

Profitability Indices and Manufactured Capital of Conglomerates in Nigeria

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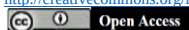
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ABSTRACT

The study was to verify the relationship between Profitability (independent variables) and manufactured capital (dependent variable) of conglomerates in Nigeria for the period 2016 to 2025. Profitability was expressed with Gross Margin, Net Profit Margin and Cash Ratio. The test of the three hypotheses showed that all the independent variables had no relationship with manufactured capital. It therefore concluded that conglomerates operating in Nigeria's emerging market during that period should check for variables that can yield good relationship on their manufactured capital since none of the independent variables had positive relationship with it. Manufactured Capital should result in enhanced performance to improve upon Profitability unfortunately, this was not the case here. Management should therefore conduct a detailed analysis to understand why this was not so in these companies. There is need to increase spending on research and development (R&D), expansion projects, and employee up-skilling to drive sustainable growth as well as explore strategic partnerships, acquisitions, or market expansion to deploy excess cash effectively.

Introduction

Businesses are primarily set up for the purpose of making profits without which it will not survive in the long run. Increasing profit is one of the most important tasks of business managers who constantly look for ways to improve productivity. Business practices across many industries measure success with different approaches based on strategy or utility. Successes in business is measured through the lens of profitability, so measuring current and past viability and projecting into the future is very important. Profitability is not merely a measure of net profit; rather, it is a comprehensive indicator assessing a company's efficiency in utilizing resources, both assets and capital, to generate returns. This capability is crucial because consistent and adequate profits are the primary foundation for business continuity, growth, and most importantly, an increase in firm's value. Companies that can effectively transform their assets and operations into solid profits will be seen as more attractive by investors, as this demonstrates competent management and healthy financial prospects for the future (Sihombing *et al*, 2025). The term "profitability" is a compound word of "profit" and "ability". The word "profit" has been defined as the sum arrived at by deducting total costs from sales revenue while the term "ability" reflects the power of an enterprise to earn profit. The ability is also referred to as earning power, earning capacity or operating performance of the concerned investment (Toshniwal, 2016). In order to remain in business and withstand competition from firms operating in similar industry, there is need for every organization to aim at maximization of profits. This is a pre-requisite for long term survival and success of a firm while it is a key pre-condition for the achievement of other financial goals of a business entity.

Management of every company believes in and is confident that consistent profits will attract and retain investors in the company, thereby increasing Firm Value (Fajaria and Isnalita, 2018).

The first factor influencing profit growth is the gross profit margin (GPM). Companies utilize GPM as a tool to assess operational cost effectiveness. An increasing gross profit margin indicates that the gross profit from net sales in the organization will be greater. The second factor influencing profit growth is the net profit margin (NPM) which provides an overview of the benefits generated by an institution from the sales process. Increased net profit margin results in higher company profits (Gulo and Sembiring 2024). The third factor, based on our study, is cash ratio. The cash ratio, sometimes referred to as the cash asset ratio, is a liquidity metric that indicates a company's capacity to pay off [short-term debt obligations](#) with its cash and cash equivalents. Compared to other liquidity ratios such as the [current ratio](#) and [quick ratio](#), the cash ratio is a stricter, more conservative measure because only cash and cash equivalents, which are a company's most liquid assets, are used in the calculation.

This paper aims at measuring Profitability Indices with Manufactured Capital of conglomerates operating in Nigeria between 2016 and 2025.

Objectives of the study

The primary objective of this study is to investigate the relationship between profitability and manufactured capital of conglomerates in Nigeria. Specifically, the study aims to:

1. Assess the relationship between Gross Profit Margin (Revenue – cost of goods sold/Revenue) and Manufactured Capital of listed conglomerates in Nigeria.
2. Evaluate the relationship between Net Profit Margin (Net Income/Revenue) and Manufactured Capital of listed conglomerates in Nigeria.
3. Assess Cash Ratio (cash and cash equivalents/current liabilities) and Manufactured Capital of listed conglomerates in Nigeria.

Research Questions

1. How is Gross Profit Margin influenced by Manufactured Capital of listed conglomerates in Nigeria?
2. What relationship does Net Profit Margin has on Manufactured Capital of listed conglomerates in Nigeria?
3. Has Cash Ratio any relationship with Manufactured Capital of listed conglomerates in Nigeria?

Null Hypothesis

The null hypothesis (H_0) for this study is:

1. H_{01} : There is no significant influence of Gross Profit Margin on Manufactured Capital of listed conglomerates in Nigeria.
2. H_{02} : There is no significant relationship between Net Profit Margin and Manufactured Capital of listed conglomerates in Nigeria.
3. H_{03} : Cash Ratio has no significant positive relationship with Manufactured Capital of listed conglomerates in Nigeria.

Conceptual Review

Profitability

Profitability is a measure of the extent to which a company can generate profit from its operations. Profit is typically calculated as total revenue minus total expenses, and profitability ratios are used to assess this performance. These ratios help stakeholders evaluate the effectiveness of a company's management in generating earnings relative to its sales, assets, or equity. Several factors can influence a company's profitability, ranging from internal efficiency to external market conditions. Understanding these factors is essential for businesses aiming to improve their profitability metrics. Internal factors are those that are within a company's control and can significantly impact profitability. These include

effective cost management through reduction of operational costs while maintaining quality and efficiency; pricing strategy considering the fact that setting prices too low erodes margins, while going too high may deter customers; streamlining operations and improving productivity by investing in technology and process improvements for better financial performance; also, the types of products or services offered can also affect profitability. High-margin products can boost overall profitability, while low-margin items may dilute profit margins. Large profits will attract investors because the company has a high rate of return (Yusuf and Surjaatmadja 2018).

External factors include economic conditions, such as recessions or booms, which can significantly influence consumer demand and pricing power, thereby affecting profitability; the level of competition in an industry which can impact pricing strategies and market share, which in turn affects profitability. Companies must continuously innovate and differentiate themselves to maintain a competitive edge; changes in regulations can impose additional costs or restrictions on businesses, impacting their profitability. Companies must stay informed about regulatory changes and adapt accordingly; shifts in consumer preferences and behaviours can influence demand for products and services, affecting profitability. Companies that can anticipate and respond to these trends are more likely to succeed. Profitability is very important, hence, it is necessary to find the drivers of profitability of firms listed on the stock market (Banda and Edriss 2022).

There are several key metrics used to measure profitability, including [gross profit margin](#), [net profit margin](#), cash ratio, return on assets (ROA), and return on equity (ROE). Each of these metrics provides a different perspective on profitability and can be used to compare performance across different companies or industries.

