©IDOSR PUBLICATIONS
International Digital Organization for Scientific Research ISSN: 2550-7974
IDOSR JOURNAL OF ARTS AND MANAGEMENT 2(3): 64-84, 2017.

Current Asset Management and Corporate Performance in Telecommunication Industry in Nigeria

Anastesia Nwakaego Duru, Innocent Ikechukwu Okpe and Geradine Ezekwu

Department of Accountancy, Enugu State University of Science and Technology, Enugu State, Nigeria.

ABSTRACT

The study examined the effect of current Asset management and corporate performance in telecommunication industry in Nigeria. The research is an *ex- post facto* research covering the period 2011 to 2015. Secondary data was extracted from company's annual report and accounts of selected individual's companies in the Nigerian telecommunication sector. The data were analyzed using multiple regression technique for test of hypotheses. Findings indicate that account receivables, inventories and cash and cash have positive effect on profit after tax. The strength of the effect these variables have on profit after tax is significant. Therefore all these variables provide a sound benchmark for corporate performance in the sector. the researcher recommends Firms in Nigerian telecommunication industry should always increase their cash-and-cash equivalent, account receivables, inventories because it has a positive effect on profit after tax. It will also help the managers to make effective decisions about the variables they use for their daily business activities.

Keywords: Cash Conversion, Profitability, Multiple Regressions

INTRODUCTION

Performance is the bottom-line for every organization, business and non-business alike. It is essential because non-performance can spell failure. [1], posits that sustainability of a firm heavily depends on the ability and success of its financial management function. [1], further submit that corporate finance involves capital budgeting, capital structure and current asset management, capital budgeting and structure, such as investments in fixed assets are about the management of long-term capital and attract more attention than working capital management in finance literature. [2], however, opine that current asset management is a very crucial field of corporate finance, due to its considerable relationship with firm's profitability and liquidity. In order to maintain its activity firms typically need two types of assets, fixed assets and current assets. Singh and [3], opine that fixed assets are not only purchased for the purpose of resale, but also for operational

purposes. On the other hand, current assets are seen as key components of the firm`s total assets.

According to [4], a firm may be able to reduce its investment on fixed assets by leasing, but this becomes practically difficult for current assets. [5], posits that a firm's investment in current assets such as cash, bank deposits, short term securities, accounts receivables and inventories are called working capital. [6] submits that net working capital is the surplus of current assets over the short term liabilities and represents the liquidity margin available to meet the cash demands in order to maintain the daily operations and benefit from the profitable investment opportunities. Therefore it is possible to say that working capital can be regarded as life wire of the firm and its efficient management can ensure the success and the sustainability of the firm while its inefficient management may lead the firm to bankruptcy [7].

Ricci and [8], opine that an efficient current asset management primarily aims to ensure an optimum balance between profitability and risk. This objective can be achieved by continuous monitoring of current asset components such as cash and cash equivalents, accounts receivable, investments and inventories. According to [9], with an efficient management of current asset, firms could lower their reliance on external financing and use the released cash for additional investment and for enhancing the firm's financial flexibility. [10], posit that the effective current asset management is very crucial due to the fact it affects the profitability and liquidity of the organization. In that vein, [11], submits that the main purpose of current asset management is to reach optimal balance between working capital management components. In the last decades there have not been many research papers and articles that investigated the significance of current asset management with regard to its effect on the profitability of companies. A review of few studies that have been conducted on different firms and industries, there were always different results on how the company's performance in term of profitability is linked to the effective management of its current asset, specifically cash.

Statement of the Problem

This study arises from the need to manage current asset of telecommunication firms more effectively and efficiently – keeping viability and continuity in view. In Nigeria, telecommunication firms are struggling to thrive and some key players have been forced to move their operations to other countries. Others have shutdown their operations as a result ineffective current asset management. If this trend continues unabated, Nigeria's hope of rising to a middle level economy as envisioned by vision 2020 is in doubt.

The foregoing notwithstanding, made most of the telecommunication companies either maintain excessive or inadequate current asset levels – both levels are inappropriate. Too much current asset means that a firm ties up capital on unproductive assets thus reducing profit maximization. This further means that the market share of the company is not maximized. However, too little current asset is a threat to the liquidity of a company. With little current asset, a company can easily collapse despite optimal profit levels. Therefore, all types of businesses must maintain an ideal level of current asset.

