



DEBT STRUCTURE AND FIRM VALUE OF CONSUMER GOOD FIRMS IN NIGERIA

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Abstract

The study used ex-post facto research design to examine debt structure and firm value of consumer goods firms in Nigeria. Specifically, the study investigated the effect of Short Term, Long Term and Total Debts on Net Assets of the selected consumer goods firms in Nigeria. The study was based on a sample of nine (9) firms selected from a population of twenty-one (21) consumer goods firms listed on Nigeria Exchange Group during 2013-2023 periods. Panel Least Square Regression Model was used to analyze the data obtained from the annual reports and financial statements of the firms. Results of the analysis suggest that Short Term Debts positively, but do not significantly affect Net Assets of the consumer goods firms in Nigeria while Long Term Debt negatively, but do not significantly affect Net Assets of the firms. The study also found that Total Debt negatively and significantly affect Net Assets of the firms. In line with these findings, the study recommends that consumer goods firms in Nigeria should maximize their firm value by using short term debts to finance their working capital. The firms should also enhance their firm value by using more of equity than long term debt to fund their long term investment. The overall recommendation of the study is that the firms should use a combination of debts and equity to fund their operations, provided that the total debts in the capital structure are kept within the optimal capital structure of the firms.

Keywords: Debt Structure, Firm Value, Short Term Debts, Long Term Debts, Total Debts

Introduction

The financing decision is an important business decision that an organization has to make, which not only affects the company's future cash flows but their profitability and liquidity. Since financing decision affect both the cash flow and profitability of firms, it critical to the sustainability and long term survival of firms (Abuamsha & Shumali, 2022). The two main sources of financing which are available to a firm are either internal or external sources of funds. The internal source is the equity capital, which include, ordinary and preference shares, reserves, and retained earnings, while the external sources include both short and long-term debts in the form of debt financing (Orwel, 2010). The main focus of this study is the external source of funding, which is the debts structure of consumer goods manufacturing firms in Nigeria. Debt structure is the composition of a company's debt financing, including the types of debt, their terms, and the proportion they hold in the overall capital structure. Debt structure is a critical aspect of corporate finance as it impacts a company's financial performance, risk profile, and ability to raise capital (Oranefo & Egbunike, 2022).

Hamdan and Judges (2013) stated that debt structure is an important indicator used in measuring the financial performance of companies and their effectiveness in using available resources to optimize the profits for shareholders and to increase the value of these institutions. Gratton and Osoba (2025) explained that companies often benefit from debt in ways individuals cannot. Firstly, interest payments are usually tax-deductible, making borrowing more attractive when interest rates are low. Secondly, unlike selling shares to investors, taking on debt means the owners don't have to give up more control of the company by selling more equity. However, too much debt can make a company riskier, just as a large mortgage can strain a household budget. Muritala (2012) observed that increasing reliance on debts without the efficiency needed to use them properly would lead to negative results, especially if the predicted return on investment is lower than the cost of such funds. Ganti and Khartit (2020) defined short-term debt as obligations that are expected to be paid off within a year. It is listed under the current liabilities portion of the total liabilities section of a company's balance sheet.



Finley and Hill (2023) described long term debt as any debt that will take more than one year to be paid back. The most common types of long-term debt or liabilities include term loan, mortgages, bonds, debentures and lease financing. Gurung and Rajan (2024) described total debt as a financial metric representing the aggregate amount a company owes to external creditors, encompassing both short-term (due within a year) and long-term (payable over a longer horizon) obligations. Despite the amount of research existing in this area of study, records show that most of the studies focused mainly on the effect of capital structure on financial performance, firm profitability and firm value, while little was done on the effect of debt structure on firm profitability and firm value. In as much as it is important to ascertain the debt equity mixture in order to attain the optimal capital structure, it is also crucial to study the makeup of the total debt in a company's debt profile, their terms, and the proportion they hold in the overall capital structure. It is this neglect of the consumer goods sub-sector coupled with the paucity of research work on the debt structure that motivated the present study to investigate the effect of capital structure on firm value of consumer goods firms in Nigeria during 2013-2023 periods.