Gross Margin

Gross margin or gross profit margin (GPM) is one of the most critical ratios used to forecast a company's success or failure. Gross margin is the percentage of revenue left over after subtracting company's [direct costs](#) (the cost of producing or selling the goods or services). In a manufacturing company, these direct costs are called [cost of goods sold](#) (COGS); in retail and wholesale businesses, they are known as [cost of sales](#). Gross margin (sometimes called [gross profit margin](#)) is not the same thing as gross profit. The latter is the amount of money left over after subtracting direct costs and is expressed as a naira amount (Vance, 2021). Few companies routinely monitor the gross margin. No company plans to lose money on every unit it sells, so initial prices are often set with some target gross margin in mind. But over time, competitive pressures may push down price and costs may rise. Both factors put pressure on the gross margin of individual products. Gross margin is expressed as a percentage which helps an organization to compare the ratios over a certain period of time as well as compare to other companies in the same industry (Gulo and Sembiring 2024). Gross margin is a key financial metric because it is the first step in understanding the potential value of a company's business model and how sustainable it will be. A negative gross margin is a big red flag for an entrepreneur meaning that more money is spent than earned in selling the goods. In an increasingly dynamic business environment, companies need to evaluate their business performance regularly to ensure that they remain effective and efficient in generating revenue. By using the GPM ratio, companies can get a clear picture of how effective they are in generating gross income from their operational activities. Gross Margin is derived at by dividing Gross Profit by Turnover and expressing same in a percentage.

Net Profit margin

Net Profit Margin (NPM) is a financial ratio that indicates the profitability of a company by showing the percentage of revenue remaining after all expenses, including cost of goods sold, operating expenses, interest, and taxes, have been deducted. It essentially represents how much profit a company keeps for every naira of revenue it earns. Net profit margin measures how well a company controls its

costs and expenses while generating revenue. It provides insights into the overall financial health and efficiency of a business. A higher net profit margin generally indicates better financial health and a stronger ability to handle financial challenges or invest in growth. Knowing the net profit margin of a business helps with three basic tasks: helping to judge whether a business is managing its revenues, expenses, and operational efficiency well based on the rate of profit it is taking in. Low and negative margins might reveal a poorly run company (and vice versa); investors and analysts can compare different businesses of different sizes based on their margins, for help with forecasting and possibly determining where to park their capital; watching how the margin changes over time (is the company taking off or going down the drain?). This can affect stock price, opportunities for expansion, and more. Proprietors of businesses or investors just need to watch its movements, since it is a fast benchmark to see how the business is doing. Foreign Direct Investors (FDI) especially those with high technological intensity, bringing in new technologies and new knowledge, and employing domestic labour, are very much keen about this ratio (Grozdic, 2020).

Factors that affect net profit margin include: changes in accounting policies, or trying to delay or speed up the realization of revenue; allocation of cost over the life of a big investment like a fleet vehicle or other piece of equipment (this will drive up expenses and drive down net profit); debt from financing which creates interest payments that a business has to pay (the more debt, the more interest expense); natural disasters and market crashes; **one-time gains or losses** (like sale of a big asset like manufacturing plants, which will rake in a huge revenue boost); change in tax laws (can cause a change in profitability that has nothing to do with a company's actions). For example, an overall decrease in tax rate or a new subsidy for a product would improve their margins, but would normalize over the following years (Alren *et al*, 2026).

Cash ratio

Keeping a business up and running entails allocation and positioning cash carefully to meet numerous transaction needs every day, right from purchasing inventory to paying payrolls and interest on debts. To ensure operations as well as scale up, businesses need to often incur liabilities, which need to be paid at a certain point in time, without affecting their liquidity position. This is where the cash ratio comes into play. The cash ratio is a method of measuring liquidity of a company. It compares the cash and cash equivalent position against short-term borrowings, also called current liabilities. It helps determine if a business can repay its short-term borrowings only by using cash and cash equivalents. More importantly, the cash ratio is critical to analyzing cash flow, giving opportunities to boost cash flow management with accurate cash projections. It also helps analysts and creditors figure out the creditworthiness of a company, its financial health and its actual cash position. The cash ratio is used to evaluate a business's current financial position and security and measures its ability to pay off short-term liabilities while maintaining strong liquidity. It is considered as a stricter way to assess liquidity and is different from the quick ratio or current ratio. This includes physical currency, bank deposits, and other items readily convertible to cash. A cash ratio of 1.0 or higher suggests the company has sufficient cash and equivalents to cover all its current liabilities. A cash ratio below 1.0 might indicate a potential challenge in meeting short-term obligations. The ideal cash ratio can vary by industry and company, but generally, a range between 0.5 and 1.0 is considered acceptable (Mairafi *et al*, 2025).

The importance of cash ratio goes beyond just measuring the liquidity of a business. It gives crucial insights into cash flow management and assists in making better liquidity decisions. A higher cash ratio indicates that the business has enough liquid assets to cover short-term borrowing requirements. This will help create a provision for a buffer to manage critical fluctuations in cash flow, like seasonal variations in revenue or unexpected expenses. It is an important role in determining the working capital of the business. A lower cash ratio means that the organization need to implement

strategies to improve cash flow, such as optimizing accounts receivables, extending accounts payable terms, reducing inventory levels, and so on. On the other hand, a higher cash ratio means that the business can consider deploying cash more efficiently to generate returns and reduce financing costs. Cash ratio has a direct impact on the allocation of cash reserves, which in turn affects your investment decisions. Businesses that have higher cash ratios can invest excess cash in short-term investments or other income-generating assets to optimize returns. A lower ratio, conversely, means prioritizing retaining cash to maintain liquidity and mitigate risk (Sugiasuti *et al*, 2024).

Theoretical Review

Resource-Based View (RBV) Theory

Building on earlier work by Edith Penrose, this theoretical framework in strategic management highlights the role of a firm's resources in attaining superior performance and a competitive edge. Jay Barney formalized the RBV framework in his landmark 1991 paper, "*Firm Resources and Sustained Competitive Advantage*." According to this theory, a company's resources are strategic assets that can be classified as either intangible (such as organizational culture, intellectual property, and brand reputation) or tangible (such as financial assets and equipment), and they give a company a competitive edge over rivals. It is anticipated that resources will meet the VRIO criteria (Value, Rare, Inimitable, Organization), which were first proposed by Barney as a way to assess resources. He claims that VRIO is an acronym for **Value**: The resource must allow the company to take advantage of opportunities or eliminate risks; **Rarity**: The resource must be efficiently organized and used by the company. **Inimitable**: Poor performing firms can use resource-based theory to find alternative ways to generate economic value (by realizing that they cannot copy or replace a successful firm's resources and capabilities, at least not in a way that would generate economic profits for this firm) and to achieve competitive similarity (by closely examining the sources of success of higher performing firms and then copying all the resources and capabilities of these successful firms that are imitable). **Organization**: These businesses must identify their own unique, expensive, and difficult-to-copy resources and capabilities in order to achieve such performance levels. They must also figure out how to make these resources and skills provide more economic value than they do now. Businesses that have the capacity to perform better can employ resource-based theory to reach their full potential. These businesses accomplish this by determining which of their existing resources and competencies are rare and expensive to replicate, and then figuring out how to exploit these resources and capabilities to improve their capacity to generate economic value. The economic value generated by using these resources and competencies will be a source of income if they are uncommon and expensive to replicate. (Barney *et al.*, 2021). In order to assist firms gain and maintain a competitive edge, the Resource Based View places more emphasis on internal factors than external environmental situations. It postulates that a firm's competitive advantage and superior profitability derive from its unique, valuable, and hard-to-imitate resources. In conglomerates, manufactured capital (example: plants, equipment, technology) represents these core physical resources. RBV explains how efficiently leveraging this capital dictates profitability across various subsidiaries.

