	0.0368		0.0368	
R-Squared (between)	0.1265		0.1274	
R-Squared (overall)	0.0373		0.0373	
Wald Ch2(6)			15.81	
Prob. Ch2			0.0004	
Hausman Test	Chi2(2) = 0.08		Prob>Chi2= 0.9600	

Source: Researcher’s Computation via STATA 13.0; * significant at 0.05% level; Items in parentheses are *t*-values for FE; Z-scores are in parentheses for RE,

Table 2 showed the fixed and random effects panel regression for the corporate life cycle and return on assets (*ROA*) of the publicly quoted non-finance firms in Nigeria. Using the RE results, the coefficients are 4.5205(*GROMAT*) and 4.3758(*DECL*), suggesting that the sampled publicly quoted non-finance firms corporate life cycle will lead to approximately 45% and 44% changes in return on assets (*ROA*). Besides, all the corporate life cycle stages (*GROMAT* and *DECL*) and financial performance measure of *ROA* were significant for both FE (F, 2, 399=7.63; F-Prob. = 0.0006 < 0.05) and RE (Wald Ch2(2) = 15.81; Prob.Ch2 = 0.0004 < 0.05) at 5 percent significance level and the result is similar to the panel least square (PLS) result. Furthermore, the t-test results for *GROMAT* (t = 3.25) and *DECL* (t = 3.84) showed that the individual corporate life cycle are statistically significant in explaining the influence on the dependent variable (*ROA*).

Nevertheless, the overall R² is 0.0373 for RE; impliedly, all the corporate life cycle variables jointly explained about 3.73% variation in *ROA*. Additionally, the Hausman test was used to differentiate between FE and RE models. The decision rule is that if the probability value of Hausman test is less than 0.05, reject the null hypothesis (RE) and if greater than 0.05, accept the alternate hypothesis (RE). The result of the Hausman test (Prob>Chi2= 0.9600 > 0.05) suggests that RE is more efficient than FE thus, RE showed that the subjects from which measurements were drawn are random and that the differences between firms in Nigeria are therefore not of interest, thus the subjects and their variances are identical.

Decision: Wald Ch2 of RE is = 15.81 (p-value=0.0004 < 0.05) and is significant, providing evidence to reject the null hypothesis and an acceptance of the alternative hypothesis. This result supports the proposition that corporate life cycle have significant effects on the return on assets of listed non-finance firms in Nigeria.

Table 3: Fixed and Random Effects Panel Regression for Corporate Life Cycle (*GROMAT* and *DECL*) and Financial Performance (Return on Capital Employed) in Nigeria

<i>Dependent Variable: Return on Assets (ROCE)</i>				
<i>Estimator(s)</i>	<i>Fixed Effect (FE)</i>		<i>Random Effect (RE)</i>	
<i>Variable(s)</i>	<i>Coefficient</i>	<i>Probability</i>	<i>Coefficient</i>	<i>Probability</i>
GROMAT	4.6851 (3.14)	0.002	4.6586 (3.16)	0.002
DECL	4.6112 (3.78)	0.000	4.6054 (3.81)	0.000
_cons.	-28.1785 (-2.61)	0.009	-28.0079 (-2.62)	0.009
F-value	(2, 399)= 7.85			
F-Probability	0.0005			
R-Squared (within)	0.0379		0.0379	
R-Squared (between)	0.0156		0.0164	
R-Squared (overall)	0.0378		0.0378	
Wald Ch2(6)			16.02	
Prob. Ch2			0.0003	
Hausman Test	Chi2(2) = 0.10		Prob>Chi2= 0.9515	

Source: Researcher’s Computation via STATA 13.0; * significant at 0.05% level; Items in parentheses are t-values for FE; Z-scores are in parentheses for RE,

Table 3 showed the fixed and random effects panel regression for the corporate life cycle and return on capital employed (*ROCE*) of the publicly quoted non-finance firms in Nigeria. Using the RE results, the coefficients are 4.6851(*GROMAT*) and 4.6112(*DECL*), suggesting that the sampled publicly quoted non-finance firms corporate life cycle will lead to approximately 47% and 46% changes in return on capital employed (*ROCE*). Besides, all the corporate life cycle stages (*GROMAT* and *DECL*) and financial performance measure of *ROCE* were significant for both FE (F, 2, 399=7.85; F-Prob. = 0.0005 < 0.05) and RE (Wald Ch2(2)= 16.02; Prob.Ch2 = 0.0003< 0.05) at 5 percent significance level and the result is similar to the panel least square (PLS) result.

Furthermore, the t-test results for *GROMAT* (t = 3.16) and *DECL* (t = 3.81) showed that the individual corporate life cycle are statistically significant in explaining the influence on the dependent variable (*ROCE*). Nevertheless, the overall R² is 0.0378 for RE; impliedly, all the corporate life cycle variables jointly explained about 3.78% variation in *ROCE*. Additionally, the result of the Hausman test (Prob>Chi2= 0.9515 > 0.05) suggests that RE is more efficient than FE thus, RE showed that the subjects from which measurements were drawn are random and that the differences between firms in Nigeria are therefore not of interest, thus the subjects and their variances are identical.

