EFFECT OF ASSET INVESTMENT ON FINANCIAL PERFORMANCE OF INSURANCE COMPANIES IN BAYELSA STATE, NIGERIA

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Abstract

Effective asset investment is essential for enhancing the financial performance of insurance companies, thereby enabling the industry to play a substantial role in Nigeria's economic development. This study investigated the effect of asset investment on the financial performance of selected publicly listed insurance companies in Bayelsa State, Nigeria. The research employed an ex post facto design. The study's population comprised fifteen (15) listed insurance companies in the Nigerian Exchange Group, sampled five (5) times by purposive selection. The data utilized in this study was obtained from the annual reports and financial statements of the selected organizations from 2014 to 2023. The data analysis technique employs descriptive statistics and multiple regression using Ordinary Least Squares (OLS) utilizing SPSS. The study's findings indicate that investment in non-current assets significantly affects net profit margin, whereas investment in current assets has a negligible effect. The study indicates that investing in non-current assets positively and significantly affects the financial performance of publicly listed insurance companies. This study recommends that Nigerian insurance companies maintain their investment in non-current assets, as these assets significantly impact net profit margins.

Keywords: Asset Investment, Financial Performance, Insurance Companies, Non-current Assets Investment

Introduction

Any for-profit enterprise, no matter its size, industry, or focus, has one overarching goal: to maximize profits. Because shareholders are profit-motivated at all times, it is the principal responsibility of every financial management to prudently invest funds in order to maximize profits (Victor et al., 2024; Olaoye & Ayodele, 2019). The efficiency with which present assets, plant and equipment, and financial performance are turned into profit is measured by profitability.

According to Major et al., (2022) and Ayewumi and Chukwunweike (2024), companies often acquire assets with the goal of enhancing their operational efficiency and value generation. Major factors influencing a company's profitability include the make-up of its assets and the actions taken with regard to those assets (Fitri & Marietza, 2024). Peterson (2023) contends that assets are, at their core, transactions made in the current moment that will provide rewards in the future.

According to Oliver et al., (2017), the definition of financial resources is "potential future economic benefits obtained or controlled by a particular entity as a result of past transactions or events." This definition describes the characteristics of financial resources. "Any owned physical object (tangible) or right (intangible) having economic value to its owners; an item or source of wealth with continuing benefits for future periods, expressed, for accounting purposes, in terms of its cost or other value, such as current replacement cost." The United States Institute of Management Accountants is the organization that defines the assets. One possible way to categorize assets is according to the speed with which they may be converted into cold, hard cash. Both current and non-current assets, often known as fixed assets, are separated into two distinct categories using this approach. It is possible to further categorize assets based on whether or not they are physically existent (tangible or intangible), or whether or not they are in a state of operation or nonoperation.

When it comes to the total amount of resources that are available, noncurrent assets constitute a sizeable portion of any aforementioned business. According to Abolo (2022), firms should make investments in noncurrent assets since doing so increases their potential to supply products and services to customers. (Akparhuere et al., 2019; Ullah & Ahmad, 2019; Osirim & Moses, 2019; Thankgod, 2021; Egwu et al., 2024) Investment goods comprise plant and machinery, which includes office equipment, information and communication technology (ICT), buildings, autos, furnishings, and fittings. Furthermore, investment goods include office equipment. The importance of a company's non-current assets as an investment component can be attributed to a number of different causes.

Okoro and Charles (2019) state that the successful investment of a company's non-current assets is a significant factor in determining the extent to which the company is able to generate wealth for its shareholders. An efficient use of non-current assets to generate sales is indicated by a high ratio of non-current assets turnover, whereas an inefficient use of non-current assets is indicated by a low ratio. Organizational performance may fall short of expectations if non-current assets are not invested appropriately (Saut et al., 2024). In order to achieve their objectives efficiently, successful firms understand the need of investing in non-current assets and are able to adapt to changes in both the external environment and technology (Mwaniki & Omagwa, 2017).

Contrarily, investments in cash, receivables, and inventory are considered current assets. This asset class does not generate interest. While it's conceivable for a company to forego long-term investments like property, short-term investments like cash on hand are essential to any successful enterprise. Investors in current assets have grown in popularity as businesses have realized the need of distinguishing between liquidity and profitability (Chukwu et al., 2022; Major et al., 2022). For effective management of operational finances, it is essential to invest existing assets efficiently (Osirim & Moses, 2019).