Capital Budgeting and Resource Allocation Theory:

This is the foundational theory for the Profitability Index itself providing the mathematical and strategic framework ($PI = PV \text{ of future cash flows} / \text{Initial investment}$) to evaluate whether a conglomerate's physical capital projects (manufactured capital) are viable and value-accretive. ($PI = \text{Profitability Index}$; $PV = \text{Present Value}$).

Empirical Review

Sihombing *et al*, (2025) studied on the Impact of Profitability, Firm Size, and Capital Structure on Firm Value in the Manufacturing Sector. This study analyzed the impact of profitability, firm size, and

capital structure on firm value within the manufacturing sector. Utilizing a descriptive literature-based method, this research synthesized various findings from previous studies to provide a comprehensive overview of the relationships among these variables. Profitability, often measured by Return on Assets (ROA) or Return on Equity (ROE), was expected to have a positive relationship with firm value as it reflects a company's ability to generate profits. Firm size, measured by total assets or the logarithm of sales, was also assumed to influence firm value, both through economies of scale and better access to capital markets. Meanwhile, capital structure, measured by Debt to Equity Ratio (DER) or Debt to Asset Ratio (DAR), had a complex impact; while debt can enhance firm value through tax shields, excessive debt levels can increase financial risk and potentially decrease firm value. The synthesis of literature indicated a general consensus on the importance of profitability and firm size in shaping firm value, though there was variation in the significance and direction of the relationship for capital structure variables. This study provided important implications for company managers and investors in making strategic decisions related to resource allocation and selecting an optimal capital structure to enhance firm value.

Mairafi *et al*, (2025) researched on the effect of Current and Cash Ratios on the Financial Performance of Listed Insurance Companies in Nigeria. The study aimed to examine the effect of current and cash ratios on the financial performance of listed insurance companies in Nigeria. *Ex-post facto* research design was adopted, while a secondary source of data collection was employed. Data were collected from the annual financial reports of six listed insurance companies. The study utilized panel regression to analyse the data from a sample of six (6) listed insurance companies on the Nigerian Exchange Group (NGX) from 2014 - 2023. The results of the panel regression revealed that the current ratio has a significant effect on the financial performance of the listed insurance companies in Nigeria. However, the cash ratio had an insignificant effect on the financial performance of the listed insurance companies in Nigeria. The study recommends that insurance companies should conduct internal liquidity assessments to establish a firm-specific optimal current ratio benchmark that balances liquidity and profitability as a measure of financial performance. To prevent liquidity shortages or excessive idle funds, insurance firms should invest in real-time liquidity monitoring systems. These systems should track daily cash inflows from premiums, investment returns, and claim payouts, enabling proactive financial decision-making. Also, excess cash that does not contribute to day-to-day operations should be strategically invested. Insurance companies can develop dynamic asset allocation models that adjust to market conditions, thereby investing idle cash in revenue-generating instruments. This approach can be guided by periodic reviews of cash flow forecasts and market trends, ensuring that excess liquidity is efficiently deployed.

Agbonghae A. (2024) researched on the Role of Supply Chain in Maximizing Revenue and Profits. Recognizing that supply chain costs constitute a significant portion of the final product cost, organizations must strive to minimize these costs to enhance revenue and profitability. Supply chain costs fluctuate due to factors such as sourcing, transportation, and inventory management. Therefore, improving the operational efficiency of the supply chain is crucial for boosting profitability in today's context. Supply chain operations are inherently complex, with uncertainties impacting various costs, thereby affecting return on investment and profitability. To address this, supply chain cost optimization should ensure that the supply chain is responsive, agile, and adaptable for both current and future operations. Optimizing these costs enhances operational efficiency, leading to increased revenue and profits. This article examines various supply chain cost parameters, including total operating costs, profit, revenue, logistics costs, and information sharing costs, through the lens of multi-objective optimization. It assumes a generic three- stage supply chain model comprising suppliers, manufacturers, and customer zones. A trade-off curve among the selected objective functions and relevant constraints

is developed and presented. This trade-off curve aids decision-makers in understanding the impact of supply chain optimization on the selected objectives, thereby fostering enhanced profitability and revenue generation in both present and future supply chain operations. There exists a strong relationship between logistics (including reverse logistics) and transportation costs (costs in both in-bound and out-bound logistic activities) and the revenue generated because of its criticality in the entire supply chain. Any mismatches will readily affect the revenue generated from the business operations. These mismatches may be due to changes in transportation schedules, order delivery, etc. Information Sharing Costs are more importantly viewed to have a role in supporting the collaboration and coordination of supply chains through information sharing. Collaboration and coordination costs, if minimized, will improve revenue and in turn, profit from the business operations. The most typical role of information sharing costs in SCM is to reduce the friction in transactions between supply chain partners through cost-effective information flow by adopting suitable IT tools. Speed of information transfer has been recognized as a key commodity that can if handled properly, become a competitive advantage in supply chain operations. However, it is the quality of the information not the quantity of data which enabling technologies have to promise. This calls for the need for the reduction of total operation costs by reducing the information-sharing component costs. The End-to-End supply chain cost optimization shall bestow seamless flow of activities across the supply chain, reduction of delays across the supply chain, total visibility of the supply chain that promise reduction of operating costs giving a scope for improvement in revenue and increase in profits.

Sugiastuti, *et al.* (2024) researched on the Effect of Current Ratio, Cash Ratio, Earning per Share, and Return on Equity on Stock Prices. This research was made for doubts about making investment decisions in the capital market by analyzing financial ratios to stock prices. The results showed that the Current ratio, Cash ratio, Earning per Share, and Return on Equity have significant influence on the stock prices of civil building construction sub-sector companies listed on the Indonesia Stock Exchange for 2016–2021.

Panle and Okpara (2024) researched on the Strategic Supply Chain Management Impact on Profitability of Manufacturing Companies in Plateau State, (A Case Study of Swan Paint Nigeria Limited Jos South). They examined the impact of strategic supply chain management at the profitability of Manufacturing Companies in Plateau State using 4(four) practices of supply chain that cover the upstream, downstream and inner practices which can be strategic providers partnership, customer relationship, level and exceptional of facts sharing and postponement. Data were amassed through questionnaire, approximately one hundred questionnaires become disbursed the various top, middle and occasional stage managers inside the company which had been anticipated to have the first-class expertise approximately their deliver chain operations and its effect on the general profitability of the employer, eighty of them answered definitely. The records were analyzed using SPSS model 23. The end result confirmed that there was a high-quality dating between deliver chain practices and profitability. It recommended that to improve both strategic providers, partnership and client relationship should be adopted and less effort must be placed on postponement as it has a bad and insignificant impact on profitability. Descriptive survey research design and use of purposive sampling approach in sampling was employed. The instrument followed to achieve the applicable and required information used for the analysis was a five factor Likert scale. It recommended improved strategic provider partnership which will result in organizational earnings hence organizations need to ensure they improve their strategic partnership with providers. Suppliers with similar goals were to be used, and as well, companies have to put in incredible effort on consumer dating as it has high quality effect to profitability of the businesses since patron loyalty improves sales thereby growing profit margin. The

stage and quality of information sharing in businesses should be improved so as to enhance the overall performance of such businesses.