Conceptual Literature

Firm Value

Khasawneh and Staytieh (2017) described firms' value as the price a buyer can pay if a firm is sold. Share prices can reflect the value of a firm. A high stock price indicates that the firms' value is higher. The tool that can be used to measure firm value is Price Book Value, which is a comparison between the market value of stocks and the book value of stocks. Sudiani and Wiksuana (2018) argued that the first factor affecting firm value is profitability. Profitability is a measure of the effectiveness of a company and is used to measure the company's ability to obtain profits. Ikpesu and Eboiyehi (2018) stated that capital structure is one of the factors affecting firm value. Capital structure is the proportion of debt in a company's capital. It indicates the amount of debts in relation to equity used in funding a firm. One of the proxies of firm value is net assets. Katara and Vaidya (2021) described net assets as the total assets of an entity, minus its liabilities. Net assets represents all the assets that a firm owns, minus the liabilities that it owes to other organizations or people. The total amount of net assets is exactly the same as the stockholders' equity of a business. There are many types of assets that a company can own, including short-term and long-term assets. Examples of short-term assets include cash, prepaid expenses or accounts receivable. Long-term assets are, for example, buildings, office equipment, software or furniture. Net assets are important because calculating them allows firms to determine if they're in good financial health.

Aghaeea et al. (2024) stated that debt structure has to do with the number of creditors a firm borrows from, the type or class of debt the firm uses, the maturity period of the different types of debts, and the allocation of security interests among creditors of the firm. The independent variable of the study and measures of debt structure are: Short Term Debts, Long Term Debt and Total Debt. Ganti (2020) defined short-term debt as the debts that are due within one year or one business operating cycle. Short term debts are listed in the statement of financial position under the current liabilities part of the total liabilities. Makanga (2015) stated that short-term debts boost a business to have ample cash to enhance smooth and efficient operation. However, short-term debts and financial performance are intertwined and, therefore, higher short-term debts cause operational ineffectiveness. Khartit (2020) identified accounts payable, trade payables, bank overdraft and all overdue payments owed to stakeholders and outside vendors as some of the examples of short-term debts. A commercial paper issued by a company to finance inventories, receivables, and short-term obligations like payroll is also an example of short term debt. Guin (2011) explained that short-term debts are used to finance current assets that can be quickly turned back into cash; examples of this type of debt are accounts receivable and inventories. H_{01} : Short term debts does not significantly affect net assets of consumer goods firms in Nigeria.

Edore and Ujuju (2020) described long term debt as an amount owed exceeding 12 months' period. A company lists its long term debt on its statement of financial position under liabilities usually under a sub heading for long term liabilities. Long term debt could be in the form of a bank loan, mortgage, bonds, debenture, long term leases, trade and business financing, loan term bond issue or other obligations not due for one year. Such debt consists mostly of bonds or similar obligations, including a

great variety of notes, capital lease obligation and mortgage issue. Kpodar and Gbenyo (2010) explained that long-term debts are suitable for high-return projects that require a continuing commitment of capital for years. Those investments take more time to complete but contribute more to productivity growth than short-term investments. For example, short-term loans may be used to maintain equipment, while long-term loans may be used to build a new plant, invest in research and development, or adopt a new technology. Finley and Hill (2023) stated that long term debts, such as bonds and debenture is supported with an indenture, which is a legal document (contract) that details the information of the debt and clearly states the obligation of each party under the contract. It is filed to ensure all parties are acquainted and also states what will happen in the case of a missed payment. More specifically, if the long-term liability is a bond, the formal contract is defined as a bond indenture.

H₀₂: Long term debts does not significantly affect net assets of consumer goods firms in Nigeria.

Indeed, Editorial Team (2025) described total debt as a financial parameter that helps to gain deeper insight into a company's financial health. It indicates whether a company is over- or under-leveraged. Total debt is always analyzed along with debt-to-equity ratio, current ratio, and other leverage and liquidity ratios. A company's total debt influences many of its financial decisions. In particular, businesses keep close track of their debt figures to avoid being over-indebted. When a company ends up taking on too much debt, its principal and interest payments eat into the operational capital required to keep the company afloat. Closely monitoring of a company's total debt and leverage ratio can help avoid this. It's calculated by adding together a company's short and long-term debts, also known as debt obligations. Knowledge of a company's total amount of debt can help calculate important metrics like net debt and debt-to-equity ratio, which indicates a company's ability to pay off its debt. These and other financial ratios can help understand the company's finances. Total Debt = Short-Term debts + Long-Term debts

H₀₃: Total debts does not significantly affect net assets of consumer goods firms in Nigeria.

