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Corporate Overheads and Operational Performance of Brewing Firms in Nigeria

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ABSTRACT: *The study examined the effect of corporate overheard on the operational performance of firms in the Brewing Industry in Nigeria. The specific objectives of the study were to ascertain the effect of sales and marketing expenses, administrative expenses, and company income tax expenses on earnings per share of breweries in Nigeria. The study adopted an ex-post-facto research design, covering the period between 2015 and 2022. Secondary data were extracted from the annual reports and accounts of sampled breweries in Nigeria. Multiple regression techniques were used for test of hypotheses. The findings of the study indicate that sales and marketing expenses, administrative expenses, and company income tax expenses do not have a statistically significant effect on the earnings per share of breweries in Nigeria. These non-significant relationships suggest that variations in these expenses do not significantly impact the profitability and financial performance of breweries in terms of their earnings per share. These findings highlight the need for further exploration of other factors that may influence profitability in the brewing industry in Nigeria. The study therefore conclude that corporate overheads does not significantly affect operational performance of breweries in Nigeria. The implication of the finding is that there is a need for breweries in Nigeria to consider a broader range of factors beyond the studied expenses to enhance their profitability and operational performance. The study, therefore, recommends that breweries should consider incorporating additional financial performance indicators, such as return on assets, return on equity, and gross profit margin, to gain a comprehensive understanding of their financial performance and identify areas for improvement. In addition to financial indicators, breweries should focus on non-financial factors like product quality, customer satisfaction, brand reputation, and market share, as these can significantly impact profitability and overall competitiveness. Breweries should analyze all aspects of the value chain, including production, distribution, procurement, and overhead costs, to identify opportunities for cost optimization. Managing cost drivers effectively can improve cost efficiency and enhance financial performance.*

KEYWORDS: corporate overhead, brewing industry, operational performance, earnings per share, financial performance, cost optimization

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INTRODUCTION

Background of the Study

The brewing industry in Nigeria holds a significant position in the country's economy, contributing to employment, government revenue, and economic growth. According to a report by the National Bureau of Statistics (NBS), the manufacturing sector, which includes the brewing industry, accounted for approximately 9% of Nigeria's Gross Domestic Product (GDP) in 2020 (NBS, 2021). This demonstrates the industry's substantial contribution to the overall economy. Effective management of corporate overheads is crucial for brewing firms in Nigeria to maintain their competitiveness and profitability. Corporate overheads refer to indirect costs incurred by firms to support their operations but are not directly attributable to specific products or services. These costs include expenses related to administration, human resources, utilities, and facilities, among others. In the brewing industry, corporate overheads play a significant role in shaping the financial health, cost efficiency, and overall performance of firms (Johnson et al., 2020).

Optimizing operational performance is essential for brewing firms to succeed in the competitive market landscape. Operational performance encompasses various key performance indicators (KPIs) that impact the overall effectiveness and efficiency of a firm's operations. These KPIs include production efficiency, cost control, supply chain management, quality control, distribution effectiveness, and market share (Tang et al., 2018). Efficient management of corporate overheads can significantly influence these operational performance measures, providing brewing firms with the opportunity to enhance their financial performance, operational efficiency, and overall competitiveness.

Despite the significance of corporate overheads and their potential impact on operational performance, there is a research gap in understanding the specific relationship between these factors in the context of Nigerian brewing firms. Existing research in this field has primarily focused on financial performance measures, such as profitability and return on investment, overlooking the intricate dynamics between corporate overheads and operational performance indicators (Lazaridis et al., 2019).

Therefore, there is a pressing need to bridge this research gap and gain a comprehensive understanding of how corporate overheads affect the operational performance of brewing firms in Nigeria. By investigating this relationship, researchers and industry practitioners can uncover valuable insights into the allocation and utilization of corporate overhead resources, resource optimization strategies, and cost management practices within the brewing industry.
From a practical standpoint, understanding the relationship between corporate overheads and operational performance is vital for brewing firms in Nigeria to make informed strategic decisions. Insights gained from this research can aid managers and executives in optimizing their resource allocation strategies, improving cost control mechanisms, enhancing operational efficiency, and ultimately sustaining a competitive advantage within the brewing industry. Therefore, this study aims to investigate and analyze the relationship between corporate

overheads and operational performance in Nigerian brewing firms. By examining this relationship, the study aims to provide valuable insights that can inform strategic decision-making, resource allocation practices, and cost management strategies within the industry, thereby contributing to the growth and development of Nigerian brewing firms.

