FINANCIAL DETERMINANTS OF FIRM VALUE OF LISTED DEPOSIT MONEY BANKS IN NIGERIA

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Abstract

Industrial growth is a major factor for the economic survival of any country, and this growth is achieved by the successful operation of companies in other to maximize firm value. However, the recent financial crises in the banking sector which is partly due to inadequate capital and operational problem has raised concern about the value of the firms. This study examined the financial determinants of firm value of listed deposit money banks in Nigeria. Firm value was the dependent variable proxed by Tobin's Q and financial determinants the independent variables proxed by profitability, investment decision, funding decision, dividend payout ratio and firm size. The study adopted ex-post factor research design and data were extracted from the published annual reports and accounts of the 13 banks that represent the sample of the study for the period of sic (6) years covering 2013-2018. The study used multiple panel data regression as a technique of data analysis. The result shows that profitability, funding decision, and dividend policy, has a significant positive influence on firm value of listed deposit money banks in Nigeria. On the other hand, investment decision had no significant effect on firm value of the banks. This finding implies that the more deposit money banks in Nigeria put in measures that will increase its profitability, maintain debt to optimal level, share dividend and increase the size of its firm, it will result to an increase on firm value. Therefore the study concluded that profitability, funding decision, and dividend policy have significant influence on the firm value of the listed DMBS in Nigeria. The study recommended that the managers of deposit money banks in Nigeria should employ measure that will improve profitability in other to maintain a stable payment of dividend as well as optimally source for its' debt financing.

***Keywords*:** Dividend Policy, Funding Decision, Firm Size, Firm Value, Investment Decision, Profitability.

Introduction

Firm value is a key indicator of financial wellbeing of any company, as it serves the basis when making decision on dividend and financial investment. All investors have one common objective when investing in shares, that is, to maximize expected return on their investment. Market value of a firm is determined by multiplying the stock price and total number of outstanding shares of a company. The core objective of a capitalist firm is to maximize the wealth of its shareholders by increasing profit and stock value which should reflect the expectation of corporate performance (Ebenezer, Islam, Junoh & Yusoff, 2019). Institutional or individual investors seek to maximize their returns by purchasing stocks of firms that have high profitability, which is a major determinant of share price (Maxwell & Emeni, 2012). The stock price of a company is a reflection of the value of the company in the eyes of society, as the stock price rises**,** the value of the company rises and likewise the shareholder's wealth and vice versa. Hence stock price is of great importance to companies (Murni, Sabijono & Tulung, 2019). The stock market has significance in economic survival of any country as its plays a major role in economic resources allocation for productive

activities in both developed and developing economy.

Share price is basis of ascertaining firm's value and firm value is a major determination of the company's financial health. All financial investment and dividend decisions are informed by the value of the firm. Firms that have a good level of financial performance is said to have relatively large amount of assets and profitability attract investors to invest (Mwaniki & Omagwa 2017). Profitability is a core indicator of share price and it constitutes a crucial aspect of a companies' financial report. It reveals the ability of a company to generate earnings, stock of capital and sales at a specific time (Odusanya,Yuinusa & Ilo,2018). It is of paramount importance to ascertain factors that has an important role to play in affecting market price of shares in other to improving firm value. The price of stock in the security market is greatly influenced by a number of internal and external determinants (Rajhans & Kaur, 2013). The internal determinants are basically the firm characteristics which include ownership structure, board structure, capital structure and profitability, while the external determinants are those macro-economic factors that cannot be controlled by the firm factors such as inflation, gross domestic product, monetary police and exchange rate (Mohammed, 2017). The internal determinants of firm value are both financial and non financial, researchers have viewed the concept that constitute non financial determinants of firm value as management ownership, audit committee, investment opportunity, corporate social responsibility (Endri, 2019). Other researchers have also viewed the concept that constitute financial determinant of firm value, these determinant include Earning Per Share (EPS), capital structure, Dividend Per Share (DPS), firm size, net working capital, leverage, profitability, dividend payout ratio, liquidity, price earnings ratio (Awan, Lodhi & Hussaini 2018; Mbugua, Oluoch,& Ndambiri, 2018; Harsha Meka & Sri, 2018; Tui, Nurnajamuddin, Sufri & Nirwana, 2017)