According to Pandey (2005), when businesses put too much money into working capital (net current assets), it causes inventories to build up unnecessarily, which in turn causes theft, mismanagement, and wastage. He went on to say that investing in debtors and other current assets without a valid reason leads to an increase in bad debts, ineffective management, speculation profiting from stockpiles, and ultimately, a decline in profitability. Likewise, insufficient current assets may exacerbate operational inefficiencies, leading to subpar financial results. Inadequate investment in current assets can disrupt operations and reduce profitability, while excessive investment can leave idle cash that could be put to better use (Chowdhary & Amin, 2017). A company's capacity to manage its present assets determines its survival and success.

Statement of the Problem

According to Akinleye and Adesina (2019) and Tumuhimbis (2024), the majority of Nigerian organizations have shut down as a result of inadequate performance. Poor performance has led to the failure of many companies up until this point. Possible causes of this dismal performance include financial difficulties, underinvestment, underutilization, or bankruptcy. A major contributor to the demise of certain insurance firms can be the appraisal problem, namely in relation to bad asset investment.

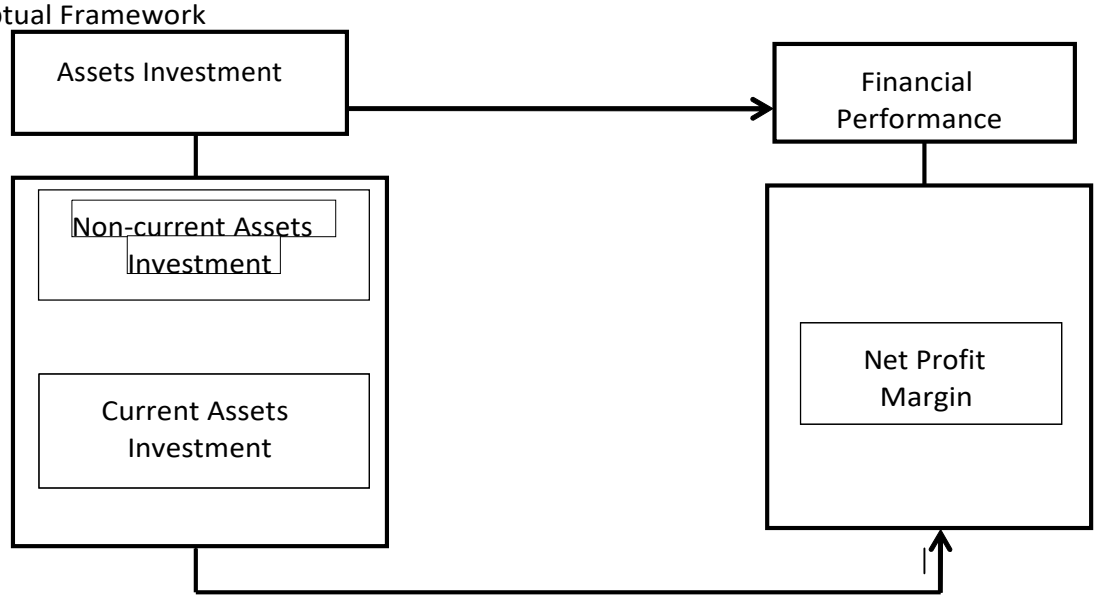
Yohanes et al., (2018) states that businesses' poor financial performance and eventual demise are mostly caused by irresponsible asset investment practices. Whether the management is an owner-manager or an employee, the company's bottom line and viability are at risk from poor asset investment decisions and practices (Lakew & Rao, 2018). According to them, the methods used to invest the combination of current and non-current assets are crucial, as they affect both returns and risk. Although non-current assets can yield substantial profits, they are sometimes fraught with danger due to the difficulties in turning them into liquid funds for daily operations. While current assets are safer than long-term investments due to their liquid or almost liquid state, they still do not guarantee a profit for the company (Lakew & Rao, 2018).

Lack of access to capital is another big problem that businesses encounter. Nigerian insurance firms have challenges while trying to secure cost-effective and term-appropriate funding from financial institutions, the government, and capital markets. The reasons behind this include a lack of proper historical records of the company's transactions, an imbalance of information that leads to a high mortality rate for the business, project proposals that aren't well-prepared, collateral that isn't sufficient, and a lack of information about the company's credit history.

As a result, many successful businesses have to shut down because they can't pay their short-term loans. The issue is not a lack of operational finances, but rather the way they invest their assets. Poor material control, site management, and financial management contributed to massive project cost overruns, according to Raji et al. (2017), which tarnished the industry's reputation. Quality, services, image, economic instability, delays, labor shortages, inadequate data, and lack of understanding were some of the major challenges brought to light by Ayewumi and Chukwunweike (2024). Reasons for the industry's bad service include outdated technology, careless handling of noncurrent assets, hiring of untrained workers, inaccurate input and length estimates, a lack of available workers, shoddy upkeep, unfavorable environmental factors, and the likelihood of natural disasters.