Gulo, J. and Sembiring, J. C. (2024) researched on the influence of gross profit margin, net profit margin, company size, and sales growth on profit growth (in manufacturing companies registered on BEI in 2019-2022). The aim of the research was to analyze the influence of gross profit margin, net profit margin, company size and sales growth on profit growth (in manufacturing companies listed on the IDX in 2019-2022). The research was produced using secondary data and a purposive sampling method, namely the researcher carried out the best assessment to fulfill what had been determined, using a quantitative assessment approach, the total sample was 11 companies. The data was analyzed using multiple linear analysis techniques via the SPSS 23 application. The research results stated that GPM, NPM, company size and sales growth simultaneously and significantly influenced profit growth (in manufacturing companies listed on the BEI in 2019- 2022). Gross Profit Margin, Net Profit Margin, Sales Growth have a partial and significant influence on Profit Growth (in manufacturing companies listed on the IDX in 2019-2022). Company size has no influence and is not partially significant on Profit Growth (in manufacturing companies listed on the IDX for the 2019-2022 period).

Grozdić, *et al* (2020) did a study on Capital Investments and Manufacturing Firms' Performance: Panel-Data Analysis. The main goal of this study was to examine the effects of capital investments on firm performance, using panel-data analysis. For this purpose, financial data were gathered for 60 manufacturing firms based in Serbia, in the period from 2004 to 2016. The main research hypotheses were developed in accordance with the definition, nature, and time aspect of capital investments. Therefore, empirical expectation of this study was that the relationship between capital investments and firm performance should be positive—they probably bring losses to the firm in the short term, but they should increase firm performance in the long term. Finally, the results have indeed shown that capital investments have statistically significant negative effect on the short-term performance, but positive effect on the long-term performance of the analyzed firms, while controlling for time-fixed effects and certain internal factors. The findings of this study confirmed our main research hypotheses and empirical expectation that relationship between capital investments and firm performance should be positive because of the definition, nature, and time aspect of capital investments—they probably bring losses to the firm in the short term, but they should increase firm performance in the long term. Accordingly, we have indeed shown that capital investments have a negative effect on the firm performance in the short term, but positive effect on the firm performance in the long term. More precisely, we found, in our panel data set, using pooled OLS regression, statistically significant effect of capital investments on firm performance, measured by return on assets, and considering both short-term and long-term aspects, while controlling for time-fixed effects and certain internal factors, such as firm size, leverage, total asset turnover, and asset tangibility.

The results of this research can contribute to the benefit of manufacturing firms, considering that capital investments have an important role in their sustainable development. They can be used by managers of manufacturing firms as a helpful tool while making strategic and investment decisions. These results also support the general fiscal policy which assumes that capital investments have a central role in stimulating growth and that capital investments causes better performance. Generally, the implication of our research is that the state governments, and especially government in Serbia where all analyzed firms are from, should encourage and support capital investment activities to ensure economic sustainability, while manufacturing firms, especially in Serbia, should invest more in sustainable production projects—which should be profitable, not just the path to insolvent borrowing.

This research, however, has some limitations. First, because of the lack of data, this study does not include factors such as, for example, particular type of manufacturing industry, state, or private

ownership of the firm, exporter or importer firm, or other firm characteristics, which would help us to understand the relationship between capital investments and firm performance in a more comprehensive way. Second, the measurement of capital investment should also include amortization costs, but again, lack of data prevented inclusion of this component. Since this topic is, in general, poorly covered by the literature concerning the regional aspects, it could also be interesting to expand the research and see how capital investments, in interaction with geographical characteristics, affect firms' performance in different regions and possibly over a longer period of time. However, most of these factors require a larger amount of data, which lead us to the sample size as a third limitation of this study. The results could be affected by sample size, and a larger one would, surely, decrease the likelihood of skewing the results, which would increase the power of the study. Nevertheless, these limitations can be a solid ground for the future research directions.

Mahdi and Khaddafi (2020) wrote on the Influence of Gross Profit Margin, Operating Profit Margin and Net Profit Margin on the Stock Price of Consumer Good Industry in the Indonesia Stock Exchange on 2012-2014. The study aimed at analyzing their effects on stock prices. Company profit information which includes gross profit margin, operating profit margin, and net profit margin are variables that are thought to affect the 2012-2014 stock prices. The unit of analysis used is the Consumer Good Industry Company. Testing of this research was carried out using the classic assumption test, which consisted of 3 basic assumptions, namely normality, multicollinearity, and heteroscedasticity. After that, a multiple linear regression test is performed to determine the regression equation that shows the relationship of the dependent variable that is determined by two or more independent variables. The F-test is carried out to find out whether the three independent variables together have a significant effect on the dependent variable. And the last t-test is used to see the significance of the influence of individual independent variables on the dependent variable by assuming other variables are constant. The results showed simultaneously a positive and significant influence from net profit margin, operating profit margin, and gross profit margin on stock prices in Good Consumer Industry Company listed on the Indonesia Stock Exchange, while partially net profit margin and gross profit margin were not there is a positive and insignificant influence on stock prices on Good Consumer Industry Company listed on the Indonesia Stock Exchange, while operating profit margin, partially there is a positive and significant effect on stock prices on Good Consumer Industry Company listed on the Indonesia Stock Exchange on 2012-2014.

Yusuf and Surjaatmadja (2018) researched on the Analysis of Financial Performance on Profitability with Non Performance Financing as Variable Moderation (Study at Sharia Commercial Bank in Indonesia Period 2012–2016). According to them, Profitability is the ability of banks in generating profits effectively and efficiently. The purpose of this study was to determine the effect of capital adequacy ratio (CAR) and financing to deposit ratio (FDR) on profitability (proxies with return on assets [ROA]) with non performing financing (NPF) as a moderation variable. The population of this study was sharia commercial banks in Indonesia for the period 2012–2016 which amounted to 12 banks. This study used purposive sampling method for sampling, the selection of samples with certain criteria, so that this research samples obtained as many as 11 banks. The data used in this research was secondary data. Data analysis used was multiple linear regression analysis. Meanwhile, to test the effect of the moderating variable on the influence between independent variable and dependent variable using moderated regression analysis, the results showed that partially, CAR and FDR had a significant positive effect on profitability and BOPO had a significant negative effect on profitability. While the NPF had no significant effect on the relationship between CAR with profitability and the relationship between FDR with profitability, while the NPF had a significant negative effect on the relationship between BOPO with profitability. However, NPF as a moderating variable had an insignificant influence (unable

to moderate) the CAR relationship to ROA and NPF as moderating variable had an insignificant influence (unable to moderate) FDR relation to ROA and NPF as moderating variable had significant negative effect (able to moderate) BOPO relationship to ROA sharia public bank in Indonesia for the period 2012–2016.

