

## **FIRM CHARACTERISTICS AND LIQUIDITY MANAGEMENT AMONG FIRMS IN WEST AFRICA**

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### **Abstract**

*This study evaluated the relationship between firm characteristics and liquidity management among firms in Ghana and Nigeria Stock Exchange. The study adopted an ex-post facto design and used panel data collected from the financial reports of forty firms in Ghana and Nigeria Stock Exchange between 2009 and 2018. The study proxy firm characteristics using firm size, firm age, firm growth, audit committee effectiveness as explanatory variables while liquidity management as dependent variable. The data collected was analysed using Panel least square regression; however some preliminary analysis such as descriptive statistics, correction analysis was carried out. The study finds that firm characteristics affect about 36 percent of the level of liquidity management. That is, about 36% of the level of liquidity management among companies in Nigeria and Ghana can be attributable to their firm characteristics. The findings from the specific objectives also showed that: firm characteristics have more impact on liquidity management among companies in Nigeria (48%) than companies in Ghana (40%). Other findings shows firm size has positive and significant effect on liquidity management; firm growth has positive but insignificant effect on liquidity management; firms' age has positive significant effect on liquidity management; audit committee effectiveness has positive but insignificant effect on liquidity management among companies in Ghana and Nigeria -West Africa. The study recommended that management of firms in West Africa should consider the size of their firm as their firm size positively and significantly affect the level of liquidity management.*

**Keyword:** *Firm size, Firm age, Firm growth, Audit committee effectiveness, firm characteristics, liquidity management*

### **Introduction**

The present business environment has been characterized by high level of risk and uncertainty following the economic instability which affected most countries, couple with the drive to maximize shareholder wealth, has led many corporate organizations to adopt various strategies to manage their liquidity which enhances their survival and chances of meeting organization objectives (Ibrahim &Ihsan 2011). Corporate entity operating with such strategy (effective liquidity management strategy) can gain advantage over other entity operating in the same sector. Liquidity management as a corporate strategy has received attention recently due to the inability of managers to meet their obligations as at when due (Don, 2009). Most business manager however, do considers liquidity management from the view point of working capital hence they measure corporate liquidity using the components of working capital, this measure excludes the use of investment security and other near cash assets.

Firms attributes are factors which distinguishes one firms from others includes: firm size, leverage policy, performance, age, firm growth etc. Those characteristics can influence the level of liquidity policy. For instances firm growth is assumed to influence the level of resources as firm with high growth rate tend to maintain higher liquidity in other to take advantage of investment opportunity than firm with low or stagnated growth. A firm with high turnover will require higher level of operation (high inventory, processing and cash) to meet its customers demand. Thus, a firm with high turnover, in other to meet its sales or supply obligations will tends to maintain high level of resources especially current and highly liquid assets. Older (age) firm is believed by Ericson and Pakes, (1995) to be associated with experience

which leads to standardize, coordinate and speed up operation. Older firms tend to have standard for most activities and well established policy for various aspect of operations. Liquidity policy like other firm policies are established over time, tested and adjusted in older firms compare to in new firms. However, the extent to which the firm characteristics affect the level of liquidity management among firms in West Africa is lacking.

The extent firm manage their liquidity differs, as some tend to be very effective in the management of liquidity while other may not. This indicated that the management of liquidity can be affected by some firms attributes. Despite the importance of the firm attributes to effective liquidity management, empirical studies that look at the extent of cause-effect relationship among firms in West Africa is lacking. Most previous studies conducted on this where country specific, a cross country studies that covers quoted firms in developing countries of West Africa is lacking as most of the studies were concentrated in developed country and are country specific. The study introduced Audit committee effectiveness as part of firm attributes that can affect liquidity policy. The above constitutes the gap in empirical which this study filled.