They also assert that a firm that manages its current asset inefficiently has every possibility that a lot of mayhem will fall on the organization. Such mishap may range from setting, inability to expand, reduction in value of the company as well as its shares; inability of the management to cope up with organizational technical improvement; and financial losses, liquidity, susceptibility to liquidation and insolvency. This scenario is happening in most African countries. For instance, in Kenya they revealed that manufacturing firms are facing problems with their collection and payment policies as well as not paying attention to inventory levels. Such is the case of Nigeria which represents a serious impediment to our effort to achieve middle level economy by the year 2020 and

will have a difficult time rising economically to the level of Asian tigers such as Malaysia and Singapore.

To better understand these assertions, the study sought to carry out a current asset management evaluation in Nigeria with the objective of determining the effects of current asset management on profitability of brewer firms in Nigeria. Such an evaluation has not been carried out in Nigeria especially with the independent variables used in the study and the outcome of the study forms a basis of future study on current asset management in telecommunication firms in Nigeria.

Objectives of the Study

The general objective of the study is to evaluate the effect of current asset management on corporate performance of firms in Nigeria telecommunication industry. In order to achieve the stated general objective, the study made use of the following specific objectives:

- To evaluate the extent to which receivables relates with profit after tax of firms in Nigeria telecommunication Industry.
- To ascertain the extent to which inventory relates with profit after tax of firms in Nigeria telecommunication Industry.
- To determine the extent to which cash and cash equivalent relates with profit after tax of firms in Nigeria telecommunication Industry.

Research Questions

In line with the above stated problem and the objective of the study, the following questions will guide the discussions in this work:

1. To what extent does receivable affect profit after tax of firms in Nigeria telecommunication Industry?
2. To what extent does inventory affects profit after tax of firms in Nigeria telecommunication Industry?
3. To what extent do cash and cash equivalents relate with profit after tax of firms in Nigeria telecommunication Industry?

Statement of Hypotheses

For the purpose of achieving the objective of the study, and in line with the research question, the following hypotheses will guide the study:

1. Receivables does not significantly relate to profit after tax of firms in Nigeria telecommunication Industry.
2. Inventory does not significantly relate to profit after tax of firms in Nigeria telecommunication Industry.
3. Cash and cash equivalents do not significantly relate to profit after tax of firms in Nigeria telecommunication Industry.

Significance of the Study

This study tends to contribute its own quota to the body of knowledge already existing in this area, by trying to complement the efforts made financial analyst, academics and social scientists in trying to determine the relationship between current asset and financial performance of firms in Nigeria, especially the telecommunication industry.

Scope of the Study

The study covers a period of five years (2011-2015). The researcher made use of four firms in the Nigeria telecommunication industry. These firms include: Mobile Telephone Network Nigeria Plc, Globacom Nigeria Plc, Airtel Nigeria Plc and Etisalat Nigeria Plc. The choice of the period is to make the result based on recent trends within the industry.

Limitations of the Study

The major limitation was financial constraint, as a lot of finance was committed to this study especially with regards to gathering data, sourcing of relevant literature for review and assembling them through the internet and via library.

METHODOLOGY

Research Design

The research design is an ex-post facto (after the fact). This is as a result of the fact that data used have been in existence in the company's annual reports and accounts.

Sources of Data

The secondary data used to run the analysis was obtained from annual reports and accounts of the selected individual companies in the Nigeria telecommunication sector. The period covered was from 2011 to 2015.

Area of study

The research was conducted in Nigeria telecommunication sector of the economy. The study empirically evaluate the effect current asset management has on financial performance of telecommunication firms in Nigeria.

Population of the Study

The population of the study is all the telecommunication firms in Nigeria.

Sample size Determination

Inability of most of the firms to provide a ten years' time series data from 2011 to 2015, limited the researcher into selecting three (3) firms based on the availability of required data for analysis. The firms selected are: Mobile Telephone Network Nigeria Plc, Globacom Nigeria Plc, Airtel Nigeria Plc.

Analytical Technique

This study adopted the multiple regressions and simple regression as the statistical tools to test the hypotheses. The functional forms of multiple regression analysis were employed in the analysis.

Analytical Procedure

The objectives of the study are accomplished by graphical representation of the dependent and independent variables to show the trend of movement within the study period. A regression equation is estimated to evaluate the effect of current asset management on profitability. Last but not least is a correlation analysis which is used to examine the relationship between cash-and-cash equivalent and corporate performance of telecommunication firms in Nigeria.