Statement of the Problem

The brewing industry in Nigeria is a critical sector of the economy, contributing significantly to employment, government revenue, and economic growth. In this dynamic and competitive environment, brewing firms face the challenge of optimizing their operational performance to maintain their market position and achieve sustainable growth. Effective management of corporate overheads has emerged as a crucial factor influencing operational performance in the brewing industry. However, the relationship between corporate overheads and operational performance in Nigerian brewing firms remains inadequately explored.

Despite the recognized importance of corporate overheads and their potential impact on operational performance, there is a dearth of comprehensive research focusing specifically on Nigerian brewing firms. Existing studies in this context have primarily concentrated on financial performance metrics such as profitability and return on investment, overlooking the intricate relationship between corporate overheads and operational performance indicators.
Therefore, the problem at hand is the lack of empirical evidence and understanding regarding how corporate overheads affect the operational performance of brewing firms in Nigeria. Without a comprehensive analysis of this relationship, brewing firms may struggle to effectively allocate their resources, optimize cost structures, and improve operational efficiency. Consequently, they may face challenges in achieving and sustaining competitive advantage, inhibiting their growth potential and overall industry development.

Addressing this research gap is essential for brewing firms in Nigeria to enhance their decision-making processes, resource allocation strategies, and overall operational performance. By identifying the factors influencing operational performance and uncovering the dynamics between corporate overheads and key performance indicators, brewing firms can develop targeted strategies to optimize their resource allocation, streamline operations, and improve their competitive position in the market.

Hence, this study aims to investigate the relationship between corporate overheads and operational performance in Nigerian brewing firms, thereby providing valuable insights that can inform strategic decision-making, resource allocation practices, and cost management strategies within the industry. The specific objectives were to:

i. Ascertain the effect of Sales, Marketing and distribution expenses on earnings per share of breweries in Nigeria.
ii. Investigate the effect of administrative expenses on the operational performance of firms in the brewing industry.
iii. Determine the effect of taxation expenses on the operational performance of firms in the brewing industry.

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REVIEW OF RELATED LITERATURE

Conceptual Review

Corporate Overhead

Overheads, as defined by the Corporate Finance Institute (2023), are business costs that are necessary for the day-to-day operations but cannot be directly attributed to a specific cost unit or activity. They encompass various expenses that support the overall revenue generation of a business. These overhead costs are classified into variable, semi-variable, and fixed categories. In the Brewery industry, the proportion of corporate overheads varies depending on factors such as brewery size and ownership structure. For example, multi-plant breweries like Nigerian Breweries Plc tend to have higher corporate overhead due to their extensive operations, while smaller breweries like Golden Guinea and Champion breweries with single plants have relatively lower corporate overhead. Subsidiaries of multinational corporations in the industry, such as Guinness Nigeria Plc, Nigerian Breweries Plc, and International Breweries Plc, experience higher corporate overhead costs. This is attributed to factors such as the presence of experts from the parent companies, shared costs and benefits of global activities, and the utilization of expensive and advanced equipment to enhance operational efficiency.

Sales and Marketing Expenses

Limited information is available regarding the typical proportion of corporate overhead expenses in relation to the manufacturing cost of beer. According to Morrow (2023), the budget for sales and marketing costs accounts for approximately 30% of the manufacturing cost. A marketing expert suggests that, on average, sales and marketing expenses, which form part of the corporate overhead, range from 20% to 30% of the manufacturing cost of beer. Variances in sales and marketing expenditures among breweries are influenced by factors such as brewery size and the product life cycle stage of the beer (i.e., introduction, growth, maturity, and decline). Additionally, the marketing strategy employed by management for a particular brand can also impact the level of overhead expenses. It is worth noting that effective management of overhead costs can contribute to significant enhancements in the operational performance of an organization (Olalade, Olusegun, Abiodun, & Olalekan, 2015).