Listed insurance companies have been understudied compared to manufacturing firms and deposit money banks when it comes to the difficulties of increasing investment in asset management, which contributes to the conflicting and contradictory results that have been found. Based on the lack of research on the topic, this study set out to address the issue by analyzing the relationship between asset investment and the financial performance of Nigerian insurance businesses that are listed.

Conceptual Framework



Sources: Abolo et al., (2022), Major et al., (2022), Chukwu et al., (2022), Muli et al., (2022)

Aim and Objectives of the Study

The broad aim of this research study was to ascertain the effect of assets investment on financial performance of listed Insurance companies in Nigeria. Specifically, the study sought to:

1. Determine the effect of non-current assets investment on net profit margin of listed insurance companies in Bayelsa State, Nigeria;
2. Determine the effect of current assets investment on net profit margin of listed insurance companies in Bayelsa State, Nigeria.

Research Questions

The study was guided by the following research questions:

1. What is the effect of non-current assets investment on net profit margin of listed Insurance companies in Bayelsa State, Nigeria?
2. What is the effect of current assets investment on net profit margin of listed Insurance companies in Bayelsa State, Nigeria?

Hypotheses

The following null hypotheses were tested in this study:

$H_0$1: The effect of non-current assets investment on net profit margin of listed Insurance companies in Bayelsa State, Nigeria is not significant.

$H_0$2: The effect of current assets investment on net profit margin of listed Insurance companies in Bayelsa State, Nigeria is not significant.

Review of Related Literature

Conceptual Framework

Review Assets Investment

Business organizations and corporations purchase and manage corporate resources, which are known as assets, in order to achieve their goals. An asset is a resource that an entity controls due to previous events and from which it is expected to get economic advantages in the future (Agbogun and Taiwo, 2020). Tangible assets and intangible assets are the two main types of assets. The physical assets consist of both current and non-current assets. Accounting rules provide unique requirements on intangible assets. Companies' assets included on their balance sheets are mostly physical possessions, according to (Mawih, 2014). Companies transform raw resources into completed commodities by using noncurrent assets. The term "property, plant, and equipment" describes a wide variety of assets, such as buildings, furniture, cars, and land. Assets that can be quickly converted into cash include things like cash on hand, inventory, receivables, prepaid costs, revenue that has already been earned, and advances on loans. The day-to-day operations of businesses rely on them. Total assets are the sum of all assets, whether current or non-current. To counter this, most manufacturing companies spend substantially on their assets, both current and non-current, which are becoming increasingly important in profit generation (Agbogun & Taiwo, 2020). Careful consideration of the value each asset provides to manufacturing companies should go into deciding how much to invest in each.

Non-current Assets Investment

Assets that cannot be quickly turned into cash in a given fiscal year are called non-current assets or fixed assets (Scott, 2003). Land, buildings, furnishings, fittings, computers, service/manufacturing equipment, and other assets with longer-term durability are all part of it. Although fixed assets, also known as non-current assets, generate more income than current assets, they also carry a higher degree of risk due to their difficulty in being converted into cash and the large initial capital investment required (Oliver et al., 2017). Compared to current assets, non-current assets provide greater income, but they also carry a higher degree of risk due to their high initial capital expenditure, difficulty to convert into cash, and other factors. A company's non-current assets often consist of things like buildings and other real estate acquisitions, furniture, equipment, cars, and information and communication technology infrastructure, which can comprise both software and hardware. Although fixed assets are crucial to the day-to-day operations of banking organizations, Olatunji and Adegbite (2014) found a clear correlation between investments in non-current assets and performance, namely that such investments boost firms' capacity to make a profit.

Current Assets Investment

Stock on hand, receivables from customers, and other investments with a shorter maturity date are all considered current assets. The purpose of managing a company's current assets is to keep the business running and make sure there's enough money to pay off short-term debt and cover future operating costs. According to Osirim and Moses (2019) and Chukwu et al. (2022), it also encompasses all managerial choices and activities that impact the magnitude and efficiency of existing assets. The phrase refers to the process by which a company oversees its assets and investments with a maturity of less than a year. Due to the high cost of borrowing money and the scarcity of available cash, investing in and managing current assets

requires expert knowledge and care. The goal is to keep a level of current assets that is just right—not too much nor too little.

Financial Performance

Academics in several branches of management and business have devoted considerable time and energy to studying financial performance. Since financial performance affects the health and survival of a company, it has been the principal focus of business practitioners across all sorts of companies. The word is used as a broad metric. Companies that do well show that their management is competent and efficient with the resources they have, which benefits the economy as a whole (Owuor et al., 2021). A company's financial success may be defined as the degree to which its assets are utilized to generate income from its main model or general revenue. The phrase is also used to describe the overall financial health of a company over a specific time frame. The financial performance of a company is defined in the business directory as the monetary outcomes of its policies and activities, as seen in metrics such as return on assets and return on investment. While studying the relationship between company size and performance, Dogan (2013) paid little attention to the role that investment strategy or any other possible firm attribute had in determining financial performance.

