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Effect of working capital and dividend financing decision on shareholders' value of listed healthcare firms in Nigeria

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Abstract

In Nigeria, healthcare companies frequently face challenges in maintaining an effective balance between managing working capital and making dividend decisions. This imbalance can hinder their ability to enhance shareholder value. Poorly executed financial strategies not only constrain business expansion and reduce profitability but also erode the trust and confidence of investors. Therefore, this study examined the effect of working capital and dividend financing decisions on shareholders' value of listed healthcare firms in Nigeria for the period 2014-2023. Longitudinal research design was adopted for the study. The population of the study consisted of seven (7) healthcare firms listed on the Nigerian Exchange Group (NGX). Since the population is not many, this study utilized a census sampling technique that used the population as a sample of the study. The data used in this study were secondary derived from the annual reports and accounts of healthcare firms that are listed on the NGX. The study used panel regression with respect to the use of Hausman specification test to settle on the use of fixed effect model. The regression result revealed that working capital, dividend equity financing and firm age have a positive and significant effect on shareholders' value, while, firm size has no significant effect on shareholders' value of listed healthcare firms in Nigeria. The study concludes that working capital, dividend financing and firm age increase the value of shareholders. Firm size does not influence shareholders' value of listed healthcare firms in Nigeria. The study recommended that the management of Healthcare firms should implement real-time cash flow monitoring systems and adopt transparent, data-driven dividend frameworks. Investing in digital health innovations and robust governance will drive operational efficiency and long-term shareholder value.

Keywords: Dividend financing, Firm Age, Firm Size, Shareholders Value, Working Capital Financing

Introduction

In recent years, the ability of firms to create shareholder value has become a focal point for investors, scholars, and business leaders worldwide. Shareholders, as the primary stakeholders in any corporation, expect to see their investments grow through effective decision-making processes that contribute to financial stability and profitability. However, global financial markets have been plagued by numerous challenges, including economic volatility, regulatory changes, and operational inefficiencies, all of which pose significant risks to shareholder value. In particular, the healthcare sector, known for its high capital requirements and complex operational dynamics, faces unique challenges in managing working capital and financing decisions that directly influence shareholder returns (Smith, 2020; Kumar et al., 2021).

Focusing on Nigeria, the country's healthcare sector has witnessed significant transformations over the past decade, characterized by increased government spending, foreign investment, and the evolving role of private healthcare providers. Despite these developments, Nigerian healthcare firms continue to grapple with issues

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such as poor working capital management, inconsistent dividend policies, and the rising costs of healthcare delivery. Consequently, shareholder value in Nigerian listed healthcare firms remains under pressure, with investors seeking to understand how financial strategies, such as working capital management and dividend financing decisions, influence corporate performance and shareholder wealth (Oluwaseun et al., 2022).

The link between financing decisions and shareholder value has been a subject of much academic inquiry, with equity and debt financing being two of the primary sources of capital for firms. The Trade-Off Theory and the Pecking Order Theory provide contrasting views on how firms should balance debt and equity to maximize value. On the one hand, equity financing offers a way to raise capital without incurring debt, thus reducing financial risk. On the other hand, debt financing provides tax advantages but may increase the risk of financial distress (Kraus & Litzenberger, 1973; Myers, 2001). In the context of Nigerian healthcare firms, these financing decisions have the potential to significantly impact operational efficiency, profitability, and ultimately, shareholder value (Ajayi et al., 2020).

Previous studies on financing decisions in Nigeria have largely focused on sectors such as banking, manufacturing, and telecommunications, with limited attention given to the healthcare industry. While research has established the impact of working capital and dividend policies on corporate performance, there remains a gap in understanding how these factors specifically influence shareholder value within Nigeria's healthcare sector. Few studies have adequately examined the dual impact of working capital management and dividend financing decisions in the unique context of healthcare firms, where working capital management practices are often constrained by regulatory, financial, and operational challenges (Chukwu et al., 2019; Okafor et al., 2023).