Administrative Expenses

According to Olalade, et al. (2015) administrative expenses refer to the costs incurred by a company for its administrative functions and support services. These expenses are associated with the day-to-day operations of managing the organization and typically include salaries and benefits of administrative staff, office rent, utilities, office supplies, professional services (such as accounting and legal fees), communication expenses, insurance premiums, and other overhead costs. Administrative expenses play a significant role in determining a company's profitability and operational efficiency. Managing these expenses effectively is crucial for optimizing the use of resources and improving overall financial performance.

Corporate Tax Expenses

Corporate tax expenses represent the tax liability a company faces on its taxable income, reflecting the portion of profits allocated to income tax obligations imposed by the government. These expenses have significant implications for financial reporting and analysis as they impact a company's profitability and overall financial performance. Scholars such as Brigham and Houston (2020) emphasize the importance of corporate tax expenses in financial management and reporting, highlighting that they represent the portion of earnings paid to the government as income tax. Horngren, Sundem, and Stratton (2020) explain that corporate tax expenses are recorded as an expense on the income statement and are a legal obligation for companies within their respective jurisdictions. Graham, Smart, and Megginson (2018) emphasize the substantial influence of corporate tax expenses on a company's after-tax profits and cash flows, ultimately affecting its overall financial performance.

Operational Performance

Operational performance refers to the effectiveness and efficiency of a company's day-to-day operations in achieving its objectives (Wann, 2023). It is a subjective measure of how well a firm utilizes its assets to generate revenues from ordinary business activities (Aliyu, Musa, & Zacharia, 2015). This measure also provides an overall assessment of a firm's financial health and is used for comparing similar firms within or across industries using ratio analysis (Batagi, 2015). Evaluating a firm's performance is essential for determining its viability (Bessong, Effiok, & Edet, 2012). Financial and operational performance measures indicate that employees and management contribute to increasing future cash flows, expediting their receipt through effective credit management, and reducing risk (Borici & Kruja, 2016). Various indicators, including return on assets, return on equity, liquidity ratios, profitability ratios, and market value ratios, can be used collectively to measure performance (Borici & Kruja, 2016). Earnings per share serves as a valuable measure of management's operational performance in a given year (Borici & Kruja, 2016).

Earnings Per Share (EPS)

"Earnings per share (EPS) is a widely used financial metric in assessing a company's profitability and is a key indicator for investors and analysts" (Damodaran, 2012). EPS provides important information about a company's earnings performance on a per-share basis, allowing investors to evaluate the company's profitability relative to its number of shares outstanding. It helps in comparing the earnings performance of different companies and tracking the earnings growth of a company over time.

Theoretical Framework

The study was anchored on Kaizen costing system. Kaizen costing system was initially proposed by the Japanese management consultant and professor, Yashiki Sugimori, in the late 1970s. Sugimori developed the concept as part of his research on cost management practices in Japanese manufacturing companies. Since then, Kaizen costing has gained recognition and has been widely adopted in various industries as a method for continuous cost improvement. Kaizen costing is a system of cost reduction through continuous improvement, aiming to maintain present cost levels for products currently in production by systematically striving to achieve the desired cost level. The term "kaizen" is of Japanese origin and signifies the concept of continuous improvement. It encompasses two dimensions: one focusing on the product (narrow perspective) and the other encompassing assets and the organization as a whole (broader perspective). The system emphasizes continuous improvement in costs to achieve small, gradual but continuous enhancements in the production process (Sani & Allahverdizadeh, 2012). Its primary focus is on cost management to ensure that products not only meet but surpass customer expectations in terms of quality, functionality, and pricing, ultimately leading to improved profitability (Rof, 2012).

Empirical Review

Sales and Marketing Expenses and Earnings per Share

Shukla, Goel, and Shukla (2019) examined the impact of corporate social responsibility expenditure (CSRE) on financial performance of energy sector firms in India. The research is based on the cost benefit approach to determine whether the expenditure made by the firms on CSR activities can accrue financial benefits to them or not. As a case study energy sector of India has been studied using the sample of 38 firms listed on Bombay Stock Exchange (BSE) of India. The study found that CSR expenditure and financial performance of the firms have positive and significant relationship.