### **Objective of the study**

The main objective of this study is to evaluate the effect of firm characteristics on liquidity management among quoted companies in West Africa. The specific objectives includes to:

1. Evaluate the effect of firm size on liquidity management among quoted companies in West Africa
2. Determine the effects of firm growth on liquidity management among quoted companies in West Africa
3. Examine the extent of effect that firm age has on liquidity management among quoted companies in West Africa
4. Appraise the effect of Audit committee effectiveness on liquidity management among quoted companies in West Africa

### **Significance of the Study**

The findings of this study can be of importance to stakeholders of firms across West Africa (managers, investors, policy makers and researchers). The paper is structured into four sections. Following the introduction, section two: reviews related literature. Section three: the methodology. Section four: data analyses, conclusion and recommendations

### **Review of Related Literature**

#### **Conceptual Framework**

**Liquidity:** Farooq (2013) define Liquidity as the resources available at a firm disposal to meet its day to day obligations. He believed that liquidity carries information content which provides investors with a publicly available channel which they can infer valuable information. Akinsulire, (2014) define liquidity as the amount of cash or current assets that can be easily converted into cash to meet the daily operational needs of a company. Thus liquidity represents the amount that is invested in assets that are expected to be realized within a single accounting period or whenever it is required without the loss in its value.

#### **Firm Growth**

Mai, (2006) define firm growth as the consistent increase in the revenue, and assets metrics. A firm is considered to be growing when its revenues, or assets or both surge in consecutively over a period of

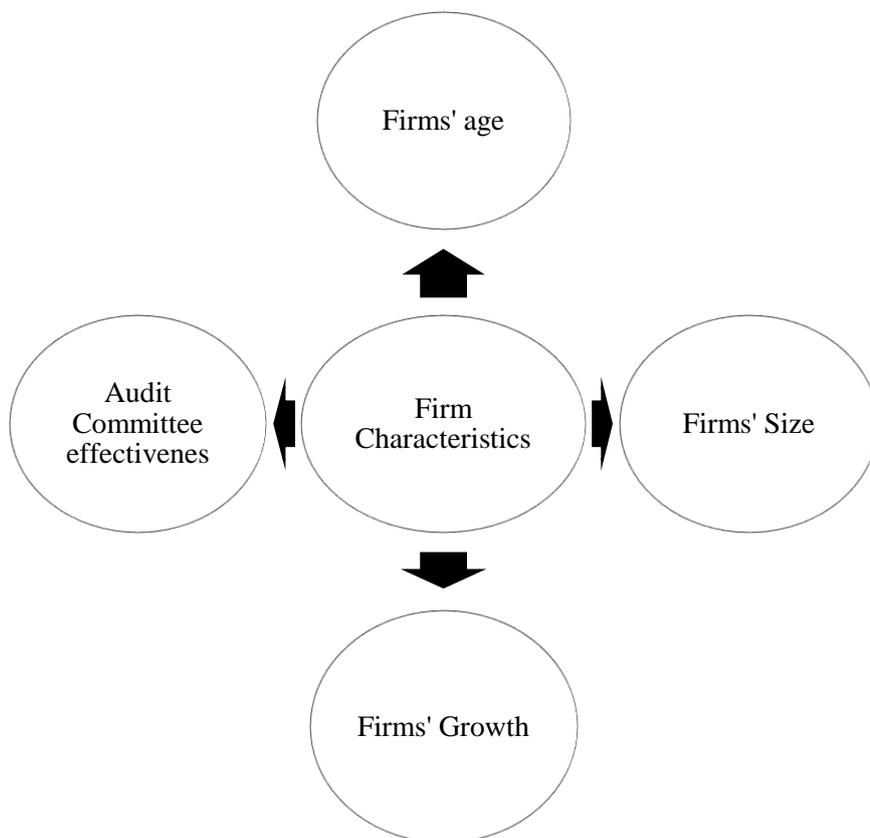
time. According to Kartini and Arianto, (2008) firm growth is the change in the firm total assets, revenue and revenue generating capability.