Model Specification

The model is specified in line with previous related literature in the area of the study. Data analysis and discussion of the study outcome was moderated by correlation coefficient model. This is because correlation coefficient leads to a more accurate and precise understanding of the association of each independent variable with the dependent variable. For robustness of the study, a composite simple regression (prediction) model will be used to test the significance of the individual hypotheses, hence, it is formulated as thus:

$$PAT_{t,i} = \beta_o + \beta_1 AT_t + \beta_2 INVT_t + \beta_3 CACt + \varepsilon_t \quad \ldots\ldots\ldots\ldots (2)$$

Where,

PAT		Profit after Tax
AT		Account Receivables
INVT		Inventory
CAC		Cash and Cash Equivalent
ε		Error Term
β_o	=	Coefficient (constant) to be estimated

$\beta_i - \beta_6$ = Parameters of the independent variables to be estimated
t Current period

Description of Model Variables

The research variables are structured into dependent and independent variables for the purpose of the analysis. The dependent variable of the study is profit after tax while the independent variables are account receivable, inventory and cash and cash equivalent.

Table 1: Model Variables Description

Short Form(Acronym)	Details	Source of Data
PAT	Profit After Tax	Annual Report and Accounts
AR	Account Receivable	Annual Report and Accounts
INVT	Inventory	Annual Report and Accounts
CAC	Cash and Cash Equ.	Annual Report and Accounts

Source: Author's Arrangement.

DATA PRESENTATION AND ANALYSIS

Table: 2 TIME SERIES DATA – GLOBACOM TELECOMM LTD

YEARS	PAT 'M	AR 'M	INV 'M	CAC 'M
2006	10,900	29,413	27,357	61,136
2007	18,942	54,775	37,519	49,637
2008	25,700	42,315	41,389	63,673
2009	27,910	44,880	44,880	69,509
2010	30,382	85,653	57,143	129,794

Source: Company's Annual Reports and Accounts

Table 3: TIME SERIES DATA – MTN NIGERIA LTD

YEARS	PAT ’M	AR ’M	INV ’M	CAC ’M
2011	38,434,033	86,834	55,624	166,799
2012	38,042,714	100,296	62,240	152,464
2013	43,080,349	114,555	61,462	234,675
2014	42,520,253	140,079	54,515	216,140
2015	38,056,123	144,255	39,675	222,891

Source: Company’s Annual Reports and Accounts

Table 4: TIME SERIES DATA – AIRTEL NIGERIA LTD

YEARS	PAT ’M	AR ’M	INV ’M	CAC ’M
2006	13,541,189	38,997	21,075	65,537
2007	13,736,359	51,276	17,009	69,785
2008	17,927,934	44,248	11,681	88,080
2009	14,671,195	46,100	10,795	76,146
2010	11,863,726	67,103	(2,347)	69,888

Source: Company’s Annual Reports and Accounts

Table 5: REGRESSION RESULT – GLOBACOM TELECOMM. LTD

Variable	Coefficient	Std. Error	t-Statistic	Prob.
AR	-0.341731	0.089913	-3.800694	0.0090
INV	-0.367697	0.110498	-3.327647	0.0159
CAC	0.239123	0.070042	3.413966	0.0142
C	7.855832	1.460607	5.378470	0.0017
R-squared	0.879379	Mean dependent var		0.388000
Adjusted R-squared	0.819069	S.D. dependent var		0.175026
S.E. of regression	0.074449	Akaike info criterion		-2.068232
Sum squared resid	0.033256	Schwarz criterion		-1.947198
Log likelihood	14.34116	Hannan-Quinn criter.		-2.201006
F-statistic	14.58089	Durbin-Watson stat		1.841203
Prob(F-statistic)	0.003661			

Source: Eviews 9.0 Software

Interpretation of Regression Coefficient Result

Table 5, indicates that a one unit change in AR and INV will decrease PAT by 0.341731 and 0.367697 respectively. Meanwhile, a unit change in CAC will increase PAT by 0.239123. The strength of the effect these variables have on PAT is significant. This is the situation in Globacom Telecommunication Limited when considered in isolation.