Decision Wald Ch2 of RE is = 16.02 (p-value=0.0003 < 0.05) and is significant, providing evidence to reject the null hypothesis and an acceptance of the alternative hypothesis. This result supports the proposition that there is significant relationship between corporate life cycle and return on capital employed of listed nonfinancial firms in Nigeria.

5. Discussions

Return on assets (ROA) is a profitability ratio which measures a company's ability to generate profits. ROA may be used to forecast future earnings by measuring a company's capacity to make profits in the past. The assets in question are the general properties of the firm, which are obtained either from capital itself or foreign money that has been turned into company assets for corporate sustainability. Companies

benefit from a high ROA and a high value of ROA connotes that the firm may benefit from comparatively high-value asset. Thus, investors prefer a firm with a high ROA, since organizations with a high ROA are more probable to produce high levels of corporate profits than companies with a low ROA (Ang, 2001; and Harahap, 2012).

Prior studies had revealed that corporate life cycle has the tendency to influence the ROA of firms; however, whether corporate life cycle (growth and decline stages) influence ROA of publicly quoted non-finance firms has received less attention in the management literature in Nigeria. Given this lacuna in the management literature, we investigated the effect growth and decline stages have on ROA of the publicly quoted non-finance firms in Nigeria. The findings indicated a significant positive effect of corporate life cycle on ROA of the publicly quoted non-finance firms in Nigeria. This finding corroborates with the empirical results of Dickinson (2011); and Gugong, Arugu, and Dandago (2014) who found a significant positive effect of corporate life cycle on ROA. On the other hand, the study did not disagree with existing literature on the relationship between corporate life cycle and ROA of firms.

Return on capital employed (ROCE) is a measure of returns a company generates from the capital employed. The efficiency and profit-generating capabilities of a company's capital investments are measured by ROCE. ROCE is a metric for determining the efficiency and profitability of a company's capital investments and it shows if the company is generating more or enough revenue and profits to make the most of its capital assets (Handayani&Winarningsih, 2020). A high ROCE shows that a bigger portion of earnings may be re-invested in the company to benefit existing shareholders. Funds reinvested at a faster rate of return aids in obtaining larger ROCE. Thus, a high ROCE is indicative of a successful and growing company (Islam, Khan, Choudhury&Adnan, 2014; and Abraham, 2020).

Prior studies had revealed that corporate life cycle has the tendency to influence the ROCE of firms; however, whether corporate life cycle (growth and decline stages) influence ROCE of publicly quoted non-finance firms has received less attention in the management literature in Nigeria. Given this lacuna in the management literature, we investigated the effect growth and decline stages have on ROCE of the publicly quoted non-finance firms in Nigeria. The findings indicated a significant positive effect of corporate life cycle on ROCE of the publicly quoted non-finance firms in Nigeria. This finding corroborates with the empirical results of Kochan (2022); and Habib and Hassan (2019)who found a significant positive effect of corporate life cycle on ROCE. On the other hand, the study did not disagree with existing literature on the relationship between corporate life cycle and ROCE of firms.

6. Conclusion and Recommendations

In management literature, there is a lack of studies that had investigated whether corporate life cycle variables of growth and decline stages affect the financial performance of non-finance firms in Nigeria. Most studies had focused on three stages in the corporate life cycle (introduction, maturity and shake-out stages) and their effects on financial performance, thus creating a lacuna in the management literature in this area of study. Consequently, to fill the lacuna in the management literature in this area of study, the study used a dissimilar analytical framework (such as the fixed and random effect panel data regression) and hybrids of management theories (stakeholder theory) in explaining the relationship between the identified corporate life cycle stages (growth and maturity) and the financial performance of non-finance firms in Nigeria.

The study found that corporate life cycle (growth and maturity stages) has significant effect on return on assets and return on capital employed. On the basis of the fixed and random effect panel data regression, the study concluded that return on assets and return on capital employed are significantly influenced by the growth and maturity stages in the corporate life cycle. On the basis of the findings of the study, the following recommendations were proffered:

- (1) Given the fixed and random effects panel data regression results, it was shown that corporate life cycle has significant effect on return on assets of the publicly quoted non-finance firms in Nigeria; thus, there is a urgent need for management of firms in Nigeria to encourage and further strengthen their assets base, particularly when they attain maturity and decline stages in their corporate life cycle
- (2) The study showed that corporate life cycle significantly affects the return on capital employed of the publicly quoted non-finance firms in Nigeria; hence management of firms should encourage the growth in investments or capitals during their growth and decline stages. Notably, this recommendation should be cautiously put into practice; for instance, publicly quoted non-finance firms during the growth stage should focus more on long-term yielding investments while during decline stages, emphasis should be more on short-term yielding investments.

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