Manufactured Capital was taken from the cash flow from investing activities in the companies' cash flow statements while profitability was measured using three variables, namely, Gross Profit Margin, Net Profit Margin as well as Cash Ratio.

Methodology

3.1 Research Design

Ex-post facto research design was adopted in this study because past data was used. Listed conglomerate companies operating in Nigeria where we could get their data were UAC, John Holt, Chellarams, Dangote Cement and Unilever, Honeywell, Seplat, Transnational Corporation, Presco and Guinness. Data for the work were sourced from the financials of each of the companies as published. The data obtained from these sources were the same and this further enhanced the validity of the study. The variables for the work were Manufactured Capital being amounts expended on acquisition of non-current assets on annual basis by each of the companies while Profitability was represented by Gross Margin, Net Profit Margin as well as Cash Ratio.

3.2 Model Specification

The following specification was formulated to ascertain the contributions of the independent variables to the dependent variable and was expressed in regression models.

$$\text{MFC} = a + b_1\text{GPM} + e \quad \text{Equation 3.1}$$

$$\text{MFC} = a + b_2\text{NPM} + e \quad \text{Equation 3.2}$$

$$\text{MFC} = a + b_3\text{CRA} + e \quad \text{Equation 3.3}$$

Where MFC = Manufactured Capital

GPM = Gross Profit Margin

NPM = Net Profit Margin

CRA = Cash Ratio

Data presentation, analysis and findings

4.1 Data Presentation

The study was made up of manufactured capital as dependent variable while Gross Margin, Net Profit Margin as well as Cash Ratio were independent variables.

Table 4.1: Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation	Skewness	Kurtosis		
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
CAPEX	100	.848000000	404980.000	29801.2191	69836.3412	3.380	.241	12.26	.478
N									
Gross Profit	100	-759.00	100.00	36.7996	94.09971	-6.735	.241	54.07	.478
Margin									
Net Profit	100	-1107.00	748.00	28.6662	171.12820	-1.979	.241	22.66	.478
Margin									
Cash Ratio	100	-80.00	234.00	38.2770	56.50220	1.348	.241	2.152	.478
Valid N (listwise)	100								

Source: Researcher's computation, 2026

From Table 4.1, Gross Profit Margin had a mean of 36.7996 which means that the average data was above zero. It means that most data points were positive. The minimum value of -0.759 indicated that the lowest value of the dataset was negative. The maximum value of 100 means that the highest value of the dataset was positive. Standard Deviation which measures how spread out the values are, was positive at 94.09971. It deviated from the mean at that value. Skewness indicating asymmetry in the data distribution had long left tail at -6.735; these are more extreme small values. Kurtosis which measures whether data has heavy or light tails compared to a normal distribution showed 54.07 (meaning that it had more extreme values (outliers) than a normal distribution).

Looking at the Net Profit Margin from the same Table 4.1, it had a positive mean of 28.6662 indicating that the average data was not negative. It had a minimum value of -0.1107 indicating that the lowest value of the dataset was negative. The maximum value of 748.00 showed that the highest value was positive. Standard deviation was 171.1282 indicating a positive spread. Skewness of -1.979 indicated that the distribution was left-skewed, that is, more values were concentrated on the right, with a longer tail on the left. Kurtosis of 22.66 showed that it had more extreme values than a normal distribution.

From the same Table 4.1 Cash Ratio had a mean of 38.277 indicating that the average data was positive. The minimum value of -0.8 showed that the lowest value was negative while the maximum value of 234.0 showed that it had a positive dataset. Standard deviation of 56.5022 showed a positive spread; skewness of 1.348 indicated that more values concentrated on the left, with a longer tail on the right; while kurtosis of 2.152 showed that it had heavy tails compared to a normal distribution.

4.2 Test of Hypotheses

The equations used for this study were not logged, but expressed in their normal forms in order to observe their behaviours as follows:

$$\text{MFC} = a + b_1\text{GPM} + e \quad \text{Equation 3.1}$$

$$\text{MFC} = a + b_2\text{NPM} + e \quad \text{Equation 3.2}$$

$$\text{MFC} = a + b_3\text{CRA} + e \quad \text{Equation 3.3}$$

Where MFC = Manufactured Capital

GPM = Gross Profit Margin

NPM = Net Profit Margin

CRA = Cash Ratio.

4.3. Test of Hypothesis One

The null hypothesis H_{01} stated that there is no significant influence of Gross Profit Margin on manufactured capital of listed conglomerates in Nigeria.

Table 4.2: Result for hypothesis One

R	F Cal	F Crit	t Cal	t Crit
0.065	0.421	4.0012	0.649	1.671

Source: Researcher's computation, 2026

The correlation coefficient (R) describes the relationship between the dependent variable manufactured capital and the independent variable (Gross Margin). The 0.065 being 6.5% shows a very weak positive relationship between the variables. From the table above, the f critical value is (4.0012) greater than the f calculated (0.421) at 0.05 level of significance. In the same vein, t critical value is (1.671) greater than the t calculated (0.649) at the same level of significance hence the null hypothesis is accepted and the alternate rejected. This means that there is no significant relationship between Gross Margin and manufactured capital decision of conglomerate companies operating in Nigeria.

4.4 Test of Hypothesis Two

The null hypothesis H_{02} stated that there is no significant relationship between Net Profit Margin and manufactured capital of listed conglomerates in Nigeria.

Table 4.3: Result for hypothesis Two

R	F Cal	F Crit	t Cal	t Crit
0.005	0.003	4.0012	-0.051	1.671

Source: Researcher's computation, 2026

Considering hypothesis Two, R value of 5% shows a very weak positive relationship between the dependent and the independent variables manufactured capital and Net Profit Margin respectively). The f critical of 4.0012 is more than the f calculated of 0.003 As well, the t critical of 1.671 is more than the t calculated of -0.051 This indicates that the null hypothesis should be accepted meaning that there is no significant correlation between Net Profit Margin and manufactured capital decision of conglomerate companies operating in Nigeria.

4.5. Test of Hypothesis Three

The null hypothesis H_{03} stated that Cash Ratio has no significant positive relationship with manufactured capital of listed conglomerates in Nigeria.

Table 4.4: Result for hypothesis Three

R	F Cal	F Crit	t Cal	t Crit
0.062	0.384	4.0012	-0.062	1.671

Source: Researcher's computation, 2026

The R value here is 0.062 indicating a 6.2% (very weak) relationship between Cash Ratio and manufactured capital decisions. With the f critical value being 4.0012 higher than the f calculated of 0.384 and the t critical value of 1.671 also higher than the t calculated of -0.062, means that the null hypothesis should be accepted that there is no significant connection between Cash Ratio and manufactured capital decision of conglomerate companies operating in Nigeria.