This study filled this gap by evaluating the effect of working capital and dividend financing decisions on shareholder value in Nigerian listed healthcare firms. Unlike previous research, which tends to focus on general corporate performance or specific industries, this study specifically targets the healthcare sector, offering a detailed analysis of how working capital management and dividend policy decisions affect shareholder wealth in this context. By doing so, this study provides important insights into the factors that drive shareholder value in Nigerian healthcare firms, offering a framework for managers and investors to optimize financing decisions (Oladipo & Adepoju, 2022; Olayiwola & Olaoye, 2021).

The motivation for this study stems from the pressing need for a nuanced understanding of the financial dynamics that influence shareholder returns in the healthcare sector. Given the increasing pressure on Nigerian healthcare firms to manage their resources efficiently, this study seeks to provide a foundation for evidence-based decision-making that could enhance shareholder value in an increasingly competitive and

volatile market environment (Adebayo & Oladele, 2021). This study contributes to the growing body of literature on financing decisions and shareholder value in emerging markets but also offer practical recommendations to enhance the financial performance of Nigerian healthcare firms, ultimately benefiting both investors and the broader healthcare ecosystem.

The primary objective of this study is to assess the impact of working capital management and dividend financing decisions on shareholder value in Nigerian listed healthcare firms. The specific objectives are to:

- **i.** evaluate the effect of working capital financing decision on shareholders' value of listed healthcare firms in Nigeria; and
- **ii.** assess the effect of dividend financing on shareholders' value of listed healthcare firms in Nigeria

From the objectives of the study, the following null hypothesis were formulated to guide this study:

H_{01}: Working capital financing decision has no significant influence on the shareholders' value of listed healthcare firms in Nigeria

H_{02}: Dividend financing has no significant effect on shareholders' value of listed healthcare firms in Nigeria

Literature Review

Shareholders Value

According to Rappaport (1986), shareholder value referred to the value a company creates for its shareholders through effective corporate strategies, focusing on maximizing long-term wealth. Similarly, Stewart (1991) defined shareholder value as the economic value added (EVA), emphasizing the profitability beyond the cost of capital. In another view, Johnson (2015) asserted that shareholder value is the overall return on investment to shareholders, incorporating both capital gains and dividends. The study by Khan et al. (2020), supported these definitions, asserting that shareholder value is directly tied to long-term wealth generation and return on equity. These definitions reflect the diverse ways in which shareholder value is understood and measured, but for this study, the definition of shareholder value as Economic Value Added (EVA) is most relevant. This approach measures the company's ability to generate returns above its cost of capital, which aligns with the financial decision-making focus of this research on working capital and dividend financing decisions (Khan et al., 2020; Stewart, 1991; Rappaport, 1986). Therefore, EVA is adopted as the metric for shareholder value in this study.

Working Capital Financing Decision

Working capital financing decisions refer to the strategies employed by firms in managing their short-term assets and liabilities to ensure sufficient liquidity for day-to-day operations. According to Raheman and Nasr (2016), working capital financing decisions involve determining the optimal level of short-term financing needed to support a company's working capital needs. These decisions are critical in maintaining a balance between liquidity and profitability, as improper management can lead to operational inefficiencies or financial distress (Ali & Usman, 2017). Working capital financing decisions, such as the choice between using short-term debt or equity financing, can significantly affect shareholder value by influencing a firm's risk profile and ability to generate consistent returns. A positive relationship exists between effective working capital management and shareholder value, as firms that optimize their working capital are more likely to generate higher returns and improve financial performance (Bhatia & Kaur, 2019). Furthermore, Mishra and Osei (2020) highlight that poor working capital management can erode shareholder value by reducing profitability and increasing the likelihood of financial distress. Thus, working capital financing decisions directly impact the financial health of a firm, which in turn influences shareholder value by affecting both the risk and return profile of the business.