Net Profit Margin

There are few financial metrics more watched than net profit margin (NPM). A high net profit margin is an indication of a company's efficiency in turning sales into cash flow that shareholders may use (Ogbodo & Osisioma, 2020). After deducting a company's operational expenditures, interest, taxes, and preferred stock dividends (but not common stock distributions) from its total revenue, the proportion that remains is the net profit margin (Vuong et al., 2017). A company's net profit margin—also called net margin—is the percentage of total sales that goes toward net income. When a company's net profit margin is large, it indicates that they are good at turning sales into profit. There is a difference between gross profit margin and net profit margin study. Fixed expenses are not included in the computation of gross profit (Abiodun, 2012). A company's true financial health may be shown by calculating its net profit margin ratio, which takes into account all of its expenses. A number of alternative names for net profit margins have been proposed by Omaliko and Okpala (2020): net profit, net profit ratio, net profit percentage, and others. Anyone from a novice company owner to a seasoned CFO may benefit from learning how to compute net profit margin and how to conduct ratio analysis of net profit margin. Therefore, it's company-specific in terms of size and complexity. The net profit margin is a widely followed metric in the financial sector. Net profit margin is a key performance indicator for shareholders as it reveals the efficiency with which a firm turns revenues into earnings that may be distributed to them (Olajide et al., 2017).

Theoretical Framework

Capital Asset Pricing Theory (CAPT)

The CAPT was initially created in the early 1960s by Treynor, Sharpe, Lintner, and Mossin, and it underwent additional refinement for a few years after that. An expansion of Markowitz's mean-variance theory is the capital asset pricing theory (CAPT). Three main ideas formed the basis of CAPT. The first is the idea of a risk-free investment; the second is the concept of a market portfolio; and the third is the assumption of the existence of an efficient market. Equilibrium anticipated returns on assets are predicted by the model in respect to risk (Abolo, 2022). The necessary rate of return on an investment relative to its

beta-measured risk is known as CAPT (Bode et al., 2003). The beta of an investment indicates how much of a risk factor it is relative to other assets in a diversified portfolio. And he went on to say that beta is a great way to gauge the overall risk of an investment. The CAPM's expected return – beta relationship is as follows:

$$E(rA) = rf + \beta A\,[E(rm)-rf]$$

Where: E(rA) = Expected return of Asset A
rf = risk-free rate of return
βA = Contribution of Asset A to the risk of a portfolio
E(rm) = Expected return of the market
Source: Bode et al (2003)

The expected relationship between return and beta is valid for every combination of assets. The weighted average of the asset betas in a portfolio, adjusted for portfolio proportions, is the portfolio's beta (Bode, 2003). According to possible equilibrium prices in different circumstances, assets are combined into portfolios (Findlay et al., 1979). Since it forecasts the relationship between risk and the anticipated equilibrium in asset investment, the theory is important to this study. The concept proved helpful in explaining and understanding how non-asset investments affect financial performance metrics.

Empirical Review

Victor et al., (2024) examined the impact of asset management on the profitability of a consumer products business in Nigeria. This research aimed to ascertain the impact of specific asset turnover, asset tangibility, and intellectual asset ratios on the return on assets (ROA) of a group of Nigerian consumer products producers. An ex post facto design was utilized in the study. Data was extracted from the audited financial reports of seven chosen publicly listed consumer goods corporations for the years 2012 to 2022. Multiple panel regression in Stata 14.2 was employed to examine the data. Although the intellectual assets ratio did not have a statistically significant positive influence on return on assets, the tangibility of assets and the assets turnover ratio demonstrated substantial positive and negative impacts, respectively, on return on assets. The findings indicate that publicly traded consumer goods manufacturers in Nigeria exhibit a little risk associated with shiftability. However, their financial performance suffered significantly due to an excessive proportion of tangible assets.