4.7 Discussion of Findings

The first hypothesis was on the relationship between the dependent variable manufactured capital and the independent variable (Gross Margin). The 6.5% showed a very weak positive relationship

between the variables. Testing the variable, the f critical value of 4.0012 was greater than the f calculated of 0.421 at 0.05 level of significance. In the same vein, t critical value of 1.671 was greater than the t calculated of 0.649 at the same level of significance hence the null hypothesis was accepted and the alternate rejected. This means that there was no significant relationship between Gross Margin and manufactured capital decision of conglomerate companies operating in Nigeria.

Hypothesis Two, had R value of 5% showing a very weak positive relationship between the dependent and the independent variables manufactured capital and Net Profit Margin respectively). The f critical of 4.0012 was more than the f calculated of 0.003. As well, the t critical of 1.671 was more than the t calculated of -0.051. This indicated that the null hypothesis should be accepted meaning that there was no significant correlation between Net Profit Margin and manufactured capital decision of conglomerate companies operating in Nigeria.

Looking at the Third hypothesis, the R value of 6.2% showed a very weak relationship between Cash Ratio and manufactured capital decision. With the f critical being 4.0012 higher than the f calculated of 0.384 and the t critical of 1.671 also higher than the t calculated of -0.062, meant that the null hypothesis should be accepted that there was no significant connection between Cash Ratio and manufactured capital decision of conglomerate companies operating in Nigeria.

Summary, Conclusion and Recommendations

5.1 Summary of findings

The study was to verify the relationship between Profitability expressed with Gross Margin, Net Profit Margin and Cash Ratio (all calculated in ratios as independent variables) and manufactured capital (as dependent variable). The test of the three hypotheses showed that all the independent variables had no relationship with manufactured capital.

5.2 Conclusion

It can be concluded here that conglomerates operating in Nigeria's emerging market should check for variables that can yield good relationship on their manufactured capital since none of the independent variables had positive relationship with it.

5.4 Recommendations

Manufactured Capital should result in enhanced performance to improve upon Profitability unfortunately, this is not the case here. Management should therefore conduct a detailed analysis to understand why this is not so in these companies. There is need to increase spending on research and development (R&D), expansion projects, and employee up-skilling to drive sustainable growth as well as explore strategic partnerships, acquisitions, or market expansion to deploy excess cash effectively

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APPENDIX

Appendix I: Data for the work – Financial figures of the conglomerates (N'm), 2016–2025

Year	CAPEX	Turnover	Gross Profit	Net Profit	Cash/ Equivalents	Current Liabilities
UAC						
2016	73	912	912	2,627	4,251	6,991
2017	186	827	827	3,080	5,780	8,571
2018	251	681	681	3,609	18,777	8,836
2019	178	759	759	1,484	8,126	9,191
2020	363	758	758	-2,510	14,808	9,076
2021	215	877	877	2,344	4,305	8,807
2022	160	1,009	1,009	882	4,958	9,019
2023	221	1,142	1,142	8,539	15,843	14,595
2024	382	2,030	2,030	6,580	21,789	9,306
2025	411.087	3,559.793	3,560	-7,596	3,630	74,852
John Holt						
2016	74	2,619	851	296	173	3,077
2017	13	2,262	604	-755	31	1,772
2018	14	2,654	504	4,381	58	1,829
2019	12	1,786	445	217	6	2,066
2020	71	1,827	369	-287	487	2,561
2021	80	1,185	244	572	224	2,815
2022	63	3,553	561	51	221	3,137
2023	21	1,834	517	-616	865	3,697
2024	147	3,153	618	2,231	22	2,299
2025	47	1,449	321	153	236	3,132
Chellarams						
2016	78	16,556	3,139	184	-3,068	8,688
2017	29	7,466	2,480	194	-2,342	6,939
2018	24	4,847	790	449	-1,150	5,761
2019	9	4,157	-32	-1,837	-1,257	7,737
2020	6	1,974	-6	-4,205	-5,376	8,152
2021	12	1,387	38	-3,858	-6,427	9,627
2022	1	3,054	458	465	-7,221	9,005
2023	2	4,659	395	5,040	88	4,616
2024	27	6,425	655	-1,124	-3,068	4,096
2025	7.601	9,003.068	673	64	282	5,018
Dango Cement						
2016	77,348	426,127	248,000	306,251	65,510	403,772
2017	64,059	552,364	393,770	254,630	102,468	343,956
2018	100,621	618,301	448,013	481,456	108,980	284,759
2019	127,031	610,247	429,238	261,349	55,787	410,575
2020	144,988	719,945	494,201	352,609	68,848	538,613
2021	222,547	993,399	648,174	381,100	272,563	837,858
2022	92,431	1,205,401	750,279	402,857	196,137	775,840
2023	222,547	1,297,639	674,480	490,323	232,614	1,127,236
2024	166,432	2,192,695	1,204,654	1,027,217	131,614	1,746,598
2025	294,151	2,956,515	1,786,517	708,842	143,174	1,676,545
Unilever						
2016	4,228	69,777	20,296	3,072	12,474	53,513
2017	4,559	90,771	28,943	7,450	50,494	36,695
2018	5,396	92,900	28,225	10,552	57,144	43,167
2019	6,511	60,487	4,750	-7,420	35,459	34,808
2020	1,047	52,211	11,074	-3,966	37,101	27,799
2021	1,622	70,524	20,362	3,409	55,698	40,218