Dividend Financing Decision

Dividend financing decisions are the choices made by a company regarding the distribution of profits to shareholders, typically through dividends, and the amount to retain for reinvestment in the business. According to Lintner (2017), dividend policy is a key element in corporate finance decisions, as it reflects a firm's commitment to delivering value to shareholders while balancing reinvestment needs. In a similar vein, Fama and French (2018) assert that dividend financing decisions are influenced by a firm's ability to generate consistent cash flows and its strategic goals related to growth and shareholder satisfaction. These decisions directly impact shareholder value, as investors often view regular and stable dividends as a signal of financial stability and strong future prospects (Miller & Modigliani, 1961). More recent studies, such as those by Zhao et al. (2021), argue that dividend policy decisions can influence shareholder wealth by affecting both the immediate income from dividends and the long-term capital gains, with well-timed dividend payouts enhancing investor confidence and thus increasing market valuation. On the other hand, excessive or insufficient dividend payouts may lead to shareholder dissatisfaction and negatively affect firm performance (Ali et al., 2020). Therefore, the way in which a firm manages its dividend financing decisions can significantly shape its ability to maximize shareholder value by impacting investor perception, liquidity, and the overall financial health of the company.

Firm Age

Firm age has been defined by scholars as the number of years a company has been in operation since its incorporation or commencement of business activities. According to Abor and Quartey (2016), firm age reflects the experience and stability of a business, often serving as a proxy for organizational learning and adaptability. Similarly, Olawale and Garwe (2017) defined firm age as a critical determinant of a firm's ability to access capital, manage risk, and develop competitive capabilities. More so, Zhang and Wang (2020), emphasized that older firms tend to have more established operational structures, reputations, and customer bases, which can enhance their ability to generate stable returns and thus increase shareholder value. However, firm age can also bring about rigidity and resistance to innovation, potentially limiting growth and reducing competitiveness (Egbunike & Okerekeoti, 2018). Empirical evidence by Musa et al. (2023) indicated that firm age has a nonlinear relationship with shareholder value, where both very young and very old firms may underperform compared to moderately aged firms. Therefore, firm age influences shareholder value by affecting a firm's efficiency, reputation, financial flexibility, and strategic agility.

Firm Size

Firm size had been defined in various ways, often in terms of total assets, revenue, number of employees, or market capitalization. According to Majumdar and Chhibber (2014), firm size referred to the scale of operations and resources a company controlled, influencing its market power and financial strategies. Kumar and Sharma (2016) described it as a structural attribute that impacted economies of scale, access to capital, and operational efficiency. In the same vein, Almajali et al. (2019) emphasized that larger firms typically benefited from stronger investor confidence, better risk diversification, and improved access to credit markets. Olayiwola and Uwuigbe (2023) asserted that firm size positively affected shareholders' value by enabling more stable earnings and long-term growth prospects. Thus, firm size had been considered a crucial determinant of shareholders' value, as it influenced both internal operational capabilities and external market perceptions.

Empirical Review

Working Capital Financing and Shareholders Value

Zhang and Li (2023) investigated the impact of working capital financing on shareholder value in Chinese manufacturing firms. The study, focused on the manufacturing sector in China, used proxies such as inventory, receivables, payables, and shareholder value. The population comprised Chinese manufacturing firms, with data sourced from financial reports and industry databases. Employing a panel data regression model, the study captured firm-specific and time-specific effects. The findings revealed that efficient working

capital management positively affected shareholder value by improving liquidity, operational efficiency, and resource allocation, leading to reduced financing costs and enhanced profitability.

Johnson and Smith (2022) conducted a study using structural equation modelling (SEM) to analyze the impact of working capital financing on shareholder value in the European technology sector. The objective was to assess how managing receivables and payables influences financial performance and shareholder returns. Proxies included accounts receivable, accounts payable, cash flow, financing costs, and shareholder value. The study utilized a population of European technology firms, with data sourced from financial statements and industry reports. The findings highlighted that efficient receivables and payables management significantly enhanced shareholders' value by improving cash flow, reducing financing costs, and strengthening financial stability.

Williams and Thomas (2023) conducted a longitudinal study to analyze the impact of working capital financing on shareholder value in the U.S. retail sector. The study employed proxies such as inventory turnover, liquidity, financing costs, and shareholder value, using a population of U.S. retail firms with data sourced from industry reports and financial statements. Longitudinal analysis was applied to capture both short- and long-term effects. Findings revealed that effective working capital management significantly enhanced shareholder value by improving inventory turnover, reducing financing costs, and optimizing liquidity.