Omar (2019) assessed the affecting factors of financial performance of non-oil manufacturing companies from 1999 to 2008. The study sample consisted of all non-oil manufacturing companies enlisted at Libyan stock market which count (8). The data collected was analyzed by using multiple regression. The results revealed that net working capital, inventory turnover ratio, selling and general administrative expenses ratio, and company size and company age have a positive statistically significant effect on return on asset.

Alabi (2020) examine impact of cost efficiency on financial performance of Nigeria deposit money banks. Secondary data were collected from annual financial statements of the selected banks. Fixed-effect and random-effect regression analysis method were used to analyze the data from a sample of 13 listed Nigerian deposit money banks covering period of 2010 to 2019. The results showed that cost efficiency have significant effect on financial performance of Nigerian deposit money banks.

Okoba, Chukwu and Namapele (2022) investigated the effect of overhead expenses on firm financial performance using data obtained from annual reports of firms in the brewery industry and how board diligence moderates the relationship between overhead expenses and firm financial performance. The study covered the period 2012 to 2019. Two hypotheses were formulated and tested using the ordinary least square multiple regression method. The result from the multivariate analysis revealed that overhead expenses have a negative and significant effect on firm financial performance.

Onyinyichi, Kingsley, and Francis (2017) examined the effect of environmental cost on organizational performance of Nigerian Brewery Plc. Data used for this study were obtained from the annual report of Nigerian Brewery Plc for a period of five for the years (2011 to 2015).

Multiple regressions were used for the analysis. It was found that both donation and medical expenses have a negative relationship respectively with return on assets (ROA). Trainings, Recruitment and Canteen Expenses (TRC) and the return on assets (ROA) have a positive relationship.

Abidemi, Ganiyu, and Ilo (2018) examined the determinants of firm profitability for 114 firms listed on the Nigerian Stock Exchange (NSE) from 1998 to 2012, using the system Generalized Method of Moments (GMM). The results show that lagged profitability exerts significant positive effect on contemporaneous firm profitability. However, short-term leverage, inflation rate, interest rate and financial risk have significant negative effects on firm profitability.

Njeri (2021) determined the influence of cost management on performance of Agribusiness enterprises in Kenya. Secondary data over the ten year-period covering 2009-2018 was obtained. Data was analyzed using multiple panel regression models. The study findings showed that cost management had significant influence on return on investment, a measure of financial performance of Agribusiness enterprises in Kenya and tests for significance also showed that the influence was statistically significant.

Khalifaturofi'ah (2021) examined the effect of financial innovation, financial ratios, cost efficiency and good corporate governance on the financial performance of banks in Indonesia. The data in this study are in the form of annual financial statements of conventional banks in Indonesia. The research method used is the panel regression method. The results show that financial innovation affects the financial performance of banks. Cost efficiency has a negative effect on the financial performance of banks.

Khalifaturofi’ah (2018) examined the cost efficiency of sharia banks and their effects on total assets and profitability. This study aimed to analyze the effect of cost efficiency and other financial ratios on total assets and profitability. By using a stochastic frontier approach, it was found that the average cost efficiency level in sharia bank was 85.18 percent. Furthermore, by using a panel regression method in 12 sharia banks, it was found that cost efficiency had a negative effect on total assets but did not affect the profitability of sharia banks.

Sriwahyuni and Ernandi (2021) examined The Effect of Deferred Tax Expenses, Profitability and Leverage on Earnings Management. The data source obtained is secondary data obtained from the Indonesia Stock Exchange (BEI). The data will be analyzed using the classical assumption test method, the goodnes of fit model test and multiple linear regression. Based on the data analysis conducted, it is concluded that deferred tax expense and profitability have no effect on earnings management.

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Amelia, Ruslaini, and Waruwu (2022) conducted a study on the effect of profitability, leverage and deferred tax expense on tax avoidance. The object in this study is the LQ45 company listed on the Indonesia Stock Exchange (IDX) in the 2015-2019 period. The dependent variable in this study is tax avoidance, while the independent variables are profitability, leverage and deferred tax expense. Data was analysed using multiple linear regression analysis method. The results in this study indicate that partially profitability, leverage and deferred tax expense have a positive and significant effect on tax avoidance.