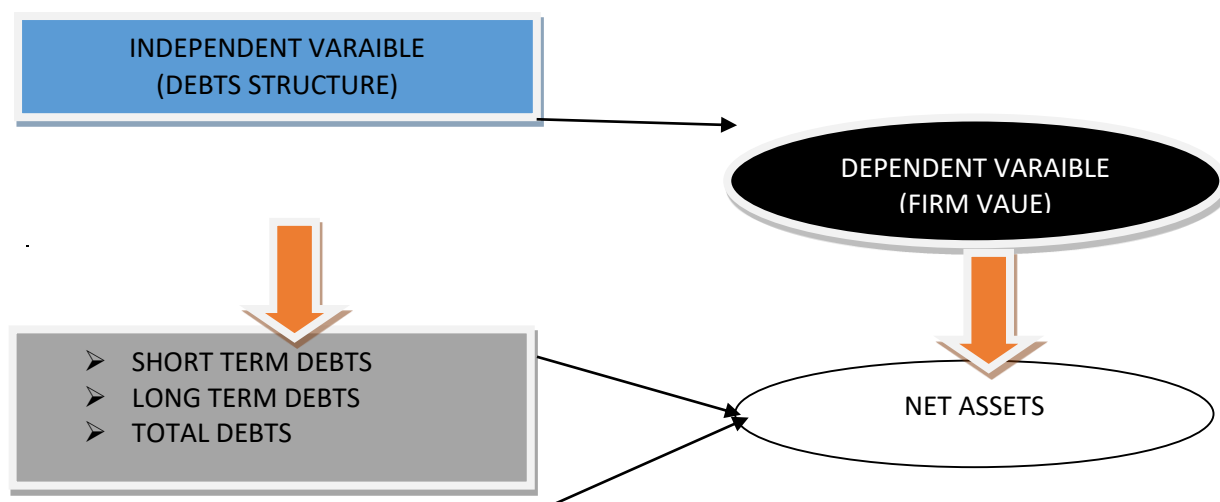


Fig 2.2: Conceptual Framework Summary

Source: Author's Compilation, 2025



Theoretical Framework

Agency Theory

Mecking and Jensen (1976) proposed the agency theory, which is characterized by a specific percentage of debt in the organization's financial structure that lowers agency costs resulting from disagreements between managers and firm owners (Leland, 1998). Agency expenses would decrease as a result of fewer disagreements between agencies, which would lead to an increase in revenue. A company's use of debt can help control and supervise managers to ensure that they pursue objectives that are beneficial to the business. Buferna et al. (2005) noted that the inclusion of debt in the financial structure motivates firm managers to support a company's expansion in order to provide cash flows that would finance debt payments. Dawar (2014) observed that the company becomes more profitable as a result. This theory holds that employing debt, whether it be short-term or otherwise, reduces agency conflicts between managers and shareholders of a company, which promotes economic progress of the firm.

The Trade-Off Theory

The Trade-Off Theory was developed by Myers in 1977. The theory states that every company has an optimal capital structure that may be determined by balancing the benefits and drawbacks of equity. A firm chooses how much debt capital and how much equity capital to include in its capital structure by evaluating the benefits and drawbacks of each source. While having a lot of debt in the capital structure might result in agency fees and insolvency, debt capital also offers tax deductions. Information asymmetry and the competing interests of many company stakeholders result in agency costs. Meckling and Jensen (1976) stated that through the integration of agency costs into the trade-off theory a company can ascertain its optimal financial configuration by balancing the benefits of debt (like tax advantages) against the drawbacks of excessive debt (like financial distress) and the ensuing agency costs for equity versus debt. The theory states that a company's capital structure shouldn't be more debt-heavy than it needs to be because doing so will raise the cost of debt relative to its benefit. The study was anchored on Trade-Off Theory, because of its appropriate connection with the primary objective of the study.

Empirical Literature

Prenaj et al. (2024) analyzed the impact of the capital structure on the performance of non-listed companies. The study is based on data from 50 non-listed companies in Kosovo for the period 2015-2020. The results Regression Analysis show that a capital structure composed of short-term debt, long-term debt, and total debt is negatively influencing by ROA. It was also found that capital structure affects the company's performance positively, except for long-term debt, which has no significant impact on the company's performance as measured by ROE. Kiprotich (2022) studied the effect of short-term debt financing on the financial performance of SMEs in Bomet County, Kenya during 2017-2021. Results of correlation and regression analysis suggest that overdraft positively and significantly affect financial performance of the SMEs, Short term loans negatively and significantly affect financial performance. Trade credit positively and significantly affect the financial performance. Lease financing positively, but non-significantly affect financial performance of the SMEs. Fasasi et al. (2022) examined the effect of debt financing on the profitability of listed agricultural companies in Nigeria. The sampled consists of five (5) Agricultural companies listed on Nigeria Exchange Group during 2016-2020 periods. Findings indicate that long-term debt had a significant negative effect on profitability of listed agricultural companies in Nigeria. The results also show that short term debt has a significant positive effect on profitability of listed agricultural companies in Nigeria.