Garcia and Martinez (2023) conducted a case study to investigate the impact of working capital financing on shareholder value, specifically within Latin American firms. The objective was to explore how proactive working capital management strategies influence financial performance and shareholder returns in the context of Latin American economies. The study used proxies such as cash flow management, receivables, payables, financial stability, and shareholder value, focusing on firms operating in Latin America. Data was gathered from financial reports and industry sources. The findings revealed that working capital management significantly enhanced shareholder value by improving cash flow, reducing financial stress, and boosting overall financial performance.

Panigrahi et al. (2022) investigated the relationship between working capital management, earnings quality, sales growth, and shareholders' wealth of listed manufacturing firms in Oman. The study used balanced panel data of 31 manufacturing firms listed on the Muscat Stock Exchange (MSE) from 2004 to 2019. The study reveals that days in working capital, cash conversion cycle, payable deferred period, sales growth, and earnings quality positively affects shareholder's wealth proxied by the return on assets, whereas, days in working capital have a negative effect on return on assets. Similarly, working capital management was found

to have no influence on the earnings per share (EPS). It was also documented that sales growth and earnings quality positively impacted EPS.

Dividend Financing and Shareholders Value

Octaviany and Puspitarini (2023) analyzed the effect of dividend policy, and investment decisions on firm value in the property and real estate sector in Indonesia. The study focused on companies listed on the Indonesia Stock Exchange (BEI) for the period 2014–2020, using Dividend Payout Ratio (DPR), Debt-to-Equity Ratio (DER) and Price-to-Earnings Ratio (PER) as proxies. The population consisted of property and real estate firms, with a sample of eight companies selected through purposive sampling. Secondary data were obtained from company annual reports and the BEI website. The Fixed Effect Model with Ordinary Least Squares (OLS), analyzed using EViews 10, was employed as the method of data analysis. The findings revealed that Dividend Policy (DPR) and Investment Decisions (PER) had an insignificant effect on firm value. A key limitation of the study lies in its small sample size (8 companies), which may restrict the generalizability of the findings. Additionally, the study did not account for macroeconomic variables like interest rates or market conditions, which could influence the relationships between dividend policy, debt policy, investment decisions, and firm value. Including these variables might have provided a more comprehensive analysis.

Jariah and Budiwati (2021) analyzed the effect of investment decisions, funding decisions, dividend policy, good corporate governance and profit management both partially and simultaneously on economic value added. The study used is quantitative method with causality, survey and explanatory as well as predictive. The population in this research is manufacturing companies in Indonesia from various sectors of 2013-2017 and based on purposive sampling technique, the sample is 37 companies. The result of the study shows that of the five predictor variables, the dividend policy is the only predictor variable that has effect on economic value added, while simultaneously all predictor variables are not able to affect the economic value added variable.

Ogunseye and Eniola (2020) examined the relationship between dividend policy and shareholders wealth of selected listed firms in Nigeria. A longitudinal research design was adopted where time series data from 2015 to 2019 were collated from the reports of quoted companies from the Nigeria Stock Exchange. A sample of 20 companies from the Nigeria stock exchange was purposively selected. The study carried out descriptive and inferential analysis including the Hausman test, and fixed effect regression model to assess the effect of dividend policy on the shareholder's wealth of listed firms in Nigeria. The regression results showed that dividend share per share (DPS) and retained earnings (RE), independently have a negative but insignificant relationship with market price per share which is used as a proxy to measure the shareholder's wealth while

return on equity (ROE) has a positive but insignificant relationship with market price per share which is used as a proxy to measure the shareholder's wealth.

Farrukh et al. (2017) examined the impact of dividend policy on shareholders' wealth and firm performance in Pakistan. The study covered the time period of 2006– 2015. Data have been taken on an annual basis. The variables used in this research are dividend policy, shareholders' wealth, and firm performance. Dividend per share and dividend yield are used to measure dividend policy. For shareholders wealth, earning per share and share price are used as proxies. Return on equity is used to measure firm performance. From the regression result, it was found that dividend policy has positively significant impact on shareholders' wealth and firm performance.

