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**Multi-Firm Level Performance and  
Regulatory and Industry Environment:  
A multivariate analysis of  
Nigeria's Experience, 1980 to 2002**

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# **Multi-Firm Level Performance and Regulatory and Industry Environment: A multivariate analysis of Nigeria's Experience, 1980 to 2002**

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## **Abstract**

**There has been no study examining the impact of micro/macro-economic environment on performance of firms in Nigeria and in developing countries in general such work are very hard to come by.**

In this study therefore, using industrial classification, this study selects a fair number of representative firms of all segments of quoted firms on Nigeria's Stock Exchange to examine the twin impact of policy, micro/macroeconomic impact on performance of firms in the country. Following earlier works, we assumed the utility of the Share holders of these firms can be described by a general utility function. We further assumed that the firms' managers would be interested in maximising the owners' expected utility of terminal wealth. With these assumptions and a fairly generalised mean-variance function, we derived the profit function as a multivariate function of all the firms acting interactively and constrained by the micro/macroeconomic policy environment.

To implement the analysis, the Zellner's seemingly unrelated regression estimation technique is combined with vector error correction method.

The techniques were used to test for i) the dynamics and stability of the system generating the model; ii) the implications of the different policies of government on the performance of these firms over the period covered by our analysis; iii) effectiveness of our method of analysis as compared to other methods in the literature; and iv) to derive policy implications if any for future guidance.

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