The banking industry is the most important source of finance for majority of firms; it has been a reservoir of economic savings which contribute significantly to economical growth and development (Zulkafli, Abdul & Azlan, 2010). The financial sector has been considered to be the driving force for economic growth which spring up from its efficient and effective performance. However, the recent financial crises in the banking sector which is partly due to inadequate capital and operational problem (Adeyemi, 2011). It is notable that from October, 2008, some of the consolidated banks in Nigerian banking has began to show serious sign of liquidity strain and had to be given some financial succor in form of expanded discount window by the central bank of Nigeria (Oladele, 2013). This financial crisis is still bedeviling the banking sector in Nigeria with the recent distress of mainstreet bank 2014, skye bank in 2018 and Diamond bank in 2019. This indicates that some of the banks in Nigeria have not been able to meet shareholders expectation of wealth maximization.

Several studies have been conducted on the determinants of firm value and determinants of performance, these studies includes Athanasoglou, Delis and Staikouras, (2006);Reis and Visabeira, (2014) in European union Rajhans & Kaur, (2013) in India Aloys and Wamalwa, (2015) ; Mbugua et al., (2018) in Kenya (Awan et al., (2018); Endri, (2019); Kusiya and Arief, (2017); Murni et al., (2019) Indonesia and Pakistan. These studies were conducted in countries other than Nigeria. Studies that were conducted in Nigeria are Odusanya et al., (2018); Oladele (2013) who concentrated on factors that create shareholder value and determinant of performance. Ebenezer et al (2019), Ahmed and Sallau (2018), and Lawal

(2014) conducted a research on the deposit money banks in Nigeria and they concentrated on financial leverage, corporate governance and capital structure impact on firm value. However none of these studies examine the influence of financial determinants on firm value in deposit money bank (DMBs) in Nigeria. The existence of this gap is the motivation of this study. Hence the question, what are the financial determinant of firm value of listed deposit money banks in Nigeria between the period of 2013 and 2018, within this period the banking sector in Nigeria have suffered some banks failure like the main street bank in 2014, sky bank in 2018. The general objective of this study was to analyze the determinants of firm value in listed deposit money bank in Nigeria for the period 2013- 2018.

Based on the objectives of the study, the following hypothesis were formulated

H_{01}: Profitability has no significant effects on firm value of listed deposit money bank in Nigeria.
H_{02}: Investment decision has no significant effects on firm value listed deposit money bank in Nigeria.
H_{03}: Funding decision has no significant effects on firm value of listed deposit money bank in Nigeria.
H_{04}: Dividend policy has no significant effects on firm value of listed deposit money bank in Nigeria.

Literature Review

Conceptual Review

The most crucial aspect of companies' financial health is the value of the firm. The higher the value of a firm, the better its financial position, as well as the projection of prospective investors. Investor perception of firms' value is often associated with stock price, which is very important in investment decision. Increase in the share price indicates increase in the firm value which is considered as an achievement to the owners since the shareholders welfare will increase.

Oladele (2013) defined value as the quality that renders something desirable or valuable; the amount of money needed to purchase something. Value creation means increasing the worth of its stakeholders.

Modigliani and Miller (1961) as cited by (Maxwell & Emeni, 2012) opined that firm value is obtained by asset earnings power of a company, when a firms earning power increase its asset turnover efficiency will be strong and the profit will increase. Hence, the firm value will be rise. They also opine that debt policy is another factor that causes the changes of firm value, if the gain debt is higher than the cost of the debt the stock price will rise however when the gain of debt utilization is lower than the cost incurred then the opposite (Mohammed, 2017).

Moeljadi (2014) revealed that an increase in firm value could attract investors to invest more with a hope of earning a higher return. Many literatures have made use of market

capitalization as a proxy for firm's value which is determined by multiplying number of shares and the market price of one share (Harsha et al., 2018). Stock market prices reflect the real value of the company (Murni et al., 2019). Many authors have also identified the different determinants of firm value by an organization to include: the classical accounting variables such as return on equity/asset (Hakim, 2018) volume of fixed assets (Mbugu et al., 2018) ownership structure, corporate governors, capital structure (Endri 2019), dividend polices, investment decisions, and funding decision (Kusiya &Arief, 2017; Triani & Tarmidi, 2019).