Ofori-Sasu et al. (2017) explored the effect of dividend policy on shareholder value of listed companies in Ghana. Data from 2009 to 2014 financial reports of listed companies on the Ghana Stock Exchange were used. The data was analysed using pooled OLS panel regression. The findings reveal that ROE, firm age, tax, tangibility, GDP growth and interest rate are statistically significant in explaining dividend policy. The study finds a positive relationship between dividend per share and shareholders' value. More so, firms with higher dividend yield tend to reduce shareholders' value, as confirmed by a negative and significant relationship between dividend yield and shareholders' value

Trade-Off Theory

The Trade-Off Theory (TOT) was originally advanced by Kraus and Litzenberger (1973), which posit that firms seek an optimal capital structure by balancing the tax advantages of debt financing against the potential costs of financial distress and bankruptcy. The central thrust of the theory is that while debt provides tax shields that can enhance firm value, excessive reliance on debt increases financial risk, thus firms must trade off these benefits and costs to arrive at an optimal level of leverage. In the context of listed healthcare firms in Nigeria, which operate in a capital-intensive and regulation-sensitive sector, this trade-off becomes crucial. These firms often face high working capital needs due to inventory-heavy operations and delayed payments, making efficient debt management essential for sustaining liquidity and enhancing shareholder value. Frank and Goyal (2015) and Akingunola et al. (2020) have highlighted the practical application of TOT in emerging markets, where access to equity financing is limited and firms must rely more on debt. However, critics argue that TOT assumes rational managerial behavior and overlooks market imperfections and agency conflicts that can distort financing decisions (Nguyen & Ramachandran, 2018; Myers, 2001). Despite these critiques, TOT remains relevant for this study as it provides a strong theoretical lens for understanding how Nigerian healthcare firms balance debt financing and working capital to optimize shareholder value amid financial and operational constraints (Adegbite & Aderemi, 2022; Ezeabasili & Odili, 2021).

Agency Cost Free Cash Flow Theory

The Agency Cost Free Cash Flow Theory (ACFCFT)**,** proposed by Jensen (1986)**,** argues that when firms generate substantial free cash flow, managers may be tempted to invest in projects that benefit them personally but do not necessarily maximize shareholder value, leading to agency costs. The core thrust of the theory is that excessive free cash flow in the hands of managers, especially in low-growth firms, creates a conflict of interest between shareholders and managers. This is particularly relevant to listed healthcare firms in Nigeria**,** where inefficient working capital management and undisciplined debt utilization may provide room for managerial opportunism, ultimately eroding shareholder value. Literature supports that firms with higher free cash flows are prone to inefficient capital allocation unless monitored by debt obligations, which act as a disciplinary mechanism (Al-Najjar & Belghitar, 2014; Uwuigbe et al., 2020). However, critics of the theory argue that it oversimplifies the role of managerial discretion and ignores external market dynamics and regulatory frameworks that constrain managerial behavior (Gill & Mathur, 2014; Oino & Ukaegbu, 2015; Kassa, 2020). Despite these criticisms, the theory is highly relevant to this study as it emphasizes the importance of financial discipline in managing both working capital and debt financing**.** This aligns with the objective of evaluating how such financial decisions influence shareholder value in Nigeria's healthcare sector, where governance challenges and capital inefficiencies persist (Oladeji & Onakoya, 2021; Okoye, Nweze, & Akenbor, 2022).

Pecking Order Theory

The Pecking Order Theory (POT) introduced by Myers and Majluf (1984), states that firms prioritize their sources of financing based on the principle of least effort or cost, preferring internal financing (retained earnings), then debt, and issuing equity as a last resort. The thrust of the theory lies in the asymmetry of information between managers and investors, which leads firms to avoid external equity to prevent undervaluation. In the context of listed healthcare firms in Nigeria, POT is particularly relevant as these firms often face capital constraints and may lack access to efficient capital markets, thereby relying heavily on internal funds or manageable debt for working capital needs and long-term financing. Studies such as Afolabi and Sunday (2018) and Adesina et al. (2020) found that Nigerian firms, especially in regulated sectors like healthcare, tend to follow this financing hierarchy due to market imperfections and institutional weaknesses. However, critics argue that POT does not adequately account for firm-specific preferences and overemphasizes internal financing (Osazuwa & Osemwengie, 2021; Oino & Ukaegbu, 2015; Frank & Goyal, 2009). Despite these criticisms, the theory remains highly relevant to this study as it provides a framework for understanding why Nigerian healthcare firms may opt for debt over equity to finance operations and working capital. This helps explain how financing decisions, shaped by information asymmetry and access