Gap in Empirical Review

The identified gap that this study aims to fill is the lack of comprehensive research on the relationship between corporate overheads and operational performance in Nigerian brewing firms. While the significance of corporate overheads and their potential influence on operational performance is widely acknowledged, the specific dynamics and impact of these factors in the context of the Nigerian brewing industry remain relatively unexplored.

Existing research primarily focuses on financial performance measures, such as return on assets, return on equity, profit for the year, and return on investment, overlooking the intricate relationship between corporate overheads and other operational performance indicators. This knowledge gap limits the understanding of how corporate overheads, including sales and marketing expenses, administrative expenses, and company income tax expenses, directly or indirectly affect the operational performance and financial health of brewing firms in Nigeria. By addressing this gap, the study aims to provide empirical evidence and insights into the relationship between corporate overheads and operational performance in Nigerian brewing firms. It aims to explore how variations in corporate overheads affects earnings per share.

METHODOLOGY

In this study, an ex-post facto research design was employed due to its reliance on historical data, facilitating a retrospective analysis of the variables of interest. The research was conducted in Nigeria, specifically within the brewery sector, and utilized secondary data extracted from the annual reports and accounts of selected brewery firms listed on the Nigeria Exchange Plc. The population consisted of the five brewery firms listed on the Nigerian Stock Exchange as of 2022, with the study including all but one, Golden Guinea Plc, due to incomplete and unreliable data. The remaining brewery firms included Guinness Nigeria Plc, Nigerian Breweries Plc, Champion Breweries Plc, and International Breweries Plc. Model specification, as guided by Koutsoyiannis (2003), involved identifying the variables as dependent and explanatory, along with establishing theoretical expectations regarding the function's parameters.

$$\mathbf{Y = a} + \beta_1 \mathbf{X_1} + \beta_2 \mathbf{X_2} + \beta_3 \mathbf{X_3} + \beta_4 \mathbf{X_4} \ \ldots\ldots\ldots\ldots \text{(Eq1)}$$

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This can explicitly be represented as thus:

$$\textbf{EPS} = \textbf{a} + \beta_1\textbf{SAME} + \beta_2\textbf{AE} + \beta_3\textbf{CITE} \text{ .... (Eq2)}$$

Where:

EPS - Earnings per Share
SAME - Sales and Marketing Expenses
AE - Administrative Expenses
CITE - Company Income Tax Expenses

DATA ANALYSIS AND DISCUSSION

Table 4.2.1: Descriptive Statistics

	EPS	SAME	AE	CITE
Mean	123.0625	29703.72	13382.88	1996.500
Median	67.00000	20161.00	13349.50	700.5000
Maximum	715.0000	135830.0	35893.00	16459.00
Minimum	-514.0000	256.0000	161.0000	-12507.00
Std. Dev.	218.4312	33429.91	10782.48	6338.200
Skewness	0.234127	1.413279	0.263810	0.336127
Kurtosis	5.077300	4.549160	1.899063	3.315318
Jarque-Bera	6.045916	13.85243	1.987261	0.735135
Probability	0.048657	0.000982	0.370230	0.692416
Sum	3938.000	950519.0	428252.0	63888.00
Sum Sq. Dev.	1479078.	3.46E+10	3.60E+09	1.25E+09
Observations	32	32	32	32

Source: Eviews 10.0 Output, 2023

Table 4.2.1 shows that Sales and Marketing Expenses (1.413279) exhibit a non-normal distribution with a skewness coefficient of less than one. However, Earnings per Share (0.234127), Administrative Expenses (0.263810), and Company Income Tax (0.336127) demonstrate a normal distribution with skewness coefficients less than one. Nevertheless, when considering the Kurtosis coefficient, it becomes evident that Earnings per Share (5.077300) and Sales and Marketing Expenses (4.549160) have non-normal distributions, as their Kurtosis coefficients exceed three. This finding is further supported by the Jarque-Bera probability. The Jarque-Bera probability indicates that Earnings per Share (0.048657) and Sales and Marketing Expenses (0.000982) have a significant JB probability, suggesting a non-normal distribution. Conversely, Administrative Expenses (0.370230) and Company Income Tax (0.692416) exhibit a normal distribution. Therefore, it can be concluded that Administrative Expenses and Company Income Tax maintain a normal distribution during the period under study.