Horsefall (2021) investigated the relationship between equity financing and profitability of consumer goods firms in Nigeria. A sample of nineteen (19) firms were taken from twenty (20) consumer goods firms listed on the Nigeria Exchange Group during the period. Single Regression Analysis results show that a significant relationship exists between equity financing and ROA, ROCE and GPM. Shikumo et al. (2020) studied the effect of short-term debt on financial growth of non-financial firms listed in Nairobi during 2008-2017. Result indicates that short term debt positively and significantly influences financial growth measured using both growth in earnings per share and growth in market capitalization. Gara et al. (2025) examined capital structure and its influence on the financial performance of listed industrial goods companies in Nigeria during 2014 and 2023 periods. The study was based on three (3)



purposely selected industrial goods firms in Nigeria; Results of the Panel Data Regression Model reveal that a higher equity ratio significantly improved financial performance; and a higher debt ratio equally impacted on the financial performance. Eberechukwu and Egbunike (2024) examined the effect of capital structure on financial performance of listed deposit money banks in Nigeria during 2018-2021. Results reveals the existence of positive and significant effect of equity capital on net profit margin of the deposit money banks. A positive and significant effect of debt capital on net profit margin was also detected.

Ariyo-Edu (2023) examined the impact of capital structure on the profitability of manufacturing companies in Nigeria. Finding shows a noticeably inverse relationship between overall debt and profitability. It was also found that a higher debt position will result in lower profitability; the more debt, the less profitable the company will be. Results show that debt and profitability are negatively correlated. Atieno (2023) studied the effect of long-term debt financing on the profitability of commercial airlines in Kenya. Findings indicates that long-term debt financing has a negative and statistically significant effect on the profitability of commercial airlines in Kenya. This is supported by a regression coefficient of -0.2318 and a p-value of 0.038 . Amankwah et al. (2021) investigate the impact of debt financing on performance of SMEs in Ghana from 2015-2021. Results show that debt-financed through both short and long term have a detrimental impact on SMEs' financial performance. The study recommends that SMEs utilize their debt significantly. Anyam et al. (2024) investigated the effect of capital structure on the performance of selected Development Finance Institutions in Nigeria during 2013-2022 periods. Results of Dynamic Ordinary Least Squares suggest that TDTA has a negative but significant effect on ROA. TDTE has a positive effect of TDTE on ROA.

Ibthia et al. (2024) analyzed the influence of short-term debt, long term debt, total debt to assets, total debt to equity, and liquidity on company performance with company size as a moderating variable on consumer goods firms listed in the Indonesia Stock Exchange 2018-2022 period. Results of Panel Data Regression Analysis show that partially and simultaneously, Short-Term Debt, Long-Term Debt, and Total Debt to Assets have a significant effect on Company Performance. Onyema (2021) appraised the impact of debt financing on profitability of manufacturing firms in Nigeria. Results of the Panel Regression Model reveals that debt financing is statistically significant in determining profitability of manufacturing firms in the quoted firms in Nigeria. The results also indicate that long term debt, total debt, Tobin Q and profitability are important in influencing the profitability of manufacturing firms in Nigeria. Rahman; et al (2020) examined the impact of financial leverage on firm's profitability in the listed textile sector of Bangladesh. Results of the Pooled Ordinary Least Squares and Generalized Method of Moments models show a significant negative relationship between leverage and firm's profitability using the Pooled OLS method. Hasan et al. (2020) analyze the effect of debt financing on firm profitability of manufacturing companies in Malaysia during 2010-2018 periods. Results of Correlation and Panel Data Regression Analysis show that there is significant relationship between debt financing and profitability of the firms.

Methodology

The study adopted ex-post facto researcher design, whereby secondary data were obtained from the annual reports and financial statements of the selected consumer goods firms listed on Nigeria Exchange Group during 2013-2023 periods. This study was carried out in Nigeria and precisely on consumer goods firms listed on Nigeria Exchange Group during 2013-2023 periods. A total of twenty-one (21) consumer goods firms were listed on Nigeria Exchange Group during the period. Purposive sampling method was adopted for the study. The choice of this method which was informed by data availability as some of the consumer goods firms did not use debt financing during the period. The purposive sampling technique was used to select the nine (9) consumer goods firms that used both long and short term financing during the period. Least Square Regression Analysis is inferential econometrics tools used to testing the null hypotheses formulated for the study. The predictive variables are: Sort Term Debts, Long Term Debt, and Total Debt while the respondent variable is Net Assets. Descriptive Statistics, Unit Root test and Least Square Regression Model were employed to analyze the secondary data obtained from the annual audited finical statement of the selected consumer goods firms.