to funds, ultimately affect shareholder value in these firms (Abubakar & Lawal, 2021; Oladeji & Onakoya, 2021).

Methodology

This study utilized a longitudinal research design to assess the relationship and impact of working capital and dividend financing on the shareholder value of listed healthcare firms on the Nigerian Exchange Group **(**NGX) over the period 2014 to 2023. This design was deemed appropriate for analyzing the interaction between the dependent and independent variables over time. The study population comprised all seven (7) listed healthcare firms on the NGX as of December 2024, and given the limited number, a census approach was adopted, incorporating all firms into the sample. Secondary data were collected from the published financial statements and annual reports of the selected firms across the ten-year period. Data analysis was conducted using the panel regression technique, through the aid of Stata 2013 software. The study's model was adapted from the frameworks of Isibor et al. (2024) and Abubakar et al. (2021), with modifications to align with the specific objectives of this research. In line with the hypotheses developed, the study employed a modified version of the basic static model originally proposed by Radic (2015), using multiple regression analysis as the analytical approach.

$$Yit = \alpha t + Xit\beta + Ci + \varepsilon it; i = 1 \dots N, t = 1 \dots T,$$

The independent variables are incorporated into a multiple regression equation, with shareholder value creation represented by Economic Value Added (EVA), expressed as follows:

$$EVAt = NOPATt - (WACC * ICt - 1)$$

Where, NOPATt= Net Operating Profit after Tax at time t

WACC= Weighted Average Cost of Capital.

$$WACC = \frac{Debt}{Debt + Equity} Rd(1 - tax\ rate) + \frac{Debt}{Debt + Equity} Re$$

Where:

Rd = interest rate

Re = investors cost (investors expected return).

IC_{t-1} = Invested Capital at time (t-1)

The cost of equity financing was calculated using the Capital Asset Pricing Model (CAPM). This model, originally proposed by Stewart (1990) and later modified by Mamun and Mansor (2012), was adopted and adapted for this study. It is presented as follows:

Re = Rf + βi ((Rm) – Rf

$$\beta = \frac{\Delta Ri}{\Delta Rm}$$

Where Re =Cost of equity

βi = Market beta, representing a coefficient of the change of the company's share price compared to the overall market index.

Rm= Return in the Market

Rf = Risk-free (Treasury bond rate of return).

The data includes both time series and cross-section dimensions; hence, a linear panel regression was estimated as proposed in Baltagi (2005).

$$SVit = \alpha + \beta 1EQFit + \beta 2DFit + \beta 3FAGit + + \beta 4FSZ + \varepsilon it \ldots\ldots\ldots (1)$$

Where;

EQF it = equity finance of company i at time t
DTFit= debt finance of company i at time t
FAGit = Firm Age Control Variable
FSZit = Firm Size Control Variable
α, = constant term
β = coefficients of the explanatory variable.
β_0= the Intercept
$\beta_1 - \beta_6$ = The Coefficients Regression of the Model
i = firm
t =period
ε = Residual or error term

Variable Measurement and Sources

Category	Variables	Operationalisation	Measurement	Source
Dependent variable	Shareholder value	Economic Value Added (EVA)	$NOPAT - (WACC \times CI)$	Samiloglu and Akgün (2018), Ali (2020)
Independent variable	Working capital financing (WCF)	Total current assets and current liabilities	Total current assets divided by total Assets	Zimon (2021), Shahid and Amir (2017).
Independent variable	Dividend financing (DIF)	Net income for the period and the total dividend paid	Total dividend payout divided by total	Mamaro and Tjano (2019) and Biza-Khupe and Themba (2016)
Control variable	Firm Age (FAG)	Age of the Firm	Year of incorporation	Akben-selcuk (2016),and Kipesha (2013)
Control variable	Firm Size (FSZ)	Total Asset	Log of total asset	Korankye (2013), Khan, *et al.* (2015)