Profitability

The concept of profitability has been defined by Fajaria (2018) as ratios that measure a company's ability to generate profits (profitability) at certain levels of sales, capital stock and assets. High firm profit creates added value in relation to performance and also prompts positive responses from investors and increases stock price (Oktaviani, Susanti Sunarto & Udin, 2019). Profitability is significant to probable investors and shareholders as it relates to the share price and the prospective dividends to be received. Profitability is frequently used as an indicator of performance of a company which represents management effort in maximizing shareholders wealth (Tui et al., 2017). Financial performance of an organization plays a vital role in raising the market value of a firm. Researchers opine that effective and efficient management of firm wealth to generate profit has significant and essential relationship to the value of the company (Oktaviani et al., 2019; Sabrin, Sarita, Tarkdir & Sujono., 2016). Various measures of performance have been used by precious researchers which include: net profit margin, return on asset, and return on equity among others.

Investment Decision

Investment decisions are major decisions made by investors and investment managers; it basically deals with Financial managers making decisions about allocation of funds in to other form of investment in other to get future benefit (Hajering, Mahfudnurnajamuddi Dani & Su, 2018; Saddiq, Aliyu & Kurfi, 2004). Virlic (2013) states that investment expenditures can be made in two ways it can be a fix investment like buildings, machinery or plants or monetary investments such as stocks, bonds both are for the growth of the enterprise.

The commitment of funds to be held for a period of time with the aim of getting future profit is one the most important financial decision that managers has to take in other not to suffer loss either in the short or long run. Studies that had been conducted by previous researchers prove that investment decision has a positive effect on firm value. These studies include (Kusiya &Arief, 2017; Hajering et al., 2018; Mbugue et al., 2018). The investment decision has been measured in previous studies as the ratio of market price of shares to earning per share (Awan et al 2018; Triani & Tarmidi, 2019).

Funding Decision

The ability of managers to obtain funds to support its operational and to deploy optimal funding sources that must be maintained is refer to as funding decision (Hemalatha, 2019). There are several sources of funds available for managers to use in other to meet both short-term and long- term financial obligations. Short- term sources of funds are usually through

loans while long-term funding which requires large amount are more easily met from the capital market through issues of shares (Hajering et al., 2018). Base on the trade-off theory of capital structure, optimal debt level balances the benefits of debt against the costs of debt (Gu & Ku, 1997). This implies that the use of debt to a certain debt ratio results in increase value on equity. But once a firm exceeds that optimal level the cost of debt will be higher than its benefit. However the more a company uses debt, the less income tax the company pays, but the greater its financial risk. Murni et al., 2019 and Reis & Visabeira (2014) explained that the funding decisions had significant positive effect on firm value. This showed that the investment resulting from leverage had positive information about the company in the future. However, Awan et al. (2018) and Kusiya &Arief, (2017) argued that funding decision has no significant effect on firm value. Funding decision has been measured by previous researchers as the ratio of total debt to equity (Adenugba, akinyemi & Kesinro et al., 2016; Triani & Tarmidi, 2019).

Dividend Policy

Dividend policy refers to decision on how much of profits earn by the company at the end of the year will be shared to shareholders as a cash dividend or kept as retain earning (Miller & Modigliani, 1961). Williams as cited by Tanushev (2016), opine that dividend policy has two important reasons: one sharing cash dividend or increasing stock price and two keeping the dividend as retain earnings which is usually an important source of additional capital for the company's growth. These controversies of the company interests necessitate the need for managers to carefully formulate dividend policy that will optimally fulfill the company's interest.