### **Firm Age**

Shumway, (2001) defined firm age as the number of years of incorporation of the company; even though some believe that listing years should be the age, listing age, should define the age of the company. Firm age is the length of time during which a firm has been officially.

### **Audit committee effectiveness**

Audit committee effectiveness is a measure of how the Audit committee is meeting with their responsibility. The effectiveness of the Audit committee is revealed by the number of times the Audit committee meet to discuss and formulate policy for the firm. The Audit committee that frequently meet may have time to set target, develop strategy and monitor activities of management (Vafeas, 1999).



*Source: Farajimakin and Ifurueze (2019).*

The above shows the various firms characteristics used in the study, those characteristics differentiate one firm from other.

### **Theoretical Framework**

#### **Resource Based Theory**

The resource based theory was propounded by Barney's (1991). The theory holds that in a competitive business environment, strategy adopted by firm depend on the resource; hence entity with heterogeneous resources will operate similar strategies.

The theory draws the attention of corporate entity to their internal resources as a means by which they can organise their processes in order to achieve competitive advantage. Those internal resources that can give the entity competitive advantage must be unique, valuable, rare, imperfectly imitable (firm-specific) and not substitutable. In order to exploit these internal resources, the personal trait of the executive director will count. Chen and Yu (2011) posit that the extent a firm can maximize the benefit of their internal resource depends on the firm's uniqueness. It is believed that there are some resources that have unique attributes and their uniqueness depends on the firm and how management uses them. Teece (1982) observed that one of the unique attributes of these firms' value creating resources is their indivisibility, which can lead to a market failure when not properly utilized. A firm's financial resources can be both internal and externally sourced using debt instruments. The level of liquidity shows the financial resources available for business operations. The resource-based theory provides the theoretical framework which evaluates the nexus that exists between firm characteristics and liquidity management.

### **Firm Size and Liquidity Management**

Firm size has been variously defined in literature to refer to the total assets, scale of operations and number of employees among others. With this definition, larger firms are assumed to have more resources at their disposal and can be used for profitable investment opportunities. Similarly, Brown (2009), defined firm size by making reference to the market value.

Company size has been identified as one of the major attributes of a company, it determines to a large extent the operating and control structure in the company. Company size is assumed to influence the level of resources at their disposal when given the company the opportunity to take advantage of investment opportunities, hire best hands to run its operation. This is believed to influence other factors like; company's assets, cash holding, liquidity performance etc. According to Athanoglou, Brissimis and Delis (2005) there is a direct relationship between company size and its performance. While the empirical study of Pervan and Visic, (2012) argued that firm size does not directly affect the liquidity but performance which directly determines the liquidity and leverage policy of firms. Dogan, (2013) observed that large firms do require large amounts of resources to meet their operational day to day needs though this seems relative, as the amount of cash held to meet daily operational needs may be large in value compared to that of smaller firms but this may not be the case when the amount is divided by their respective assets or profit per cash held. Meeting operational day to day needs for small firms will require smaller amounts compared with a firm with large volume of activities. However, smaller firms in some industries in compliance with regulations may maintain high levels of liquidity. Based on the above argument, the study hypothesizes as follows: **H0. Firm size has no significant effect on liquidity management among quoted companies in West Africa.**

### **Firm Growth and Liquidity Management**

Firm growth has been seen as the change in the firm's total assets, revenue and revenue generating capability (Kartini & Arianto, 2008). Mai, (2006) believed that a firm has the opportunity for growth when the firm has resources to invest in projects with net present value. A firm in a growing stage will tend to keep some resources to enable it take advantage of investment opportunities. On the contrary, Mai, (2006) argued that most firms which are experiencing low levels of growth do prefer to divide the risk of low growth with the creditor through the issuance of liquidity which is in the form of long term payable. Logically, a firm in the growing stage, will require large proportions of its resources to be liquid or near liquid form in order to meet obligations and build reputation and goodwill among firms. In line with this proposition, Myers (1977) argues that companies with growth options tend to lower the level of their gearing ratios by keeping more liquid assets to take advantage of investment opportunities. However, Michaelas, Chittenden and Poutziouris (1999) believed that the relationship between growth opportunities and liquidity may be

different along sector line. The study hypothesizes as follows: **H0:** *Firm growth has no significant effect on liquidity management among quoted companies in West Africa.*