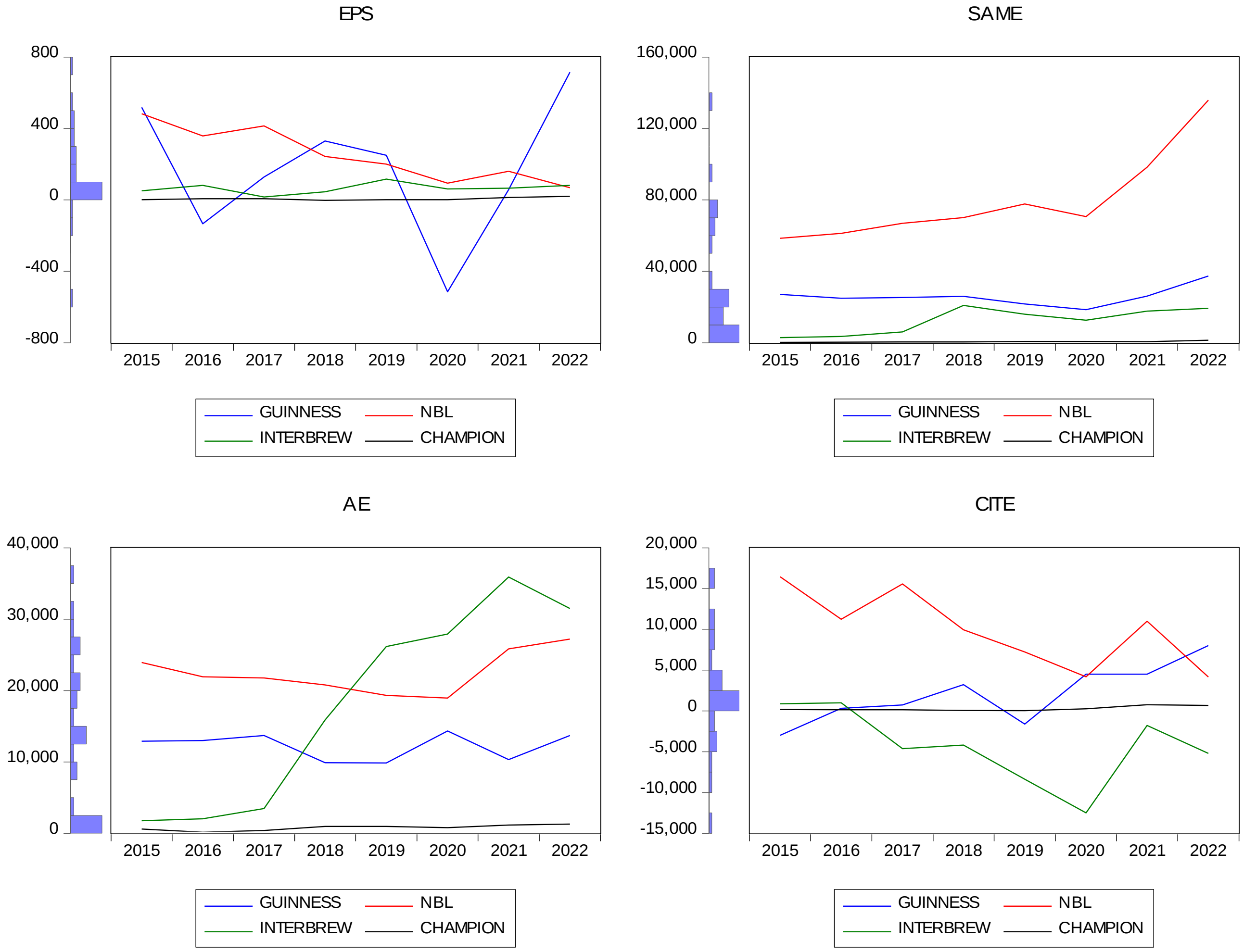

Figure 1: Line Graph for the Focal & Explanatory Variables

Source: Eviews 10.0 Output, 2023

Figure 1 reveals that Earnings per Share shares an inverse relationship with Sales and Marketing Expenses. The implication is that an increase in Sales and Marketing Expenses results to a decrease in Earnings per Share. However, Earnings per Share shares a direct relationship with Administrative Expenses and Company Income Taxes. This implies that an increase in Administrative Expenses and Company Income Taxes results to an increase in Earnings per Share.