Base on the Bird In Hand Theory, shareholders consider dividend policy to be relevant to the value of shares. This is based on the opinion that investors prefer dividend to be paid since it is an explicit income compared to capital gains. Hajering et al., (2018) and Simon-oke & Olurunwa (2016), Postulate that, dividend decision information trigger investors to invest more, thereby increasing the firm value. The higher dividends paid the higher the value of the company. However, the theory of Modligiani and Miller states that dividend policy does not affect the firm value because they observed that the dividend payout ratio is simply the details. and thus Dividend policy has been measure by different researcher as the ratio of dividend per share to earnings per share (Kusiya & Arief, 2017).

Empirical Review

Performance and Firm Value

Tui et al. (2017) **e**xamine the determinants of profitability and determinants of firm value in Indonesian banks for the period of 2013 -2015. The study used explanatory research approach, the findings of the study shows that profitability has positive significant relationship with firm value of the sample firms.

Harsha et al. (2018) examine the financial determinants of firm value of listed energy sector in bombay stock exchange. The study use eight listed energy firms, for the period of 2014 – 2017; the study recorded a significant positive impact of profitability on firm value of the sampled firms.

However, Awan et al. (2018) examined the determinants of firm value using chemical industries of Pakistan. The research is quantitative in nature and data were collected from 19 chemical companies listed on the Pakistan stock exchange. The result of the study shows that profitability has no significant impact on firm value.

Similarly, Endri, (2019) considered the determinants of firm value of manufacturing sector listed on Indonesian stock exchange. Data were collected from 32 sample firms for the period of 2011 – 2017. The finding of the study indicates that profitability has not significantly influence firm value.

Investment Decision and Firm Value

Mbugua et al. (2018) examine the factors that determine the value of companies in Nairobi security exchange. The study used descriptive research design and data were collected for the period of 10 years, from 2006 –2016. The findings from the study indicate that investment decision as measured by the ratio of market stock price to earnings per share has significant positive impact on firm value of the sample firms.

Kusiya and Arief (2017) studied the determinant of firm value and commercial banks in Indonesia were used as the domain. The study used purposeful sampling and collected data for the period of 5years from 2011- 2015. The finding of the study shows a positive significant relationship between investment decision and firm value of commercial banks in Indonesia.

Similarly, Hajering et al. (2018) examine the influence of investment decision on financial performance and firm value the study used data from 40 listed banks in Indonesia for the period of 3 years from 2013 – 2015. The study adopted explanatorily research approach and found a positive significant impact of investment decision on firm value of the listed banks.

However, the study carried out by Triani and Tarmidi (2019) examine the impact of investment decision on firm value in Indonesian firms for the period of 4 year from 2013 – 2016. The study examined data from 33 firms and found an insignificant impact between investment decision and firm value as measured by price to book value ratio.

Funding Decision and Firm Value

Adenugba, et al. (2016) examines the impact of financial leverage and firm value in of selected firms in Nigeria. The study collected data for the period of 5years from 2007 – 2012. The study revealed that there is a significant effect between financial leverage as measured by debt to equity ratio and firm value. Similarly, Harsha et al.(2018) recorded that funding decision has positive significant influence on firm value.

However, The study conducted by Dutta, Mukherjee and Sen (2018) on the impact of financial leverage on firm value of listed Indian companies. The study used descriptive research design and data were collected from 31 listed companies for the period of 10 years. The findings of the study indicate that leverage has a negative significant effect on firm value

after controlling for firm size. Awan et al., (2018) also fund an insignificant impact of funding decision on firm value.

Dividend Policy and Firm Value

Oliver, Iniviel and Daniel (2016) examine the effect of dividend policy on the firm value, the study made used of data from 12 quoted firms in Nigeria stock exchange. The result of the study reveals that dividend per share has significant negatively impact on share value of the firm while earning per share has positive significant impact on share value of firms. Similarly, Kusiya &Arief, (2017) recorded a positive significance impact of dividend decision on firm value.

Similarly, Aloys & Wmalwa,(2015) investigate the factors that influence firm value with data from the listed commercial banks in Nairobi Securities Exchange. The study used explanatory research design with secondary data collected from 2002 – 2012. The finding of the study shows that dividend ratio has no significant influence on firm value. also found an insignificant relationship between dividend decision and firm value.