Year	CAPEX	Turnover	Gross Profit	Net Profit	Cash/ Equivalents	Current Liabilities
2022	1,560	68,637	26,601	4,467	66,318	55,377
2023	2,246	103,880	36,024	8,440	56,699	33,797
2024	6,385	149,523	55,149	15,143	68,439	50,848
2025	5,043	214,669	89,628	30,740	110,370	66,225
Honeywell						
2016	6,467.588	50,883.780	4,361.394	-3,023.852	15,502.135	44,213.225
2017	16,843.271	53,227.891	12,712.622	4,304.955	7,624.668	26,318.698
2018	7,309.226	71,476.319	16,052.649	4,426.978	7,247.199	28,207.258
2019	9,950.946	74,409.113	11,509.174	68.368	10,666.934	42,301.619
2020	2,574.004	70,450.397	13,861.838	650.492	12,312.405	53,639.919
2021	641.523	109,594.730	15,621.274	1,125.864	20,255.393	61,940.563
2022	1,204.260	136,427.507	11,567.169	-9,757.623	1,303.349	68,217.954
2023	5,963.263	147,350.739	9,528.200	256.113	8,041.162	90,173.174
2024	1,852.777	188,311.035	32,343.528	-10,119.778	500.052	88,779.107
2025	2,515.648	373,509.245	32,245.385	14,782.182	5,264.550	10,076.757
Seplat						
2016	16,797	63,384	16,308	-45,384	48,684	146,830
2017	10,236	138,281	64,867	81,111	133,699	207,982
2018	17,864	228,391	119,750	44,867	179,509	90,391
2019	38,294	214,157	121,459	85,016	102,240	191,522
2020	53,962	190,922	44,834	-30,712	85,554	179,151
2021	68,033	293,631	114,217	46,931	133,667	198,102
2022	69,311	403,913	197,217	44,433	180,786	267,357
2023	120,777	696,867	349,333	81,330	404,825	633,705
2024	305,756	1,651,571	710,099	214,247	721,385	2,606,873
2025	404,980	4,135,376	1,372,272	241,580	476,970	1,765,256
Transnational						
2016	0.848	2,537.628	2,537.628	-849.093	5.026	18,736.921
2017	9.42	5,121.992	5,121.992	1,869.204	339.974	16,025.335
2018	12.028	8,899.967	8,899.967	4,610.999	110.751	15,375.553
2019	10.109	3,173.773	3,173.773	734.934	552.699	5,430.914
2020	2.202	2,725.533	2,725.533	2,388.360	1,172.613	17,508.337
2021	18.306	5,127.383	5,127.838	3,434.364	493.255	34,341.201
2022	39.219	10,318.046	10,318.046	7,215.977	740.907	36,027.782
2023	9.434	16,025.628	16,025.628	8,051.390	997.910	63,164.051
2024	38.161	14,409.555	14,409.555	16,897.647	927.838	57,953.659
2025	519.325	54,766.079	54,766.079	49,278.057	87.279	39,656.078
Presco						
2016	4,050.121	15,716.198	11,311.413	21,735.466	2,585.127	5,607.551
2017	7,053.151	22,365.372	16,424.064	25,403.614	3,307.211	12,974.500
2018	15,400.969	21,344.730	15,892.114	4,284.188	2,551.685	21,208.741
2019	7,150.464	19,723.641	12,721.831	3,838.746	5,934.937	26,286.284
2020	7,382.775	23,891.766	16,088.518	5,261.929	2,585.092	25,259.938
2021	5,192.799	47,112.445	31,842.443	19,821.497	22,253.957	60,944.232
2022	9,441.979	69,368.480	41,483.263	12,867.381	8,733.450	17,394.493
2023	8,184.888	84,998.472	53,883.562	32,413.107	8,861.547	23,977.466
2024	26,280.677	153,225.834	103,550.568	63,458.655	25,354.481	156,811.470
2025	30,107	208,799	135,546	84,671	214,934	175,833
Guinness						
2016	8,503.641	101,973.030	41,810.413	-2,015.886	5,844.524	67,109.622
2017	8,438.204	125,919.817	48,315.304	1,923.720	6,594.514	63,719.662
2018	16,960.755	142,975.792	48,625.405	6,717.605	7,451.064	42,847.115
2019	16,597.160	131,498.373	40,129.228	5,483.732	4,756.561	48,856.474
2020	10,548.826	104,376.105	33,330.061	-12,578.818	5,271.224	60,597.976
2021	12,299.150	160,416.257	45,709.919	1,255.338	35,868.834	82,958.885

Year	CAPEX	Turnover	Gross Profit	Net Profit	Cash/ Equivalents	Current Liabilities
2022	9,532.565	206,822.127	72,662.756	15,651.362	69,103.716	113,732.630
2023	9,916.781	229,440.831	78,133.073	-18,168.041	92,124.683	183,671.423
2024	10,131.852	299,485.774	91,458.771	-54,766.776	45,804.346	222,684.738
2025	41,036.453	730,808.355	230,481.949	41,162.700	6,969.019	190,709.295

Source: Annual reports of the companies, 2016–2025

Appendix II: Data for the work – CAPEX and profitability ratios, 2016–2025

Year	CAPEX (N'm)	Gross Profit Margin	Net Profit Margin	Cash Ratio
UAC				
2016	73.445	100	288	61
2017	185.55	100	373	67
2018	250.77	100	530	213
2019	177.83	100	196	88
2020	363.21	100	-331	163
2021	215.38	100	267	49
2022	159.89	100	87	55
2023	220.98	100	748	109
2024	382.06	100	324	234
2025	411.09	100	-213.39	4.85
John Holt				
2016	74.00	32	12	6
2017	13.00	27	-13	2
2018	14.00	19	165	3
2019	12.00	25	12	0
2020	71.00	20	-16	19
2021	80.00	21	48	8
2022	63.00	16	1	7
2023	21.00	28	-1,107	23
2024	147.00	20	71	1
2025	47.00	22.15	10.56	7.54
Chellarams				
2016	78.21	19	1	-35
2017	29.37	33	3	-34
2018	23.70	16	9	-20
2019	9.30	-759	-44	-16
2020	5.99	-320	-213	-59
2021	12.26	3	-278	-67
2022	1.04	15	15	-80
2023	1.65	8	108	2
2024	27.15	10	-17	4
2025	7.60	74.78	0.71	5.62
Dango Cement				
2016	77,348	58	72	16
2017	64,059	71	46	30
2018	100,621	72	68	38
2019	127,031	70	43	14
2020	144,988	69	49	13
2021	222,547	65	38	33
2022	92,431	62	33	25
2023	222,547	52	38	21
2024	166,432	55	47	8
2025	294,151	60.43	23.98	8.54
Unilever				
2016	4,228.15	29	4	23



Year	CAPEX (N'm)	Gross Profit Margin	Net Profit Margin	Cash Ratio
2017	4,559.24	32	8	138
2018	5,395.51	30	11	132
2019	6,511.07	8	-12	102
2020	1,046.55	21	-8	133
2021	1,622.46	29	5	138
2022	1,559.54	39	7	120
2023	2,245.87	35	8	168
2024	6,384.97	37	10	135
2025	5,043.33	41.75	143.2	166.66
Honeywell				
2016	6,467.59	8.6	-5.9	35.0
2017	16,843.27	23.9	8.1	29.0
2018	7,309.23	22.0	6.2	25.7
2019	9,950.95	15.5	0.1	25.0
2020	2,574.00	17.0	1.0	23.0
2021	641.52	14.0	1.0	32.7
2022	1,204.26	8.4	-7.0	20.0
2023	5,963.26	6.5	0.2	8.9
2024	1,852.78	17.2	-5.4	5.7
2025	2,515.65	8.63	3.96	52.24
Seplat				
2016	16,797	28	-72	33
2017	10,236	47	59	64
2018	17,864	52	20	199
2019	38,294	57	40	53
2020	53,962	23	-16	48
2021	68,033	39	16	67
2022	69,311	49	11	68
2023	120,777	50	12	64
2024	305,756	43	13	28
2025	404,980	33.18	5.84	27.02
Transnational				
2016	0.848	100	33	0
2017	9.420	100	36	2
2018	12.028	100	52	1
2019	10.109	100	23	10
2020	2.202	100	88	7
2021	8.306	100	67	1
2022	39.219	100	70	2
2023	9.434	100	50	1.6
2024	38.161	100	117	2
2025	519.325	100	89.98	0.22
Presco				
2016	4,050.12	-28	138	46
2017	7,053.15	73	114	25
2018	15,400.97	74	20	12
2019	7,150.46	6	19	22.6
2020	7,382.78	67	22	10
2021	5,192.80	68	42	37
2022	9,441.98	60	19	50
2023	8,184.89	63	38	37
2024	26,280.68	68	41	16
2025	30,107.00	64.92	40.55	122.24
Guinness				
2016	8,503.64	41	-2	8.7