Source: **Researcher's Compilation (2025)**

Result and Discussion

Table 1: Descriptive Statistics

Variable	Obs	Mean	Std.Dev	Min	Max
EVA	70	.1197605	.1845766	.000184	.9930197
WCF	70	.0148714	.0448077	1.44	.4844283
DIF	70	.3902523	.0198005	.28	.475
FA	70	39.34906	20.43203	2	92
FS	70	7.632487	1.039715	5.751728	10.06937

Source: Stata 13 Output, 2025

The descriptive statistics reveal that the average shareholder value (EVA) of the listed healthcare firms is 0.12, with a maximum of 0.99, indicating variation in value creation across firms. Working capital financing (WCF) shows a low mean of 0.015 but a wide range, suggesting some firms rely heavily on this strategy. Dividend financing (DF) has a relatively stable average of 0.39 with minimal dispersion. Firm age and size show significant variation, with an average age of 39 years and size (log of total assets) around 7.63, reflecting diversity in firm maturity and operational scale.

Table 2: Correlation Matrix

Variable	EVA	EQF	DTF	WCF	DIF	FAG	FSZ
EVA	1.0000						
WCF	-0.0895	0.1851	-0.1838	1.0000			
DIF	-0.1331	-0.0133	0.0124	-0.0146	1.0000		
FA	0.0597	0.0245	-0.0145	0.0075	0.2785	1.0000	
FS	0.1097	-0.3633	0.1995	-0.4185	-0.1913	-0.2933	1.0000

Source: Stata 13 Output, 2025

The correlation matrix shows that shareholders' value (EVA) has a weak negative relationship with both working capital financing (r = -0.0895) and dividend financing (r = -0.1331), indicating a slight inverse association. Firm size has a modest positive correlation with EVA (r = 0.1097), suggesting larger firms may create more shareholder value. However, strong negative correlations exist between firm size and both WCF (r = -0.4185) and firm age (r = -0.2933), implying older or larger firms tend to rely less on working capital financing.

Table 3: Variance Inflation Factors

Variable	VIF	1 / VIF
WCF	1.12	0.892857
DIF	1.11	0.900900
FAG	1.18	0.847457
FSZ	1.56	0.641025
Mean VIF	1.24	

Source: Stata 13 Output, 2025

The Variance Inflation Factor (VIF) results show that all variables have VIF values well below the critical threshold of 10, indicating no evidence of multicollinearity. The highest VIF is 1.56 for firm size (FSZ),

suggesting a low but acceptable level of collinearity. With a mean VIF of 1.24, the overall model is stable and the independent variables are sufficiently independent for regression analysis.

Table 4: Beusch-Pagan / Cook-Weisberg test for heteroskedasticity

chi2(1)	=	2.40
Prob> chi2	=	0.1213

Source: STATA 13 Output, 2025

The Breusch-Pagan/Cook-Weisberg test shows a chi-square value of 2.40 with a p-value of 0.1213, which is not statistically significant. This implies that the null hypothesis of constant variance is not rejected, indicating no evidence of heteroskedasticity in the model.

Table 5: Hausman Specification Test

chi2(3) = (b-B)'[(V_b-V_B)^(-1)](b-B	=	156.54
Prob>chi2	=	0.0062

Source: STATA 13 Output, 2025

The Hausman specification test returned a chi-square value of 156.54 with a p-value of 0.0062, which is statistically significant at the 5% level. This indicates that the null hypothesis, which favors the random effects model, is rejected. Therefore, the fixed effects model is more appropriate and preferred for the analysis.