Theoretical Review

Trade off theory of capital structure is a situation where a company decides how much debt and equity finance should be employed in other to balance the costs of debt and benefits. The classical version of the hypothesis is traced back to Kraus and Litzenberger as cited by Yinusa Abidemi Enitan, (2017) who considered a balance between the dead-weight costs of bankruptcy and the tax saving benefits of debt. This theory is usually put in place as a competitor theory to the pecking order theory of capital structure. Market capitalization measures the worth of a company in the open market and the perception of future projection as it reflects what investors are willing to pay for its stock. Investments in stocks of large companies may be considered more conservative than investments in stock of medium or small companies, potentially posing less risk in exchange for less aggressive growth potential. However, small companies are exposed to the extreme competition and uncertainties. The study conducted by Frank & Goyal (2005) on trade-off theory has been used by different authors in relation to decision to make in running a firm by evaluating the various costs and benefits of alternative leverage plans. The trade-off theory assumes that there are benefits to leverage up until the optimal capital structure is reached. Trade off theory is relevant in this study since listed companies must adopt alternative sources of financing.

Signaling theory provides an understanding as to why certain signals are reliable while others are not in terms of decision making. The theory focuses on the quality and reliability of accounting information provided by a company to the users of accounting information for investment decision making as potential investors. Spence (2007) argues that a healthy performing firm differentiates itself from the non-performing ones through providing a credible signal regarding its performance to both the capital markets and the potential investors. Signals sent by a firm are the outcomes of its operations which informs investors about the firm's future prospects.

According to Bergh, Connelly, Ketchen, Shannon and Lu (2014). the signal is an action taken by the firm to assist investors about how management considers the firm's prospects from financial performance, compliance or non-compliance. The theory assumed that managers and shareholders of a company have conflict in terms of access to important information regarding firm activities. Information about corporate performance is a very vital as it impacts on investors reaction and decision on stocks of firms in the open market. Signaling theory is adopted in this study since the value of firm is measure by its stock price.

Based on these theories, the study examined the determinant of firm value of listed deposit money banks in Nigeria.

Methodology and Variable Measurement

The study examines the determinant of Firm value of listed DMBs in Nigeria for six (6) years from 2013 to 2018. The basis for selecting this period is due to the several financial crises in Nigeria from 2009 through the period covered by study which has affected the value of firms in Nigeria. The study selected recent six (6) years out of eleven (11) years affected by the financial crisis. The research design adopted for this study was ex-post facto research design. This is after the event research which suitable to determine a cause and effect relationship often used in quantitative method. The study used secondary data from the sampled firm's annual reports and accounts. The population of the study is fifteen (15) listed DMBs in Nigeria as at 2018. After application of some criteria one bank that was not listed before 2013 and one other bank whose some of its reports were not in Nigerian currency were filtered and 13 banks was arrived at to form the sample size.

Model Specification

Multiple panel data regression analysis was selected to analyze the hypothesized relationships between the dependent variable, the independent variables and the control variable in this study. The econometric equation which is consistent with Kusiya and Arief, (2017) and Awan et al.,(2018) is given as:

$$Y = a + bx_1 + bx_2 + bx_3 + bx_4 + bx_5 + bx_6$$

$$Tobinsq_{it} = \beta_0 + \beta_1 (ROA)_{it} + \beta_2 (IND)_{it} + \beta_3 (FND)_{it} + \beta_4 (DVP)_{it} + \beta_5 (FS)_{it} + \beta_6 (FAGE)_{it} + e_{it}$$

Where Tobinsq = measure of firm value (DV)

ROA = Profitability (IV)
IND = Investment decision (IV)
FND = Funding decision (IV)
DVP = Dividend policy (IV)
FS = Firm Size (CV)
FAGE = Age (CV)
e = Error Term