Year	CAPEX (N'm)	Gross Profit Margin	Net Profit Margin	Cash Ratio
2017	8,438.20	38	2	10
2018	16,960.76	34	4.6	17
2019	16,597.16	31	4	9.7
2020	10,548.83	32	-12	8.7
2021	12,299.15	28	1	43
2022	9,532.57	35	7.6	60.8
2023	9,916.78	34	-7.9	50
2024	10,131.85	30.5	-18	20.6
2025	41,036.45	31.54	5.63	3.65

SPSS Output – Hypothesis One (Gross Profit Margin)

Descriptive Statistics

	Mean	Std. Deviation	N
CAPEX N	9223.372036854777000	9223.372036854777000	100
Gross Profit Margin	36.7996	94.09971	100

Correlations

		CAPEX N	Gross Profit Margin
Pearson Correlation	CAPEX N	1.000	.065
	Gross Profit Margin	.065	1.000
Sig. (1-tailed)	CAPEX N	.	.259
	Gross Profit Margin	.259	.
N	CAPEX N	100	100
	Gross Profit Margin	100	100

Variables Entered/Removed^a

Model	Variables Entered	Variables Removed	Method
1	Gross Profit Margin ^b	.	Enter

a. Dependent Variable: CAPEX N

b. All requested variables entered.

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.065 ^a	.004	-.006	70041.5507	.004	.421	1	98	.518	.771

a. Predictors: (Constant), Gross Profit Margin

b. Dependent Variable: CAPEX N

ANOVA^a

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2064096425.756	1	2064096425.756	.421	.518 ^b
	Residual	480770244667.671	98	4905818823.139		
	Total	482834341093.427	99			

a. Dependent Variable: CAPEX N

b. Predictors: (Constant), Gross Profit Margin

Coefficients^a

	Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	28015.55	7525.74		3.723	.000		
	Gross Profit Margin	48.524	74.808	.065	.649	.518	1.000	1.000

a. Dependent Variable: CAPEX N

Collinearity Diagnostics^a

Model	Dimension	Eigenvalue	Condition Index	Variance Proportions	
				(Constant)	Gross Profit Margin
1	1	1.366	1.000	.32	.32
	2	.634	1.468	.68	.68

a. Dependent Variable: CAPEX N

Residuals Statistics^a

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	8814.3828125000000000	9223.372036854777000	9223.372036854777000	4566.120765597948000	100
Residual	9223.372036854777000	9223.372036854777000	.000000000006112	9223.372036854777000	100
Std. Predicted Value	-8.457	.672	.000	1.000	100
Std. Residual	-.469	5.359	.000	.995	100

a. Dependent Variable: CAPEX N

SPSS Output – Hypothesis Two (Net Profit Margin)

Descriptive Statistics

	Mean	Std. Deviation	N
CAPEX N	9223.372036854777000	9223.372036854777000	100
Net Profit Margin	28.6662	171.12820	100

Correlations

		CAPEX N	Net Profit Margin
Pearson Correlation	CAPEX N	1.000	-.005
	Net Profit Margin	-.005	1.000
Sig. (1-tailed)	CAPEX N	.	.480
	Net Profit Margin	.480	.
N	CAPEX N	100	100
	Net Profit Margin	100	100

Variables Entered/Removed^a

Model	Variables Entered	Variables Removed	Method
1	Net Profit Margin ^b	.	Enter

a. Dependent Variable: CAPEX N

b. All requested variables entered.

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.005 ^a	.000	-.010	70190.809	.000	.003	1	98	.959	.759

a. Predictors: (Constant), Net Profit Margin

b. Dependent Variable: CAPEX N

ANOVA^a

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	12874177.343	1	12874177.343	.003	.959 ^b
Residual	482821466916.084	98	4926749662.409		
Total	482834341093.427	99			

a. Dependent Variable: CAPEX N

b. Predictors: (Constant), Net Profit Margin

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	29861.63	7117.860		4.195	<.001		
	Net Profit Margin	-2.107	41.223	-.005	-.051	.959	1.000	1.000

a. Dependent Variable: CAPEX N

Collinearity Diagnostics^a

Model	Dimension	Eigenvalue	Condition Index	Variance Proportions	
				(Constant)	Net Profit Margin
1	1	1.166	1.000	.42	.42
	2	.834	1.182	.58	.58

a. Dependent Variable: CAPEX N

Residuals Statistics^a

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	9223.372036854777000	9223.372036854777000	9223.372036854777000	360.613637272558500	100
Residual	9223.372036854777000	9223.372036854777000	.0000000000003747	9223.372036854777000	100
Std. Predicted Value	-4.203	6.636	.000	1.000	100
Std. Residual	-.458	5.344	.000	.995	100

a. Dependent Variable: CAPEX N

SPSS Output – Hypothesis Three (Cash Ratio)

Descriptive Statistics

	Mean	Std. Deviation	N
CAPEX N	9223.372036854777000	9223.372036854777000	100
Cash Ratio	38.2770	56.50220	100

Correlations

		CAPEX N	Cash Ratio
Pearson Correlation	CAPEX N	1.000	-.062
	Cash Ratio	-.062	1.000
Sig. (1-tailed)	CAPEX N	.	.269
	Cash Ratio	.269	.
N	CAPEX N	100	100
	Cash Ratio	100	100

Variables Entered/Removed^a

Model	Variables Entered	Variables Removed	Method
1	Cash Ratio ^b	.	Enter

a. Dependent Variable: CAPEX N

b. All requested variables entered.

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.062 ^a	.004	-.006	70054.706	.004	.384	1	98	.537	.765

a. Predictors: (Constant), Cash Ratio

b. Dependent Variable: CAPEX N

ANOVA^a

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1883486922.095	1	1883486922.095	.384	.537 ^b
	Residual	480950854171.332	98	4907661777.258		
	Total	482834341093.427	99			

a. Dependent Variable: CAPEX N

b. Predictors: (Constant), Cash Ratio

Coefficients^a

	Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	32756.075	8475.068		3.865	.000		
	Cash Ratio	-77.197	124.610	-.062	-.620	.537	1.000	1.000

a. Dependent Variable: CAPEX N

Collinearity Diagnostics^a

Model	Dimension	Eigenvalue	Condition Index	Variance Proportions	
				(Constant)	Cash Ratio
1	1	1.563	1.000	.22	.22
	2	.437	1.891	.78	.78

a. Dependent Variable: CAPEX N

Residuals Statistics^a

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	9223.372036854777000	9223.372036854777000	9223.372036854777000	4361.779502130228000	100
Residual	9223.372036854777000	9223.372036854777000	.000000000005311	9223.372036854777000	100
Std. Predicted Value	-3.464	2.093	.000	1.000	100
Std. Residual	-.556	5.343	.000	.995	100

a. Dependent Variable: CAPEX N