Interpretation of Durbin Watson- Statistic

The Durbin-Watson statistic is 1.841203. The Durbin Watson statistic result indicates the absence of serial autocorrelation in the series. The result indicates that there is neither negative nor positive autocorrelation in the time series data extracted from the annual report and accounts of Globacom Telecommunication Limited.

Coefficient of Determination (R^2)

The Adjusted R-squared is 0.819069. The adjusted R^2 reveals that about 82% of the variations in PAT could be explained by AR, INV and CAC while about 18% could be explained by other factors capable of influencing PAT in Globacom Telecommunication Limited; such as turnover, government influence through price regulation, as well as the error term and the unexplained variables.

Table 6: REGRESSION RESULT–MTN NIGERIA LIMITED

Variable	Coefficient	Std. Error	t-Statistic	Prob.
AR	-0.011360	0.065238	-0.174129	0.8675
INV	0.083245	0.063889	1.302960	0.2404
CAC	-0.151135	0.169484	-0.891740	0.4069
C	1.043393	1.872406	0.557247	0.5975
R-squared	0.408693	Mean dependent var		0.107800
Adjusted R-squared	0.113040	S.D. dependent var		0.062737
S.E. of regression	0.059085	Akaike info criterion		-2.530505
Sum squared resid	0.020946	Schwarz criterion		-2.409471
Log likelihood	16.65253	Hannan-Quinn criter.		-2.663279
F-statistic	1.382339	Durbin-Watson stat		1.513286
Prob(F-statistic)	0.335700			

Source: Eviews 9.0 Software

Interpretation of Regression Coefficient Result

Table 6, indicates that a one unit change in AR and CAC will decrease PAT by 0.011360 and 0.151135 respectively. Meanwhile, a unit change in INV will increase PAT by 0.083245. The

strength of the effect these variables have on PAT is insignificant. This is the situation in MTN Nigeria Limited when considered in isolation.

Interpretation of Durbin Watson- Statistic

The Durbin-Watson statistic is 1.513286. The Durbin Watson statistic result indicates the absence of serial autocorrelation in the series. The result indicates that there is neither negative nor positive autocorrelation in the time series data extracted from the annual report and accounts of MTN Nigeria Limited.

Coefficient of Determination (R^2)

The Adjusted R-squared is 0.113040. The adjusted R^2 reveals that about 11% of the variations in PAT could be explained by AR, INV and CAC while about 89% could be explained by other factors capable of influencing PAT in MTN Nigeria Limited; such as turnover, government influence through price regulation, as well as the error term and the unexplained variable

Table 7: REGRESSION RESULT – AIRTEL NIGERIA LIMITED

Variable	Coefficient	Std. Error	t-Statistic	Prob.
AR	-0.500250	0.106191	-4.710844	0.0033
INV	-0.193094	0.066514	-2.903079	0.0272
CAC	0.089661	0.074352	1.205898	0.2732
C	9.766118	2.308024	4.231376	0.0055
R-squared	0.789946	Mean dependent var		0.282800
Adjusted R-squared	0.684919	S.D. dependent var		0.160779
S.E. of regression	0.090249	Akaike info criterion		-1.683322
Sum squared resid	0.048869	Schwarz criterion		-1.562288
Log likelihood	12.41661	Hannan-Quinn criter.		-1.816096

F-statistic	7.521371	Durbin-Watson stat	2.294010
Prob(F-statistic)	0.018603		

Source: Eviews 9.0 Software

Interpretation of Regression Coefficient Result

Table 7, indicates that a one unit change in AR and INV will decrease PAT by 0.500250 and 0.193094 respectively. Meanwhile, a unit change in CAC will increase PAT by 0.089661. The strength of the effect AR and INV have on PAT is significant. This is the situation in Airtel Nigeria Limited when considered in isolation.