Tumuhimbise (2024) examined the impact of Centenary Bank's asset management on its financial performance. The annual reports of Centenary Bank were meticulously examined to extract financial statements for the years 2017 to 2021. Trend data on key performance indicators, including ROA, ROE, net interest margins, cost-to-income ratios, and nonperforming loans, were retrieved from these reports. Centenary Bank submitted more comprehensive information in its quarterly regulatory prudential reports to the Bank of Uganda from Q3 2019 to Q2 2022. Primary data was obtained from a survey of fifty bank managers directly accountable for supervising the asset allocation and recovery operations of Centenary Bank at various locations. Descriptive statistics in SPSS were utilized to analyze the survey data, whilst theme analysis was applied to the interview data. The direction and severity of the correlations between asset management variables and financial performance indicators were assessed by regression analysis and Pearson's correlation coefficient. Results demonstrate that the bank has maintained sufficient stability due to the effective execution of stability analysis, cash management tasks, and overall cash management strategies by treasury management, company treasurers, and chief financial officers. An interview

participant stated, "Effective management of disposals, whether through scrapping or sales, can mitigate losses and potentially generate profits, thereby enhancing the bank's profitability." This indicates that the divestiture of fixed assets might be profitable for the bank if executed at the appropriate moment or if obsolescence is effectively managed. A crucial aspect of a bank's financial autonomy is maintaining effective cash management.

Fitri and Marietza (2024) conducted research examining the impact of investment efficiency on Indonesia's financial outcomes. The study employed a quantitative technique utilizing secondary data. The analysis encompassed firms listed in the LQ45 index from 2018 to 2022. The sample comprised 27 organizations, yielding 135 observations that met the criteria. The Eviews program was utilized to do multiple linear regression analysis on the data. The results refute the idea that effective investing strategies substantially influence financial results. Given that investment efficiency does not influence financial success, it was proposed that further study should integrate other factors to ascertain the relationship between investment efficiency and financial performance, and maybe modify or include different samples in the analysis.

Ayewumi et al., (2024) utilized return on assets as an indicator of performance to investigate the impact of asset management on the financial performance of publicly traded companies in Nigeria. The research examined the impacts of inventory turnover (INTUR), receivables (RECEI), and asset turnover (ASTUR). The study's population comprises ten (10) industrial firms listed on the Nigerian Stock Exchange: CAP Plc, CUTIX Plc, BERGER, BETAGLASS, NOTORE, TRIPPLEG, DANCEM, WAPCO, and BUACEMENT. Five (5) firms from the list—BERGER, BETAGLASS, CAP Plc, CUTIX Plc, and DANCEM—were chosen using a non-random selection procedure to guarantee the sample's representativeness. The annual financial records of the listed firms were utilized to create the data for the variables. This study employed regression analysis on a substantial panel dataset spanning 2018 to 2022, encompassing five publicly traded industrial firms. The results indicate that RECEI was crucial, but INTUR and ASSTU appeared to be inconsequential. The findings indicated that organizations have to continue enhancing their inventory management systems, incorporating JIT inventory methodologies, demand forecasting instruments, and improved inventory monitoring systems. This should mitigate holding expenses and enhance firm performance. Companies may improve their receivables collection by instituting more rigorous follow-up protocols, lowering interest rates for prompt payments, and enforcing tougher credit criteria. Similarly, firms have to consider divesting non-essential or underperforming assets and reallocating their capital into more successful ventures.

Oluyemi and Chiyenre (2024) examined the relationship between asset structure and financial performance. The research utilized secondary data gathered from 2012 to 2018 from the websites of the top construction firms in Nigeria. The financial performance was assessed utilizing ROA and EPS, which denote return on assets and earnings per share, respectively. Fixed and current assets were utilized to assess the asset structure, which functioned as the independent variable. The Augmented Dickey-Fuller test was employed to perform descriptive statistics, a correlation analysis, and a unit root test, all of which validated the variables. Two fundamental regression models were utilized to evaluate the data in the study. Research indicates that fixed assets have a substantial and positive impact on return on assets. The analysis revealed that current assets had a considerable and positive impact on earnings per share. According to the study's conclusions, construction firms should mitigate the impact of debtors on current assets, enhance their investment in fixed assets to improve profitability, finally maximizing return on assets (ROA) and profits per share (EPS), while avoiding non-performing funds.

Muli et al., (2023) conducted a study on manufacturing enterprises in Kenya's building and construction sector to assess the influence of current asset structure on financial performance. Between 2016 and 2021, 44 enterprises in Kenya's construction and building industry engaged in an exploratory survey. A bivariate panel regression model with fixed effects was utilized following the evaluation of the model's parameters. A t-statistic with a 95% confidence interval was employed to evaluate the hypothesis. The financial performance, shown by return on equity and net profit margin, is adversely impacted by the current asset structure (CAS), defined by the ratio of current assets to total assets, in accordance with the positivist research paradigm. To evaluate the impact of business size on the robustness of the results, the study recommended a larger sample size encompassing all firm sizes.