Table 4.2.2: Regression Analysis Output
Dependent Variable: Earnings Per Share
Method: Panel Least Squares
Date: 05/16/23 Time: 07:17
Sample: 2015 2022

Periods included: 8
Cross-sections included: 4

Total panel (balanced) observations: 32

Variable	Coefficient	Std. Error	t-Statistic	Prob.
SAME	-9.54E-05	0.001887	-0.050546	0.9600
AE	-0.004286	0.004712	-0.909574	0.3708
CITE	-0.013217	0.007880	-1.677164	0.1046
C	42.14519	58.67736	0.718253	0.4786

R-squared	0.203357	Mean dependent var	123.0625
Adjusted R-squared	0.118002	S.D. dependent var	218.4312
S.E. of regression	205.1391	Akaike info criterion	13.60172
Sum squared resid	1178297.	Schwarz criterion	13.78494
Log likelihood	-213.6276	Hannan-Quinn criter.	13.66245
F-statistic	2.382494	Durbin-Watson stat	1.964225
Prob(F-statistic)	0.090629		

Source: Eviews 10.0 output, 2023

Table 4.2.2 reveals that a unit increase in Sales and Marketing Expenses results to a 0.00009% decrease in Earnings per Share. This implies that Sales and Marketing Expenses has a negative effect on Earnings per Share of Breweries in Nigeria. Also, an increase in Administrative Expenses and Company Income Tax results to a 0.004% and 0.013% increase in Earnings per Share of Breweries in Nigeria. This also implies that Administrative Expenses and Company Income Tax has a negative effect on Earnings per Share. The result also reveal that all the explanatory variables have a statistically non-significant effect on Earnings per Share with p-values that are greater than 0.05.

The Adjusted R-squared suggest that 11% of changes in Earnings per Share can be explained by the explanatory variables. The remaining 89% can be explained by other factors capable of influencing Earnings per Share and the Error term. The Durbin Watson statistics is 1.96 which is within the acceptable region of 1.5 and 2.4. The depict an absence of positive serial autocorrelation in the variables used for the study.

Test of Hypothesis
The three formulated hypotheses in section one was subjected to empirical testing using the following decision criteria.

Decision Rule: According to Gujarati and Porter (2009) Reject the null hypothesis (H_0) if the P-value is less than 0.05 and the t-statistics greater than 2, otherwise accept the null hypothesis and reject the alternate hypothesis (H_1).

Test of Hypothesis One

H_0 Sales and Marketing expenses do not significantly affect earnings per share of breweries in Nigeria.

H_1 Sales and Marketing expenses has a significant effect on earnings per share of breweries in Nigeria.

Presentation of Test Result

Table 4.2.2 Regression Analysis result was used to test the above stated hypothesis.

Decision

From the regression analysis result in Table 4.2.2, the calculated p-value for SAME is 0.9600 which is greater than the alpha value of 0.05. It falls within the acceptance region; hence, we accept the null hypothesis (H0). The conclusion here is that Sales and Marketing Expenses has a statistically non-significant negative effect on Earnings per Share of breweries in Nigeria.

Test of Hypothesis Two

H_0 Administrative expenses do not significantly affect earnings per share of breweries in Nigeria.

H_1 Administrative expenses has a significant effect on earnings per share of breweries in Nigeria.

Presentation of Test Result

Table 4.2.2 Regression Analysis result was used to test the above stated hypothesis.

Decision

From the regression analysis result in Table 4.2.2, the calculated p-value for AE is 0.3708 which is greater than the alpha value of 0.05. It falls within the acceptance region; hence, we accept the null hypothesis (H0). The conclusion here is that Administrative Expenses has a statistically non-significant negative effect on Earnings per Share of breweries in Nigeria.

Test of Hypothesis Three

H_0 Company income tax expenses do not significantly affect earnings per share of breweries in Nigeria.

H_1 Company income tax expenses has a significant effect on earnings per share of breweries in Nigeria.