### **Firm age and Liquidity Management**

Firm age is believed to be the number of years of incorporation of the company; even though some believe that listing years should be the age of the company. Firm age is usually associated with experience in operations and management. Older firms tend to have standard for most activities and well established policy for various aspect of operations. Liquidity policy like other firm policies are established over time, tested and adjusted in older firms compare to in new firms. However, another view holds that Aging as it is with human process so also with the firm, the human body can be associated with a general decline in the physical functioning of the human body, such as the ability to remember, react, move and hear. On the other hand Ericson and Pakes, (1995) opine that firms specialize and find ways to standardize, coordinate and speed up their production process, as well as to reduce costs and improve quality as they get older, this enhance their performance and liquidity. However, according to the life cycle effect, younger companies are more dynamic and more volatile in their growth experience than older companies (Loderer, Neusser, &Waelchli, 2009). Maturity brings stability in growth as firms learn more precisely their market positioning, cost structures and efficiency levels. Based on the above argument, the study hypothesizes as follows: **H0:** *Firm age has no significant effect on liquidity management among quoted companies in West Africa.*

### **Audit committee Effectiveness and Liquidity management**

According to Ntim and Oser (2013) audit committee meeting is the number of times that the audit committee of director meets to deliberate and formulate liquidity policy and issues regarding the firm. The audit committee that frequently meet may have time to set target, develop strategy and monitor activities of management (Vafeas, 1999). They are likely to perform their duties in the best interest of the shareholders. On the other hand, frequent meetings may result in waste of managerial time, increase financial burden in terms of travel expenses and sitting allowances for audit committee members which reduces the liquidity as a result of payment for sitting allowances. Frequency of board meetings is considered to be an important way of improving the effectiveness of the audit committee (Ntim & Oser 2013). Vafeas (1999) however, argued that audit committee meetings are not useful because outside directors have limited time for meaningful exchange of ideas among themselves. Based on the above argument, the study hypothesizes as follows: **H0:** *Audit committee effectiveness has on significant effect on liquidity management among quoted companies in West Africa.*

## **METHODOLOGY**

### **Research Design**

The study used panel data and was based on ex-post facto research design. The panel data were collected from the published financial report of all quoted non-financial firms selected using the proportionate sampling techniques from the Ghana and Nigeria Stock Exchange between 2009 and 2018 financial years. In analysing the data, the study adopted multiple regressions however, some preliminary analysis such as descriptive statistics and correlation analysis. The variables and their proxy were operationalized as follows. Below are the dependent and independent variables and their proxy.

<b>Variables</b>	<b>Measures/Proxy</b>	<b>Authority</b>
<b>Liquidity Management (LIQMAG)</b>	Cash and cash equivalent/ total assets	Akinsulire, (2014) Farooq (2013)
<b>Firm Growth (FGRWT)</b>	% changes in total revenue	Mohammed and Usman (2016)
<b>Firm Age (FAGE)</b>	Year of incorporation till date	Pickering, (2011) Loderer, Neusser, and Waelchli, (2009)
<b>Audit committee effectiveness (AUCEFF)</b>	Average of audit committee meeting attendant	Ntim and Oser (2013)
<b>Firm Size ((FSIZE)</b>	Log of total assets	Haugen (2001) Vieira (2010)

**Model Specification**

The model used was adopted from the work of Mohammed (2016). The study of Mohammed evaluates the nexus between firm characteristics and firm market value. The model used as follows:

$$LIQ = f(FSIZE, FGRWT, FAGE, AUCEFF) \dots\dots\dots 1$$

This would be econometrically expressed as follows:

$$LIQ_{it} = C_0 + C_1FSIZE_{it} + C_2FGRWT_{it} + C_4FAGE_{it} + C_4AUCEFF_{it} + \epsilon_{it} \dots\dots\dots 2$$

Equation 2 is the linear regression model that was used in testing the null hypotheses formulated.