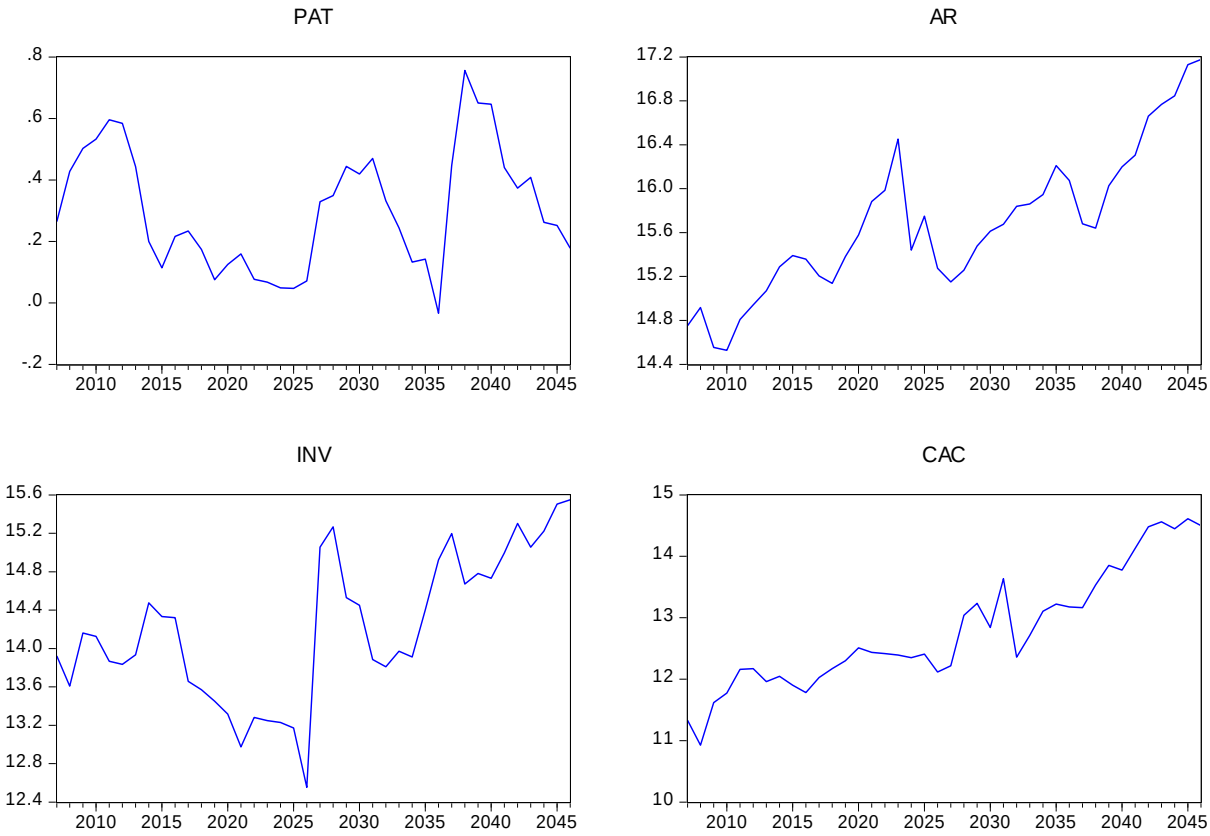
Interpretation of Durbin Watson- Statistic

The Durbin-Watson statistic is 2.294010. The Durbin Watson statistic result indicates the absence of serial autocorrelation in the series. The result indicates that there is neither negative nor positive autocorrelation in the time series data extracted from the annual report and accounts of Airtel Nigeria Limited.

Coefficient of Determination (R^2)

The Adjusted R-squared is 0.684919. The adjusted R^2 reveals that about 68% of the variations in PAT could be explained by AR, INV and CAC while about 32% could be explained by other factors capable of influencing PAT in Airtel Nigeria Limited; such as turnover, government influence through price regulation, as well as the error term and the unexplained variables.

FIGURE 1: LINE GRAPH–INDUSTRY LEVEL ANALYSIS



Source: Eviews 9.0 Software

Figure 1 indicates that Nigeria telecommunication industry has similar movement of data variables between profit after tax and inventory. On the other hand, account receivables and cash and cash equivalents have same pattern of movement during the years under review.

Table 8: ESCRIPTIVE STATISTIC - INDUSTRY LEVEL ANALYSIS

	PAT	AR	INV	CAC
Mean	0.304950	15.68080	14.20605	12.78483
Median	0.263000	15.62749	14.14325	12.42463
Maximum	0.756000	17.17800	15.54912	14.61279
Minimum	-0.034000	14.52855	12.55380	10.92414
Std. Dev.	0.197393	0.666733	0.765141	0.958905
Skewness	0.347547	0.448649	-0.022684	0.451005
Kurtosis	2.219337	2.677537	2.118250	2.340425
Jarque-Bera	1.820983	1.515212	1.299235	2.081100
Probability	0.402326	0.468787	0.522246	0.353260
Sum	12.19800	627.2321	568.2422	511.3933
Sum Sq. Dev.	1.519592	17.33677	22.83217	35.86046
Observations	15	15	15	15

Source: Eviews 9.0 Software

Table 8 shows that all the variables have skewnnes coefficient that is less than one. The kurtosis of all the variables are less than three (platykurtic). Although this does not imply the distribution is flat-topped rather, it means the distribution produces fewer and less extreme outliers than does the normal distribution. The Jarque-Bera probability is insignificance for all the variables. This implies that the data series can be accepted as a normal distribution.