Variables and Measurement

Variables	Type	Measurements	Source(s)
Firm Value measured by Tobin's Q	Dependent variable	Tobin's Q is calculated by the ratio of the market value of the firm plus debt divided by the book value of its assets	Endri 2019
Profitability (ROA)	Independent	Measured as profit after tax divide by total asset	Awan et al., (2018)
Investment decision (IND)	,,	Measured as market price of stock divide by earning per share	Awan et al., (2018)
Funding decision (FND)	,,	Is measured as total debt divide by equity	Harsha et al., (2018)
Dividend policy (DVP)	,,	Measured as dividend per share divide by earning per share	kusiya and Arief
Firm size (FS)	Control variable	Measured as natural log of total asset	Tui et al., (2017)
FAge (AGE)	Control variable	No of years of a firm from listed date	Pervan,Pervan &Curak (2017)

Adapted from: Kusiya and Arief, (2017) and Awan et al., (2018)

Result and Discussions

The results of the data collected and subsequently analyzed are presented and discussed in this section. The descriptive statistic, correlation matrices and regression result are as follows:

Table 1 Descriptive Statistic

Variable	Observation	Mean	Std. Dev.	Min	Max
Tobinsq	78	.0988643	.0941842	.0000492	.3781686
Roa	78	.0256467	.0434804	-.0953183	.2584365
ind	78	7.073996	8.741126	-.4152954	72.66666
fnd	78	365.1052	1804.007	-1646.205	13306.68
dvp	78	.0120841	.0606909	0	.3606557
fs	78	27.42829	1.19197	25.0461	29.2315
fage	78	21.88462	13.76329	8	48

Source: Authors computation (2018) based on STATA 11 output

Table 1 shows that a comparison of the mean with the maximum values for each of the variables indicates that the value of the DMBs as measure by Tobin's Q is 9.8 percent within the sample period, the mean of 2.5 percent profitability (ROA) and a standard deviation of 0.04 shows that there is wide variation in profitability amongst firms. The mean of 7.07 of the

investment decision (IND) with a standard deviation of 8.74 indicate there is no wide variation between the IND of firms in the industry. The funding decision (FND) has a mean of 365.10 and a standard deviation of 1804.01, this implies that there is large difference between the mean and standard deviation which suggests that there is considerable difference in the use of debt financing across the firms. This is also evident from the minimum and maximum of -1646.20 and 13306.68 respectively. Dividend policy has a mean 0.01 which id 1.2% and a standard deviation of 0.06 which is 6% shows a very wide difference in the dividend payout ratio across the firms. This is evident by the minimum and maximum value of 0 and 0 .36 respectively.

Table 2 Correlation Matrix

Variables	tobinsq	roa	ind	fnd	Dvp	Fs	Fage
tobinsq	1.0000						
Roa	0.5921	1.0000					
Ind	0.0046	0.0388	1.0000				
Fnd	0.0330	-0.1831	-0.0068	1.0000			
Dvp	0.2470	0.0075	0.0270	-0.0401	1.0000		
Fs	0.0306	-0.2979	-0.0583	-0.0766	0.1506	1.0000	
Fage	-0.0650	-0.1408	0.0436	-0.1219	0.0285	0.1786	1.0000

Source: Authors computation (2018) based on STATA 11 output

The correlation matrix above show how dependent and independent variables relate among themselves which indicates that there is a positive correlation between Tobin's q and performance, investment decision, funding decision, dividend policy and firm size but a negative correlation with firm age. The negative correlations between firm age and Tobin's q mean correlation is not strong. The correlation matrix is essential as excessive correlation can distort the standard error of estimation and thus incorrect conclusion. The correlation coefficient reveals that there are no high correlations among explained and explanatory variable. It has been established by Gujarati (2004) that all variables that have less than 0.80 correlation coefficients are considered safe and can be included in the same regression model.

Breusch-Pagan / Cook-Weisberg test for heteroskedasticity
Ho: Constant variance
Variables: fitted values of tobinsq

chi2(1) = 0.74
Prob > chi2 = 0.3893

The result above shows that there is absence of heteroskedasticity which implies that the variables are homogenous. The study also tests for the existence of multicollinearity using the VIF and tolerance as shown in the table below. Since none of the value of VIF in the study is above 10 and Tolerance value of less than 0.1, there is no presence of multicollinearity.