Chukwu et al., (2022) examined the impact of asset investment decisions on the financial performance of publicly traded agricultural firms in Nigeria. The study utilized an ex-post facto research design. The study's population comprised five (5) chosen agricultural enterprises listed on the Nigerian Stock Exchange. The sample size is as diminutive as the population. During a seven-year period (2013–2019), the study utilized secondary data obtained from the financial statements of the selected firms. The data was examined utilizing SPSS version 23.0 for basic linear regression analysis. The analysis indicated that investment in non-current assets has a substantial impact on profitability and liquidity. The liquidity of the selected enterprises remained unchanged by investments in current assets, and its effect on profitability was negligible. The intangibility of assets significantly influenced the liquidity and profitability of agricultural enterprises in Nigeria. These figures indicate that agribusiness in Nigeria derives advantages from investments in both short-term and long-term assets. The research indicates that agribusiness management should optimize asset investment to enhance performance, among other aspects, according to the findings.

Major et al., (2022) examined the relationship between investment in current assets and the profitability of publicly listed industrial product firms in Nigeria. The study utilized an ex post facto research design. Nine (9) enterprises listed on the Nigerian Exchange Group, engaged in the manufacturing of industrial products, were purposively picked five (5) times to constitute the study's population. Between 2010 and 2020, the annual reports and financial statements of the selected firms supplied the data utilized in this study. Descriptive statistics and Ordinary Least Squares (OLS) multiple regression were employed to examine the data using Eview software. For publicly traded industrial goods firms in Nigeria from 2011 to 2020, the empirical findings indicated that inventory exhibited a negative and significant correlation with return on assets, trade receivables demonstrated a positive yet insignificant correlation, while cash and cash equivalents revealed a positive and significant correlation with return on assets. The study revealed a positive and robust correlation between financial performance and current asset investment among listed industrial product manufacturing firms in Nigeria. The research indicated that corporations ought to augment their investment in inventories, since the data illustrates that it yields significant returns for shareholders.

Thankgod (2021) examined the performance of deposit money institutions in Nigeria about their financial assets. Secondary data was obtained from the Nigerian Exchange Group via the yearly financial reports of United Bank for Africa plc spanning 2011 to 2018, and the study utilized an ex-post facto research methodology. Linear regression was employed to assess the data. The research identified a robust positive association between cash equivalents and return on investment (ROI) for deposit money institutions. The study found that deposit money banks possessed substantial and favorable cash equivalents and returns on equity,

recommending that banks supply cash and cash instruments to guarantee their ongoing viability.

Nangih and Emeka (2021) examined the impact of various asset kinds on the financial performance of many Nigerian consumer products firms. The research specifically focused on asset returns, asset structures (both current and intangible), and the impacts of current and non-current assets. An ex-post facto research technique was utilized with data obtained from the firms' annual reports spanning seven years (2013–2019). A multiple regression analysis approach was employed to analyze the data. The independent variables used in the analysis accounted for approximately 13.7 percent of the volatility in asset returns. At the 5% significance level, ROA is favorably and substantially influenced by both current and intangible assets. Non-current assets have a positive, albeit little, impact on ROA. The mix of assets is vital to a company's profitability, while representing just around 14% of overall performance. Businesses ought to augment their present and intangible assets, but just to the degree required to fulfill their immediate commitments throughout growth.

Empirical Gap in Literature

Considering the above empirical review in term of weaknesses and significant gaps in the assets. There is a conflict and contradictory findings between investment and financial performance, and most previous studies have addressed the issues of investing more in asset management in manufacturing organizations and deposit money banks, leaving a research vacuum to fill in insurance companies. This study intended to address this gap by analyzing the influence of asset investment on the financial performance of listed insurance businesses in Bayelsa State, Nigeria.

Materials and Methods

Research Design

The research design adopted for this study was expose-facto research design Population for the Study.

Population of the Study

The population of the research comprised of fifteen (15) insurance firms listed on the floor of the Nigerian Exchange Group as of December 31, 2023.

Sample Size and Sampling Technique

A judging (purposive) sampling technique was used in this investigation. This sample was "selected only for the purpose of convenience," as the name suggests. The reason behind selecting these five (5) insurance businesses is that this research is set to be completed twice. This led researchers to deliberately choose data from 50 observational time periods spanning 10 years (2014–2023) for the study.

Method of Data Collection

Secondary data was the focus of the investigation. The Nigerian Exchange Group Fact Book, which contains the publicly available annual reports of chosen oil and gas companies, was used to compile the secondary data.

Method for Data Analysis

The research analyzed data using multiple regression, descriptive statistics, and the unit root test.

Model Specifications:

From 2014–2023, we analyzed the impact of asset investment on the financial performance of listed insurance businesses in Nigeria using a Multiple Linear Regression technique that we created using SPSS. The independent variable assets investment, along with indices like non-current assets investment (NCAINV) and current assets investment (CAINV), were governed by a functional connection that was developed according to Sala-i-Martin's (2002) Neo-classical syntheses. To find the net profit margin (NPM), one uses these measurements of independent variables in a linear fashion.