Presentation of Test Result

Table 4.2.2 Regression Analysis result was used to test the above stated hypothesis.

Decision

From the regression analysis result in Table 4.2.2, the calculated p-value for CITE is 0.1046 which is greater than the alpha value of 0.05. It falls within the acceptance region; hence, we accept the null hypothesis (H0). The conclusion here is that Company Income Tax Expenses has a statistically non-significant negative effect on Earnings per Share of breweries in Nigeria.

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DISCUSSION OF FINDINGS

The regression analysis result reveal that sales and marketing expenses has a statistically non-significant negative effect on earnings per share of breweries in Nigeria. The result is in tandem to the a priori expectation of the researcher because administrative expenses reduce the profit for the year which is the key component in earnings per share calculations. The finding is in line with the findings of Okoba, Chukwu and Namapele (2022) who found overhead expenses to negatively effect on firm financial performance. However, the study contradicts the findings of Onyinyichi, Kingsley, and Francis (2017) who found that Trainings, Recruitment and Canteen Expenses (TRC) and the return on assets (ROA) have a positive relationship. The reason for the disparity could be because of the period studied.

The regression analysis result reveal that administrative expenses has a statistically non-significant negative effect on earnings per share of breweries in Nigeria. The result is in tandem to the a priori expectation of the researcher because administrative expenses reduce the profit for the year which is the key component in earnings per share calculations. The finding is in line with the findings of Okoba, Chukwu and Namapele (2022) who found overhead expenses to negatively effect on firm financial performance. However, the study contradicts the findings of Onyinyichi, Kingsley, and Francis (2017) who found that Trainings, Recruitment and Canteen Expenses (TRC) and the return on assets (ROA) have a positive relationship. The reason for the disparity could be because of the period studied.

The regression analysis result reveal that company income tax expenses have a statistically non-significant negative effect on earnings per share of breweries in Nigeria. The result is in tandem to the a priori expectation of the researcher because administrative expenses reduce the profit for the year which is the key component in earnings per share calculations. The finding is in line with the findings of Okoba, Chukwu and Namapele (2022) who found overhead expenses to negatively effect on firm financial performance. However, the study contradicts the findings of Onyinyichi, Kingsley, and Francis (2017) who found that Trainings, Recruitment and Canteen Expenses (TRC) and the return on assets (ROA) have a positive relationship. The reason for the disparity could be because of the period studied.

CONCLUSION AND RECOMMENDATIONS

The findings of the study indicate that sales and marketing expenses, administrative expenses, and company income tax expenses do not have a statistically significant effect on the earnings per share of breweries in Nigeria. These non-significant relationships suggest that variations in these expenses do not significantly impact the profitability and financial performance of breweries in terms of their earnings per share. These findings highlight the need for further exploration of other factors that may influence profitability in the brewing industry in Nigeria. The study therefore conclude that corporate overheads does not significantly affect operational performance of breweries in Nigeria. Based on the findings that sales and marketing expenses, administrative expenses, and company income tax expenses do not have a statistically significant effect on the earnings per share of breweries in Nigeria, the following recommendations can be made:

i. Explore alternative financial performance indicators: Given that traditional expenses such as sales and marketing, administrative, and income tax do not significantly impact earnings per share, breweries should consider incorporating other financial performance indicators into their analysis. This may include metrics such as return on assets, return on equity, or gross profit margin. By examining a broader range of financial indicators, breweries can gain a more comprehensive understanding of their financial performance and identify areas for improvement.
ii. While the study did not find a significant relationship between these specific expenses and earnings per share, it is crucial for breweries to consider non-financial performance factors that may influence profitability. This can include aspects such as product quality, customer satisfaction, brand reputation, and market share. By placing emphasis on these factors, breweries can strive to enhance their overall competitiveness and financial performance.
iii. Although sales and marketing, administrative, and income tax expenses were found to be non-significant, it is still important for breweries to conduct a comprehensive cost analysis to identify potential areas for cost optimization. This analysis should encompass all aspects of the value chain, including production, distribution, procurement, and overhead costs. By identifying and managing cost drivers effectively, breweries can improve their cost efficiency and ultimately enhance their financial performance.

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