Panel data analysis was utilized to examine the impact of financial determinants on firm

value of DMBs. Hausman test was done as a statistical measure for selecting between fixed effect model and random effect model of the analysis for forecasting. The Hausman test has a chi2 value of 8.38 with a Prob. value of 0.14, which implies that it is not significant at 5% level of significance. Hence, we accept the null hypothesis that random effect is preferable. Breusch and Pagan Lagrangian multiplier test for random effects was employ to determine whether to interpret the robust random effect result or the Pooled Ordinary Least Square, the result shows a chi2 value of 40.31 and a prob. value of 0.00. Hence, the robust random effect was selected for interpretation suggesting that there is a significant difference between the pooled OLS and the random effect results.

Table 3 Regression Result

Variable	Coefficient	Std. Error	T. Value	Prob.	Tolerance	VIF
Roa	.721779	.1695026	4.26	0.000	0.853162	1.17
Ind	.0002462	.0004202	0.59	0.558	0.991616	1.01
Fnd	5.06e-06	1.25e-06	4.05	0.000	0.930236	1.07
Dvp	.2384354	.0410051	5.81	0.000	0.972824	1.03
Fs	-.0019911	.0131023	-0.15	0.879	0.855075	1.17
Fage	-.0007064	.000985	-0.72	0.473	0.939316	1.06
Cons	.1439557	.3511453	0.41	0.682		**1.09**
R Square				0.4623		
Wald chi2(6)				175.85		
Prob > chi2				0.0000		

Source: Authors computation (2018) based on STATA 11 output

Table 3 shows that performance (ROA) has a coefficient of 0.72 and with a P-value of 0.00 which is significant at 5% levels of significance which implies that ROA has significant impact on firm value of listed DMBs in Nigeria. Therefore, based on this evidence, the study rejects the null hypothesis one (H01) which states that performance (ROA) has no significant effect on firm value of listed DMBs in Nigeria.

However, Investment decision (IND) has no significant impact on firm value (Tobin's q) of DMBs in Nigeria, with a coefficient of 0.00 and a P- value of 0.56 which is not significant at 5% level of significance. Based on this result, the study accepts the null hypothesis two (H02), which states that Investment decision has no significant impact on the firm value of listed DMBs in Nigeria.

On the other hand, the result of study depicts that Funding decision (FND) has a coefficient of 5.06 and with a P-value of 0.00 which is significant at 5% levels of significance which implies that FND has significant impact on firm value of listed DMBs in Nigeria. Therefore, based on this evidence, the study rejects the null hypothesis three (H03) which states that funding decision (FND) has no significant impact on firm value of listed DMBs in Nigeria.

The result of study also shows that Dividend policy (DVP) has a coefficient of 0.24 and with a P-value of 0.00 which is significant at 5% levels of significance which implies that dividend policy has significant impact on firm value of listed DMBs in Nigeria. Therefore, based on this evidence, the study rejects the null hypothesis four (H04) which states that

funding decision (FND) has no significant impact on firm value of listed DMBs in Nigeria.

Firm age and firm size are included in the regression model as a control variable. Controlling this variable is an essential factor to ascertain the determinant of firm value accurately.

Discussions of Findings

From the tests conducted on the data collected and the analyses of the results of this study, the R-square of 0.46 means that the determinant of firm value as measured by ROA, IND, FND, and DVP explains the firm value as measured by Tobin's Q to the tune of 46%. And the F-statistics of 175.85 which is significant at 5% (0.00), this is an indication that the model is well fitted and the findings from the study can be relied upon.

The study revealed that profitability is positively significant at 5%. This finding suggests that, the more profitability the higher the firm value of the banks. This finding is in line with the result found in the study of Tui et al. (2017); Mbugua et al. (2018) and Harsha et al. (2018) whose study were based on the determinant of firm value. However, Awan et al.(2018) and Endri (2019) found an insignificance relationship between profitability and firm value. The positive significant impact of profitability in this study is consistent with previous study (Oktaviani et al., 2019 and Sabrin et al., 2016). They suggest that High firm profitability creates added value, in relation to performance and also prompt positive responses from investors and increases stock price.