Model: Net Profit Margin (NPM) Model

$NPM = f(NCAINV, CAINV, FZ)$ 1

This can be written in Ordinary Least Square (OLS) form as:

$NPM_{it} = a_o + a_1CAINV_{it} + a_2CAINV_{it} + a_3FZ_{it} + U_t$ 2

$a_1>0; a_2>0; a_3>0$

Where: NPM = net profit margin, as proxy for financial performance

INV = inventories as proxy for current assets investment

NCAINV = Non-current assets investment as proxy for assets investment

CAINV = Current assets investment as proxy for assets investment FZ = Firm size as a Proxy for Moderating Variable

t = time period under study

a_o = constant

a_1-a_3 = parameter or coefficient of explanatory variable U = Error Term

Data Analysis

Univariate Analysis

Results and Discussion

Table 1 Descriptive Statistics of the Variables

	N	Minimum	Maximum	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
NCAI	50	5.50	10.51	6.5886	1.16577	2.059	.337	4.506	.662
CAI	50	4.93	9.56	6.4436	1.16164	1.344	.337	1.967	.662
NPM	50	.73	8086.57	201.8469	1147.19452	6.905	.337	48.290	.662
FS	50	4.94	9.14	6.3650	.98119	1.256	.337	1.930	.662
Valid N (listwise)	50								

Source: Generated by the Researcher using SPSS

In this part, we provide the descriptive analyses of the study's variables, which examine how listed insurance firms in Nigeria's financial performance are affected by asset investment. There was a positive growth rate from the minimum of 5.50 to the maximum of 10.51 percent, with a mean of 6.5886 percent and a standard deviation of 1.16577 percent, as shown in the descriptive statistics of non-current assets investment (NCAI) in table 1. The total

sampled N statistic was 50. Using the data set's positive skewness statistic value (2.059), which indicates that NCAI have a long right tail, we may learn more about the symmetry of the probability distribution of non-current assets investment (NCAI). Additionally, the kurtosis statistic showed a positive value (4.506) and a standard error (0.662) that suggested the distribution was flatter than typical to a higher extent. With a total sampled N statistic of 50, a positive growth rate between the Minimum (4.93) and Maximum (9.56), a Mean (6.4436) and a Standard Deviation (1.16164) were shown in the descriptive statistics of current assets investment (CAI) in table 1. Current Assets Investment (CAI) has a lengthy right tail, according to the data set's positive skewness statistic value (1.344), which sheds light on the symmetry of CAI's probability distribution. It was also shown by the kurtosis statistic that the distribution is flatter than usual, with a positive value of 3.967 and a standard error of 0.662. Table 1 shows the descriptive statistics of net profit margin (NPM), with a total sampled N statistic of 50, showing a positive growth rate from minimum (0.73) to maximum (8086.57), with a mean of 201.84 and a standard deviation of 1147.19. Net profit margin (NPM) has a large right tail, according to the data set's positive skewness statistic value (6.905), which sheds light on the symmetry of the probability distribution of NPM. With a positive score of 48.290 and a standard error of 0.662, the kurtosis statistic likewise showed that the distribution is flatter than usual.

Multivariate (Regression) Analysis

Table 2 Model One Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.596[a]	.487	.341	999.56234	2.424

5. Predictors: (Constant), FS, NCAI, CAI
6. Dependent Variable: NPM

Source: Generated by the Researcher using SPSS

With a DW=2.424, an adjusted R2=0.341, R2=0.487, and a standard error of the estimate of 999.562, the linear regression coefficient was found in table 2. The correlation coefficient (R) between firm size (FS), net profit margin (NPM), and current assets investment (CAI) and non-current assets investment (NCAI) is positive. One measure of how well the model's independent variables explain the dependent variable is the coefficient of determination (R-Square). You can see how well the model fits the data by looking at the adjusted R Square. This suggests that the growth in firm size (FS), non-current assets investment (NCAI), and current assets investment (CAI) accounted for 48.7 percent of the rise in net profit margin (NPM) among Nigeria's listed insurance industries. Autocorrelation was found to be present in the time series data set according to the Durbin-Watson statistic test.

Table 3 ANOVA of Model One

Model		Sum of Squares	df	Mean Square	F	Sig.
Regression		18526964.257	3	617.752	6.181	.001[b]
1	Residual	45959744.177	46	999.873		
Total		64486708.433	49			

8. Dependent Variable: NPM
9. Predictors: (Constant), FS, NCAI, CAI

Source: Generated by the Researcher using SPSS

A significant P value of 0.001b< and a regression Mean square value of 617.752 were shown in table 3. 0.05 and an F-test value of 6.181% found that, for listed insurance companies in Nigeria, there is a statistically significant relationship between the independent variables of NCAI and CAI and the dependent variables of NPM and FS.