**Country specific analysis:** Generally, there are differences in legal and operational policies of those stock exchanges and the individual companies in West Africa. This however, suggests that the quoted companies differ across the Ghana and Nigeria, also coupled with the fact that the degrees of operating practices, nature of business, focus and risk profile of those companies differs. The study carried out analysis in country by country in other to capture country specific uniqueness. The study considered such differences which may impair our estimation process and generalization.

**Data Analyses, Conclusion and Recommendations**

This study used panel data and adopted the panel regressions analysis to identify the possible effects of firm characteristics on the liquidity management of quoted companies in Ghana and Nigeria, West Africa. The study conducted some preliminary analysis such as descriptive statistics and correction analysis to ascertain the normality of the data and check for the presence of multi-colinearity.

**Descriptive Statistics**

The descriptive statistics result shows the mean (average) for each of the variables, their maximum values, minimum values, standard deviation and the Jarque-Bera (JB) statistics (normality test). Table 4.1 below, is the descriptive statistics result of the data covering the period of ten years (2009 – 2019) of the quoted companies in used for the study.

**Descriptive Statistics**

	<i>LIQMAG</i>	<i>FAGE</i>	<i>FSIZE</i>	<i>FGROWTH</i>	<i>AUDCOEF</i>
<i>Mean</i>	0.322931	22.02308	46.33509	12.09501	3.661538
<i>Maximum</i>	0.610000	57.00000	86.44060	120.2200	6.000000
<i>Minimum</i>	0.030000	2.000000	20.27896	-65.72322	2.000000
<i>Std. Dev.</i>	0.114407	12.18292	17.44447	19.83862	0.712220
<i>Jarque-Bera</i>	57.15670	25.94040	21.99718	458.2392	17.16268
<i>Probability</i>	0.000000	0.000002	0.000017	0.000000	0.000188
<i>Observations</i>	400	400	400	400	400

Source: Researcher’s (2019). Summary of e-view descriptive analysis result

The descriptive statistics result of the companies in Ghana and Nigeria reveals the mean value of 32.29, maximum value of 61.00 and minimum value of 0.03. This means that on the average firms in Nigeria and Ghana maintain about 32.29 percent of their assets as liquid assets, some maintain about 61 percent of their assets as liquid assets while some maintain about 3 percent of their assets as liquid assets. The difference between the mean, maximum and minimum value are large, this indicates that the liquidity management among the firm differs greatly.

Firm age, has a mean value of 22.02 years, maximum value of 57years and minimum value of 2 years. The result reveals that the firm age differs greatly among the company in Ghana and Nigeria. The difference between the mean, maximum and minimum age indicates most of the firms have are considered old as they are above the benchmark of ten.

The result of Firm size shows a mean value of 46.33, maximum value of 86.44 and minimum value of 20.27. These values reveal that most firms used in Nigeria and Ghana are big firms. However, the minimum value of the firms size reveals that some of the firms are not too large when compare with others. Firm growth, is usually assume to reflect firms investment pattern. The descriptive statistics result shows that growth among the firms used in the study have a mean value of 12.09 maximum growth rate of 120 percent and minimum growth rate of -15 percent (negative). The mean value of the growth rate (12.09) reveals that on the average, the companies in Nigeria and Ghana are growing at about 12.09 percent, though some have higher growth rate, others are experiencing negative growth within the period of the study. The result of the Audit committee effectiveness shows that on the average, the audit committee of most firms used in the study meet about 3.7, maximum value of 6 times and minimum value of 2 times. The audit committee meeting shows how effective the audit committee is in discharging their responsibility. The result reveals that on the average, the audit committees of the firms used are effective in the discharge of their responsibility. Lastly, the Jarque – Bera statistics which is used to test for normality of data under review software shows that liquidity management, firm size, firm age, firm growth, firm performance, audit committee effectiveness and leverage policy are normally distributed at one percent significant level. This reveals that the result of the data used can be relied upon in drawing generalization and conclusion from the study.