Table 9: – CORRELATION ANALYSIS-INDUSTRY LEVEL ANALYSIS

	PAT	AR	INV	CAC
PAT	1.000000	-0.200183	0.367773	0.170737
AR	-0.200183	1.000000	0.460049	0.853555
INV	0.367773	0.460049	1.000000	0.669990
CAC	0.170737	0.853555	0.669990	1.000000

Source: Eviews 9.0 Software

Table 9 indicates that a weak and negative relationship exists between AR and PAT. However, INV/PAT and CAC have positive and weak relationship among the variables under study. This implies that none of the variables can be used to predict changes in profit after tax of telecommunication firms in Nigeria.

Table 10: REGRESSION RESULT – INDUSTRY LEVEL ANALYSIS

Variable	Coefficient	Std. Error	t-Statistic	Prob.
AR	-0.350512	0.070353	-4.982178	0.0000
INV	0.056636	0.043024	1.316372	0.1964
CAC	0.212891	0.058506	3.638797	0.0009
C	2.274903	0.791844	2.872918	0.0068
R-squared	0.494316	Mean dependent var		0.304950
Adjusted R-squared	0.452176	S.D. dependent var		0.197393
S.E. of regression	0.146101	Akaike info criterion		-0.914404
Sum squared resid	0.768433	Schwarz criterion		-0.745516
Log likelihood	22.28808	Hannan-Quinn criter.		-0.853339
F-statistic	11.73024	Durbin-Watson stat		1.226627
Prob(F-statistic)	0.000016			

Source: Eviews 9.0 Software

Interpretation of Regression Coefficient Result

Table 10, indicates that a one unit change in AR will decrease PAT by 0.350512. Meanwhile, a unit change in INV and CAC will increase PAT by 0.056636 and 0.212891 respectively. The strength of the effect AR and CAC have on PAT is significant. This is the situation in Nigeria telecommunication industry when considered in isolation.

Interpretation of Durbin Watson- Statistic

The Durbin-Watson statistic is 1.226627. The Durbin Watson statistic result indicates the absence of serial autocorrelation in the series. The result indicates that there is neither

negative nor positive autocorrelation in the time series data extracted from the annual report and accounts of telecommunication firms in Nigeria.

Coefficient of Determination (R^2)

The Adjusted R-squared is 0.452176. The adjusted R^2 reveals that about 45% of the variations in PAT could be explained by AR, INV and CAC while about 55% could be explained by other factors capable of influencing PAT in Nigeria telecommunication industry; such as government influence through price regulation, as well as the error term and the unexplained variables.

REGRESSION RESULT–HYPOTHESES ONE

Ho: State that accounts receivables does not positively and significantly affect profit after tax of telecommunication firms in Nigeria.

Hi: State that accounts receivables positively and significantly affect profit after tax of telecommunication firms in Nigeria.

Table 11: Decision Rule: Reject H_0 if P-Value is less than a-value of 0.05.

Variable	Coefficient	Std. Error	t-Statistic	Prob.
AR	0.059266	0.047055	-1.259508	0.0155
C	1.234292	0.738512	1.671325	0.1029
R-squared	0.210073	Mean dependent var		0.304950
Adjusted R-squared	0.194812	S.D. dependent var		0.197393
S.E. of regression	0.195925	Akaike info criterion		-0.373459
Sum squared resid	1.458697	Schwarz criterion		-0.289015
Log likelihood	9.469181	Hannan-Quinn criter.		-0.342927
F-statistic	1.586360	Durbin-Watson stat		0.469569
Prob(F-statistic)	0.215528			

Source: Eviews 9.0 Software

Decision: Table 11 reveals a P-Value of 0.0155 which is less than a-value of 0.05; H_0 is therefore rejected in respect to accounts receivables of telecommunication firms in Nigeria. This implies that accounts receivables significantly affect profit after tax of telecommunication firms in Nigeria.