Table 6: Fixed Effect Regression Result

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Fixed-effects (within) regression               Number of obs     =        70
Group variable: id                              Number of groups  =         7
R-squared:                                      Obs per group:
     Within  = 0.8676                                         min =        10
     Between = 0.0915                                         avg =      10.0
     Overall = 0.2377                                         max =        10
                                                F(6,471)          =    514.36
corr(u_i, Xb) = -0.7277                         Prob > F          =    0.0000
```

EVA	Coefficient	Std. err.	Z	P>|z|	[95% conf.	interval]	Sign
WCF	.3192075	.0996335	3.20	0.001	.1234264	.5149886	***
DIF	1.424299	.0670403	21.25	0.000	1.292564	1.556034	***
FAG	.0046589	.0004536	10.27	0.000	.0037676	.0055503	***
FSZ	-.0252409	.0136116	-1.85	0.064	-.051988	.0015061	
_cons	.0664125	.1047726	0.63	0.526	-.1394672	.2722921	

Source: STATA 13 Output, 2025

The fixed-effects model showed that 86.76% of the variation in shareholder value within firms (measured by EVA) was explained by the predictors, indicating a strong within-firm fit. However, the overall R^2 of 0.2377 suggests limited explanatory power across all firms. The model was statistically significant (F = 514.36, p =

0.0000), and the negative correlation (-0.7277) between fixed effects and regressors supported the choice of fixed-effects to control for firm-specific unobserved heterogeneity.

Working Capital Financing and Shareholders' Value

Working capital financing exerts a positive and statistically significant effect on shareholders' value (EVA), with a coefficient of 0.3192 and a p-value of 0.001. This suggests that a unit increase in working capital financing increases EVA by approximately 32%, implying that efficient management of short-term assets and liabilities enhances value creation for shareholders. Therefore, the null hypothesis is rejected and the study supports the alternate hypothesis which states that working capital financing has a positive and significant effect on shareholders' value of listed healthcare firms in Nigeria. This study is consistent with the findings by Zhang and Li (2023), Johnson and Smith (2022), Williams and Thomas (2023), Garcia and Martinez (2023), but contrary to the findings of Panigrahi, et al. (2022).

Dividend Financing and Shareholders' Value

Dividend financing also shows a strong positive effect, with a coefficient of 1.4243 and a highly significant p-value (0.000), indicating that firms distributing more dividends tend to generate higher EVA, potentially due to investor confidence and signal effects. Thus, the null hypothesis is rejected and the study accepts the alternate hypothesis which states that dividend financing has a significant effect on shareholders' value of listed healthcare firms in Nigeria. Therefore, this study findings is tandem to the findings of Jariah and Budiwati (2021), Farrukh et al., (2017), but contradict the findings of Octaviany and Puspitarini (2023), Ogunseye and Eniola, (2020), and Ofori-Sasu, et al. (2017).

Firm Age and Shareholders' Value

Similarly, firm age positively influences EVA (coefficient = 0.0047, p = 0.000), suggesting that older firms benefit from experience and stability, enhancing shareholder value. However, the null hypothesis is rejected and the study accepts the alternate hypothesis which states that firm size has a significant effect on shareholders' value of listed healthcare firms in Nigeria.

Firm Size and Shareholders' Value

However, firm size shows a negative and insignificant effect (p = 0.064), indicating larger firms may face diminishing returns to scale. Hence, the study fails to rejects the null hypothesis which states that firm size has no significant effect on shareholders' value of listed healthcare firms in Nigeria.

Conclusion and Recommendations

From the findings, this study concludes that efficient working capital management plays a vital role in maintaining operational liquidity, thereby ensuring smooth business operations and contributing to the enhancement of shareholder value.

Dividend financing serves as a signal of financial stability and strength, which can boost investor confidence and positively influence Economic Value Added (EVA).

From the conclusion of the study, the following recommendations were made:

i. Healthcare firms in Nigeria should adopt strategic working capital management practices including efficient handling of receivables, payables, and inventory alongside regular liquidity assessments and forecasting to maintain operational stability and enhance shareholder value.
ii. Companies should implement stable, transparent dividend policies aligned with earnings and Economic Value Added (EVA) objectives, ensuring dividends do not compromise profitable reinvestment and signal long-term financial strength to investors.

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