However, this study found an insignificant relationship between investment decision (IND) and firm value of listed deposit money banks in Nigeria during the period under study. This finding implies that IND does not influence firm value either upward or downward. This finding supports the result of Triani & Tarmidi, (2019 who examine the impact of investment decision on firm value. However, the findings of this study contradict the result of Mbugua et al., (2018); Harsha et al., (2018); Kusiya and Arief, (2017) and Hajering et el. (2018) whose studies recorded a significance relationship between investment decision and firm value.

The study also revealed that funding decision is positively significant at 5%.This finding suggest that, an increase in funding decision will result to a proportionate increase in firm value of the banks. This finding is in line with the result found in the study of Adenugba et al (2016) who examine the impact of leverage on firm value and Harsha et al.(2018) whose study was on the determinant of firm value. However, Awan et al. (2018) found an insignificance relationship between funding decision and firm value and Dutta et al. (2018) who recorded a negative significant between leverage and firm value. The positive significant impact of funding decision in this study is consistent with assumption of the trade-off theory that there are benefits to leverage up until the optimal capital structure is reached.

Similarly the study revealed that dividend policy has a statistical positive significance of 5% on firm value. This result implies that the more dividends are paid, the more the value of the firm. The finding is in line with the study of Oliver et al. (2016) and Kusiya and Arief (2016) who examine the impact of dividend policy on firm value. However, the study contradicts that of Triani &Tarmidi (2019) and Aloys and Wmalwa (2015) who found an insignificant impact between DVP and firm value.

Conclusion and Recommendations

The study is an empirical examination of the determinant of firm value as measured by Tobins Q of listed deposit money banks in Nigeria. The study used pool ordinary least square regression to analyze the secondary data collected from the sample banks of 6years 2013 to 2018. Concepts, principles and contrasting views of scholars were discussed, and literatures were reviewed on profitability, investment decision, funding decision, dividend policy firm size and firm value.

The surrogates investigated in this study are all correlated because profitability, investment decision, funding decision, dividend policy firm size has a positive coefficient with a firm value under the correlation matrix. The most important construct by regression analysis co-efficient is profitability followed by dividend policy firm size and funding decision. The impact of the determinant on firm value is positive and significant.

A positive relationship between ROA and firm value represents management effective and efficient effort in enhancing asset utilization to maximizing shareholders wealth. As profitability increase the price of its stock in the open market also increase. The increase in profitability attracts investors to buy more of shares of companies that are making high profit in other to gain future benefit thereby increasing the value of the firm. Similarly, the positive significance relationship between funding decision (FND) and firm value implies that the amount of debt capital deployed by the banks have superior returns as compare to its cost. It also implies that the borrowed capital has been invested into an investment with positive net present value.

Dividend policy (DVP) has a positive significant relationship with firm value, this relationship implies that the banks pay dividend to its shareholders who give information or signal about firm financial performance in investors view thereby increase in share price. A healthy financial perforating firm is identify by it dividend paid and investors are willing to pay high price for its shares and the higher the share price the better the firm value since the value of firms are comparison between share price and book value.

Finally, the insignificance impact of investment decision (IND) on firm value cannot be ignored because investment theory states that any investment decision made is expected to produce the rate of return with a particular risk. However, the findings of this study imply that investor did not react significantly to investment decision in the firms as a result; firm value is not affected by investment decision.

In line with the various findings of this study, the following measure should be put in place in other to enhance firm value of listed DMBs in Nigeria:

Managers of DMBs in Nigeria can improve the firm value of firms by continuously adopting corrective measures which are focused towards curbing operational cost and enhancing profitability of the banks.

Secondly, listed DMBs ought to examine alternative sources of financing and adopt the cheapest source of finance. This would enhance firm performance and consequently

maximize shareholders wealth. However, caution should be exercised when borrowing to avoid excessive borrowing which may negatively affect the performance of the banks.

Thirdly, managers of listed DMBs should maintain a stable or increasing dividend payout ratio as it gives information or signal about firm financial performance in thereby increase in share price.

Finally, the management of DMBs should ensure that they expand the banks in a controlled manner in other to achieve optimal size aimed at maximizing economies of scale that will provide a higher firm value.

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