-REGRESSION RESULT – HYPOTHESES TWO

Ho: State that inventory does not positively and significantly affect profit after tax of telecommunication firms in Nigeria.

Hi: State that inventory positively and significantly affect profit after tax of telecommunication firms in Nigeria.

Table 12: Decision Rule: Reject H_0 if P-Value is less than a-value of 0.05.

Variable	Coefficient	Std. Error	t-Statistic	Prob.
INV	0.094879	0.038917	2.437965	0.0196
C	-1.042903	0.553641	-1.883717	0.0673
R-squared	0.135257	Mean dependent var		0.304950
Adjusted R-squared	0.112500	S.D. dependent var		0.197393
S.E. of regression	0.185958	Akaike info criterion		-0.477883
Sum squared resid	1.314057	Schwarz criterion		-0.393439
Log likelihood	11.55766	Hannan-Quinn criter.		-0.447351
F-statistic	5.943675	Durbin-Watson stat		0.605720
Prob(F-statistic)	0.019558			

Source: Eviews 9.0 Software

Decision: Table 12 reveals a P-Value of 0.0196 which is less than a-value of 0.05; H_0 is therefore rejected in respect to inventory of telecommunication firms in Nigeria. This implies that inventory significantly affect profit after of telecommunication firms in Nigeria.

REGRESSION RESULT – HYPOTHESES THREE

Ho: State that cash and cash equivalent does not positively and significantly affect profit after tax of telecommunication firms in Nigeria.

Hi: State that cash and cash equivalents positively and significantly affect profit after tax of telecommunication firms in Nigeria.

Table 13: Decision Rule: Reject H_0 if P-Value is less than a-value of 0.05.

Variable	Coefficient	Std. Error	t-Statistic	Prob.
CAC	0.035147	0.032903	1.068181	0.0022
C	-0.144394	0.421815	-0.342316	0.7340
R-squared	0.229151	Mean dependent var		0.304950
Adjusted R-squared	0.183603	S.D. dependent var		0.197393
S.E. of regression	0.197037	Akaike info criterion		-0.362145
Sum squared resid	1.475294	Schwarz criterion		-0.277701
Log likelihood	9.242904	Hannan-Quinn criter.		-0.331613
F-statistic	1.141010	Durbin-Watson stat		0.482335
Prob(F-statistic)	0.292178			

Source: Eviews 9.0 Software

Decision: Table 13 reveals a P-Value of 0.0022 which is less than a-value of 0.05; H_0 is therefore rejected in respect to cash and cash equivalents of telecommunication firms in Nigeria. This implies that cash and cash equivalents significantly affect profit after tax of telecommunication firms in Nigeria.

DISCUSSION OF FINDINGS

Hypotheses one: This hypotheses state that accounts receivables does not positively and significantly affect profit after tax of telecommunication firms in Nigeria. From the result of the regression analysis in Table 11, accounts receivables affects profit after tax positively and significantly in the tune of 0.0155. It also reveals that about 19% of changes in profit after tax could be explained by accounts receivables.

Hypotheses two: This hypotheses state that inventory does not positively and significantly affect profit after tax of telecommunication firms in Nigeria. From the result of the regression analysis in Table 12, inventory affects profit after tax positively and significantly in the tune of 0.0196. It also reveals that about 11% of changes in profit after tax could be explained by inventory as shown by 0.112500 adjusted R-squared figure.

Hypotheses three: This hypotheses state that cash and cash equivalents does not positively and significantly affect profit after tax of telecommunication firms in Nigeria. The result of the regression analysis in Table 13 shows that cash and cash equivalents positively and significantly affects profit after tax in the tune of 0.0022. It also reveals that about 18% of changes in profit after tax could be explained by cash and cash equivalents as shown by 0.183603 adjusted R-squared figure.

Summary of Findings

The findings of this research work are summarized as follows:

- Accounts receivables have a positive and significant effect on profit after tax of telecommunication firms in Nigeria.

- Inventory has a positive and significant effect on profit after tax of telecommunication firms in Nigeria.
- Cash and cash equivalents has a positive and significant effect on profit after tax of telecommunication firms in Nigeria.