**Correlation Analysis:** In examining the relationship that exist among the variables and check for the presence of multi-collinearity, the study employed the Pearson correlation coefficient and the results are presented in table 4.2

Table 4.2 Pearson Correlation coefficient analysis

	<i>LIQMAG</i>	<i>FSIZE</i>	<i>FAGE</i>	<i>FGROWTH</i>	<i>AUDCOEF</i>
<i>LIQMAG</i>	1.000000				
<i>FSIZE</i>	-0.090956	1.000000			
<i>FAGE</i>	0.220170	-0.002226	1.000000		
<i>FGROWTH</i>	0.051006	-0.066532	0.144207	1.000000	
<i>AUDCOEF</i>	-0.103201	-0.084449	-0.105458	-0.099689	1.000000

Source: e-view correlation analysis result 2019.

The correlation analysis result shows that liquidity management has negative relationship with firm size (-.09), this reveals that bigger firm tends to have low level of liquidity. The result shows that liquidity has negative association with audit committee effectiveness (-0.10). This indicates that better liquidity management will lead to ineffectiveness of the audit committee. Liquidity management has positive association with firm growth and firm age. This reveals that older firms and firm on the growing stage maintain higher level of liquidity. Firm size has negative association with firm age (-0.22), firm’s growth (-0.066) and audit committee effectiveness (-0.08). This reveals that the bigger a firm is, the lesser its growth rate and effectiveness of its audit committee. Firm’s age has positive association with firm growth and negative association with audit committee effectiveness. This reveals that older firms tend to have ineffective audit committee (-0.103) (this may be as a result of the standard and policy put in place in such firms over time). From the correlation analysis result, the study observed that no two variables were perfectly associated (associated with 75% and above). This indicates the absence of multi-collinearity in our model.

**Regression analysis**

This study adopted the panel regressions analysis to identify the possible effects of firm attributes on the liquidity management of quoted companies in Ghana and Nigeria -West Africa. However, due to the heterogeneous nature of the panel data, the study used the Hausman effect test to check the effect it has on the data.

**Liquidity management Model: Fixed and Random Effect Test**

The summary result of liquidity management model, Hausman effect test used by the study to select between fixed and random effect, which affect the data used in the study is presented below.

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	9.334482	6	0.1556

The Hausman effect test result shows a chi-square statistics value of 9.33 and probability value 0.1556, the chi-square probability value is above 10 percent. Based on the result, the study accept the random effect and reject the fixed effect, hence we use the random effect to correct the problem of heterogeneity in the data used for the study. Table 4.4 below is the regression result adjusted for fixed effect (detail of the result is presented in table 6 under the appendix).

Below is the panel regression analysis result of the effect of firm characteristics on liquidity management.

Cross-section random effects test equation:

Dependent Variable: LIQMAG

Method: Panel Least Squares

Date: 11/12/19 Time: 10:37

Sample: 2009 2018

Total panel (unbalanced) observations: 400

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.379745	0.065922	5.760493	0.0000
FSIZE	0.001963	0.000287	6.839721	0.0000
FAGE	0.011573	0.002625	4.408761	0.0005
FGROWTH	0.000193	0.000321	0.601553	0.5479
LEVERAG	-0.017742	0.054217	-0.327235	0.7437
ROA	-8.11E-05	0.019292	-0.004202	0.9966
AUDCOEF	0.000656	0.008810	0.074485	0.9407

Effects Specification

Cross-section fixed (dummy variables)