Table 4 Coefficients of Model One

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-3133.068	977.487		-3.205	.002
NCAI	706.600	287.210	.718	2.460	.018
1 CAI	-231.413	419.011	-.234	-.552	.583
FS	26.795	461.292	.023	.058	.954

a. Dependent Variable: NPM

Source: Generated by the Researcher using SPSS Test of Hypotheses

The Decision Rule: Reject H_{O1} if sig (P-value) is less than 0.05 significant levels otherwise accepted the alternate hypothesis.

Statement of Hypothesis One

H_{01} The effect of non-current assets investment on net profit margin of listed Insurance companies in Nigeria is not significant.

Table 4 shows that non-current asset investment had a considerable impact on net profit margins in Nigeria over the research period. Non-current asset investment has a statistically significant influence on net profit margin (P = 0.018 < 0.05 alpha level). This suggested that the null hypothesis was rejected while the alternative hypothesis was accepted. As a result, non-current asset investments have a major impact on the net profit margins of listed insurance firms in Nigeria.

Hypothesis Two

The effect of current assets investment on net profit margin of listed Insurance companies in Nigeria is not significant.

Table 4 shows that throughout the time period under consideration in Nigeria, there was a level of current assets investment that had a statistically significant effect on net profit margin. At the 0.05 level of significance, the impact of investments in current assets on net profit margin was shown to be statistically negligible (P=0.583 > 0.05). Because of this, we may conclude that H0 is correct and A is false. Listed insurance businesses in Bayelsa State, Nigeria, do not see a substantial impact from investing in current assets on their net profit margin.

Discussion of Findings

Based on the analysis of the data, it was found that asset investment has effect on financial performance of insurance companies in Bayelsa State, Nigeria.

The Effect of Non-Current Assets Investment on Net Profit Margin of Listed Insurance Companies in Bayelsa State, Nigeria

A substantial association between the independent variables of non-current assets investment (NCAI), current assets investment (CAI), and the dependent variable of net profit margin was found to emerge from the first research question. Both for-profit and non-profit organizations can benefit from investing in non-current assets, according to research by Tummibimse (2024) and Victor (2024). The present study's findings were further supported by Abolo (2022), Muli (2023), and Osirim and Moses (2019), who all agreed that non-current asset investment is a contemporary strategy for bolstering an organization's financial stability and human capital via the acquisition of skills, knowledge, and awareness in order to achieve better results and accelerate economic development.

The Effect of Current Assets Investment on Net Profit Margin of Listed Insurance Companies in Bayelsa State, Nigeria. The results showed that insurance businesses in Bayelsa State, Nigeria, had a strong correlation between their net profit margin and their current asstes investment. Consistent with previous research by Olajide (2017), Omaliko and Okpala (2020), and Owuor (2021), our findings support the idea that insurance companies in the state can improve their financial performance and long-term viability through strategic and effective management of their current assets.

Last but not least, we found that there was a statistically significant amount of investment in non-current assets on Nigeria's net profit margin during the research period. Investment in non-current assets has a statistically significant impact on net profit margin, according to the test level. As a result, we may accept the alternative hypothesis and reject the null. Listed insurance businesses in Bayelsa State, Nigeria, see a large impact from investments in non-current assets on their net profit margin. Also, listed insurance businesses in Nigeria's Bayelsa State do not have a substantial impact from investing in current assets on their net profit margin. According to the research of Agbogu and Taiwo (2020), Ayewumi (2024), Egwu (2023), and Omaliko and Okpala (2020), commercial companies and other financial institutions are frequently influenced by non-current and current asset investment, which has measurable effects on their performance in terms of economic growth and development.

Conclusion and Recommendation

Conclusion

This research offered hard data on how listed insurance businesses in Nigeria's Bayelsa State fared financially after investing in various assets. Researchers in Bayelsa State, Nigeria,

The study found that listed insurance firms' net profit margins were significantly impacted by investments in non-current assets.

It found out that investment in current assets has no appreciable impact on the net profit margin of publicly traded insurance firms in Nigeria's Bayelsa State.

Recommendations

The following suggestions were put out in light of the findings:

1. Insurance businesses in Nigeria should maintain their investment in non-current assets to boost profitability, as this study found that non-current assets had a substantial impact on net profit margin for listed insurance companies.
2. To keep investors from walking away, it's important to make enough money for depreciation so that old, broken plants and machinery can be easily replaced and updated. This will help keep service rending stable.

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