Conclusion

The aim of this research is to determine the effect of current asset management on profitability of firms in Nigeria telecommunication industry. If the relationship between these working capital indices and profitability is established, it will help the management of firms in the telecommunication industry to make informed decision as it concerns how to make adequate use of their current asset based on their degree of association with profitability.

The index that represented profitability is profit after tax, while accounts receivables turnover, inventory and cash and cash equivalents were used as proxy for current asset.

It was revealed in the data analysis that account receivables, inventory and cash and cash equivalents have positive effect on profit after tax. The strength of the effect these variables have on profit after tax is significant, The study also reveal that about 45% of changes in profit after tax could be explained by the variables under study. The remainder can be explained by other variables not studied.

All the variables have skewnnes coefficient that is less than one. The kurtosis of all the variables are less than three (platykurtic). Although this does not imply the distribution is flat-topped rather, it means the distribution produces fewer and less extreme outliers than does the normal distribution. The Jarque-Bera probability is insignificance for all the variables. This implies that the data series can be accepted as a normal distribution.

Recommendation

The following are hereby recommended:

(i) Firms in Nigeria telecommunication Industry should strive to increase their accounts receivable as this has a positive relationship with their after tax profit.

(ii) Inventory should be seriously improved as it will increase profit after tax because it's positive effect on it.

(iii) Firms in Nigeria telecommunication industry should always increase cash and cash equivalents since it has positive and significant effect on profit after tax in the industry.

Contribution to Knowledge

An important dimension of every research work is how that work contributed to the body of knowledge. This work has contributed to the body of knowledge in the following areas and as such will significantly influence government policies: Firstly, this work appears to be the first attempt by any researcher to investigate the effect of current asset on profitability of firms in Nigeria telecommunication industry using accounts receivable, inventory , and cash and cash equivalents as the independent variables thereby contributing to literature that tries to establish the relationship between inventory management variables and profitability in Nigeria. Secondly, the results of this study have provided strong empirical validation that inventory strongly associates with profit after tax in the Nigeria telecommunication industry. In addition, by studying the effect of current asset management on profitability of firms in Nigeria, using this modified variable, it is believed that the researcher has contributed to the knowledge already existing that is whether current asset has any effect on profitability. Furthermore, the knowledge from this work will help managers to make effective decision about the variables they use for their daily business activities.

REFERENCES

1. Karaduman, H.A., Akbas, H.E., Caliskan, A.O.,& Durer, S. (2011). The relationship between working capital management and profitability: Evidence from an emerging market. *International Research Journal of Finance and Economics, 62,* 61-67.
2. Almeida, J, R, (2014).Access to finance working capital management and company value: evidence from Brazilian companies listed on BM&FBOVESPA.*Journal of Business Research, 67*, 924-934.
3. Taleb, G.A., Zoued, A.N., &Shubiri, F.N. (2010). The determinants of effective working capital management policy: a case study on Jordan. *Interdisciplinary Journal of Contemporary Research in Business, 2(4)*, 248-264.
4. Gill, A., Biger, N., &Mathur, N., (2010).The relationship between working capital management and profitability: evidence from the United States.*Business and Economics Journal, 2010: BEJ-10*, 1-9.
5. Hayajneh, O.S.,&Yassine, F.L.A.(2011). The impact of working capital efficiency on profitability-an empirical analysis on Jordanian manufacturing firms. *International Research Journal of Finance and Economics*, *66*, 61-76.
6. Makori, D, M., &Jagongo, A., (2013).Working capital management and firm profitability: empirical evidence from manufacturing and construction firms listed on Nairobi Securities Exchange Kenya, *International Journal of Accounting and Taxation, 1 (1)*. 1-14.
7. Deloof, M., (2003).Does working capital management affect profitability of Belgian firms?*Journal of Business Finance & Accounting, 30 (3)*. 573-587.
8. Lind, L., Pirttila, M., Viskari, S., Schupp, F.,& Karri, T., (2005).Working capital management in the automotive industry: financial value chain analysis, *Journal of Purchasing & Supply Management, 18*, 92-100.
9. Lazaridis, I., &Tryfonidis, D., (2006).Relationship between working capital management and profitability of listed companies in the Athens Stock Exchange.*Journal of financial management and analysis, 19 (1)*. 26-35.
10. Raheman, A., &Nasr, M., (2007).Working capital management and profitability – case of Pakistani firms.*International Review of Business Research Papers, 3 (1).* 279-300.