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R-squared	0.457389	Mean dependent var	0.322931
Adjusted R-squared	0.360245	S.D. dependent var	0.114407
S.E. of regression	0.104840	Akaike info criterion	-1.562361
Sum squared resid	3.781084	Schwarz criterion	-1.094560
Log likelihood	350.6605	Hannan-Quinn criter.	-1.376922
F-statistic	2.649559	Durbin-Watson stat	2.050636
Prob(F-statistic)	0.000000		

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Source: Panel regression result from e-view 8.5

The analysis result of the liquidity management model shows an R-sq of 0.457 and R-sq (adj) 0.36 respectively. The R-squared adjusted value of 0.36 (36%) indicates that firm characteristics can explain about 36 percent of changes in liquidity management of companies used in the study. That is, about 36% changes in liquidity management of companies in Nigeria and Ghana can be attributable to the level of firm characteristics. Thus firms with some characteristics will tend to manage their liquidity than those that does not have those characteristics. The F-statistics value of 2.649, and its probability value of 0.000, shows that the liquidity management regression model used is well specified and the specification is statistically significant at 1% levels. The Durbin Watson value of 2.05 reveals the absence of autocorrelation in our model, hence the result can be relied upon in making generalization.

The finding from the hypotheses testing shows that:

**Firm size:** The study finds that Firm size has positive effect on the level of liquidity management among firms Ghana and Nigeria -West Africa. This indicates that larger firms positively manage their liquidity management. This reveals that, firm size positively and significantly affect affects the level of liquidity management. The finding of this study indicates that firm size positively and significantly drives liquidity management among firms in Ghana and Nigeria. This finding is similar to the findings from the study of llaboya and Izien (2016), Mohamed (2013) Dahawy (2009), but contrary to the findings from the study of Adeyemo and Ogunbajo (2016) who found negative relationship between firm size and liquidity management.

**Firm Growth:** The study finds that firm growth positively affects the liquidity management among quoted firms in Ghana and Nigeria -West Africa. This finding reveals that growing firms positively manage their liquidity. However, the extent firm growth positively affects liquidity management is not significant. This shows that, firm growth can positively but not significantly drive the level of liquidity management among firms in Ghana and Nigeria -West Africa. This finding is in line with the findings Nasrollah Zahra and Zahra (2011), Dahawy (2009), Mohammed and Usman (2016) who found positive relationship between firms' growth and liquidity management.

**Firms' Age:** has positive effect on the level of liquidity management among firms in Ghana and Nigeria -West Africa. The result reveals that the more a firm gets older the more it tends to manage their liquidity better. The study finds that firm age has positive significant effect on liquidity management among companies in Ghana and Nigeria -West Africa. This shows that, firm age can positively drive the level of

liquidity management among firms in Ghana and Nigeria -West Africa. This finding is similar to the finding from the study of Maja, Ivica and Marijuana (2017), but contrary to the findings from the study of Mohamed (2013) and Dogan (2013) who found negative relationship between firm age and liquidity management.

**Audit Committee Effectiveness:** The study found that Audit committee effectiveness positively affect the liquidity management, hence an effective audit committee will lead to better of liquidity management among firms in Ghana and Nigeria -West Africa. This finding indicates that although Audit committee effectiveness positively affect the level of liquidity management among companies in Ghana and Nigeria -West Africa, the extent of effect is not statistically significant among the firms in Ghana and Nigeria -West Africa.

### **Comparative Analysis of firms in Nigeria and Ghana**

The study carried out country specific analysis in other to ascertain the effect of firm characteristics on liquidity management across countries. The effect of the selected firm characteristics variables on liquidity management in Nigeria and Ghana. The summary of the result (probability values) is presented below.

#### **Cross Country Analysis**

<b>Items</b>	<b>Nigeria</b>		<b>Ghana</b>	
<i>Items</i>	Coefficient	Probability	Coefficient	Probability
<i>FSIZE</i>	<i>0.011854</i>	<i>0.0000</i>	<i>0.033620</i>	<i>0.0000</i>
<i>FAGE</i>	<i>0.001601</i>	<i>0.6338</i>	<i>0.002928</i>	<i>0.6228</i>
<i>FGROWTH</i>	<i>0.000131</i>	<i>0.7290</i>	<i>0.010378</i>	<i>0.0000</i>
<i>AUDCOEF</i>	<i>-0.001601</i>	<i>0.8970</i>	<i>0.001255</i>	<i>0.9221</i>
<i>R-squared</i>	<i>0.520216</i>		<i>0.431376</i>	
<i>R-sq (adj.)</i>	<i>0.481915</i>		<i>0.409587</i>	

Source: Farajimaku and Ifurueze (2019); Summary of Regression Analysis

The analysis result shows that firm characteristics has more effect on liquidity management among firms in Nigeria than Ghana. The result reveals that firm characteristics variables jointly drive about 48.19% of changes the level of liquidity management among firms in Nigeria and about 40.96% changes the level of liquidity management among firms in Ghana.

The result above shows that firm size has positive and significant effect on liquidity management among firm in Nigeria, and Ghana. The result means that firm size drive the liquidity management in among firms Nigeria and Ghana.

Firms' age has positive but insignificant effect on the level of liquidity management among firms in Nigeria and Ghana. The result shows that firm's age has insignificant effect on the level of liquidity management among firms in Nigeria, and Ghana.

Firm growth has positive but insignificant effect on the level of liquidity management among firms in Nigeria. But for firms in Ghana, Firm growth has positive and significant effect on the level of liquidity management.

Audit committee effectiveness has negative but insignificant effect on liquidity management among firms in Nigeria. For Ghana firms, Audit committee effectiveness has positive but insignificant effect on liquidity management among firms. This means that Audit committee effectiveness cannot significantly drive the level liquidity management among firms in Nigeria and Ghana.

Generally, the result reveals that the firm characteristics variables selected for the study has more effect on liquidity management among Nigeria than among firms in Ghana.

## **Conclusion**

Firm characteristics are qualities and attributes which distinguishes a firm from others, such attributes includes: size, age, firm growth etc. those attributes/ characteristics can influence the level of liquidity management in firms. For corporate organization to compete favourably and survive on the long run, meeting various stakeholders demand as when due is necessary this will require the firm keeping some of its assets in liquid form to meet those needs when they arise. Effective liquidity management is the surest way of achieving this. Effective liquidity management involves series of activities targeted at achieving desired level of short-term reserve without distorting the profit making ability and operations of the firm. This will requires the daily assessment of the money requires to meets obligations which depend mostly on the volume of operating activities and obligations that are due. This study has shown that some firm's characteristics leads to better liquidity management than others. Firms' age, firms' growth, audit committee effectiveness and firms' size positively affect the level of liquidity management among firms in West Africa.

## **Recommendations**

Based on the findings, the study therefore recommends as follows:

1. The finding shows that Firm size has positive and significant effect on the level of liquidity management among firms Ghana and Nigeria -West Africa. The study recommend that management of firms in West Africa should consider the size of their firm as their firm size positively and significantly affect the level of liquidity management.
2. The study finds that firm growth positively affects the liquidity management among quoted firms in Ghana and Nigeria -West Africa. To ensure the effective management of their liquidity, the study recommend that firms in West Africa should consider their growth rate when formulating policy that will be geared toward effective liquidity management.
3. The study finds that firm age has positive significant effect on liquidity management among companies in Ghana and Nigeria -West Africa. The study recommended that management of firms in West Africa consider their firm age as their firm age positively and significantly affect the level of liquidity management.
4. The study finds that Audit committee effectiveness positively affects the level of liquidity management among companies in Ghana and Nigeria -West Africa. The study recommended that management of firms in West Africa should consider the effectiveness of the Audit committee.

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