Results

Table 1: Descriptive Statistics

	NTA	STD	LTD	TTD
Mean	73415881	29595681	29958356	59554037
Median	66386057	11822042	4097694.	21120827
Maximum	2.25E+08	2.05E+08	3.89E+08	4.03E+08
Minimum	-78035156	0.000000	0.000000	239428.0
Std. Dev.	57344804	46352692	66114948	91678360
Skewness	0.480057	2.247022	3.566858	2.226959
Kurtosis	2.767389	7.363126	17.22835	7.618501
Jarque-Bera	4.025701	161.8374	1045.011	169.8177
Probability	0.033607	0.000000	0.000000	0.000000
Sum	7.27E+09	2.93E+09	2.97E+09	5.90E+09
Sum Sq. Dev.	3.22E+17	2.11E+17	4.28E+17	8.24E+17
Observations	99	99	99	99

Source: E-view 8.0 Output

Presented in table 1 are the descriptive statistics of the variables of the study, which are, Net Assets (NTA), Short Term Debts (STD), Long Term Debts (LTD) and Total Debts (TTD). These observed variables measuring the mean and standard deviations indicate that the standard deviations are quite high, especially for the Short Term Debts (STD), Long Term Debts (LTD) and Total Debts (TTD), which have their standard deviations as, 46352692, 66114948 and 91678360. These standard deviations are higher than their mean values, which are 29595681, 29958356 and 59554037. The high standard deviation of these measures for Nigeria consumer goods firms indicates significant variability or dispersion in the debt structure among these firms. This variability suggests that some of the firms may have very high short term, long term and total debts during the period.

The Maximum and Minimum values of the variables exhibited positive positions during the period except NTA with a negative minimum value of -78035156. This negative NTA value suggest that some of the consumer goods firms have negative equity during the period. The distribution of the data set was tested using Jarque Bera Statistics, Skewness and Kurtosis tests. The results of these tests reveal that the data for the study were normally distributed, especially as observed from the Jarque-Bera Statistics results with the p-value of all the variables less than 0.05 (p-value<0.05).

Table 2: Levin, Lin & Chu t*

Null Hypothesis: Unit root (common unit root process)							
Series: D(NTA,2)							
Exogenous variables: Individual effects, individual linear trends							
User-specified lags: 1							
Newey-West automatic bandwidth selection and Bartlett kernel							
Total (balanced) observations: 63							
Cross-sections included: 9							
Method				Statistic		Prob.	
						**	
Levin, Lin & Chu t*				-		0.014	
				0.89701		9	
** Probabilities are computed assuming asymptotic normality							
Intermediate results on D(NTA,2)							
Cross section	2nd Stage Coefficient t	Variance of Reg	HAC of Dep.	Lag	Max Lag	Band-width	Obs
1	-2.34248	3.E+14	2.E+14	1	1	7.0	11
2	-1.50856	1.E+15	4.E+14	1	1	4.0	11
3	-2.64417	3.E+15	2.E+15	1	1	7.0	11
4	-4.44005	6.E+14	7.E+14	1	1	4.0	11
5	-1.83794	8.E+14	2.E+14	1	1	7.0	11
6	-5.61671	4.E+14	2.E+15	1	1	3.0	11
7	-3.85900	2.E+13	7.E+13	1	1	2.0	11
8	-0.62517	5.E+11	5.E+11	1	1	1.0	11
9	-2.18044	4.E+14	1.E+14	1	1	7.0	11
	Coefficient t	t-Stat	SE Reg	mu*	sig*		Obs
Pooled	-2.37089	-9.331	1.161	-0.703	1.003		99

Source: E-view 8.0 Output

Table 2 presents the results of the Levin, Lin & Chu t* Unit Root test, which was used to test the stationarity or otherwise of the variables. The importance of the unity root test is its usefulness in detecting the presence of unit root in a time series data. The presence of a unit root in a regression model may lead to spurious regression results, which could be misleading. Results from the table reveal that all the variables used for the study are integrated of order 2(2), with p-value = 0.0149. This finding suggest that the variables of the study contain unit roots, but were integrated after the second differencing.

Table 3: Pane Least Square Regression Analysis

Dependent Variable: NTA

Method: Panel Least Squares

Date: 05/15/25 Time: 02:17

Sample: 2013 2023

Periods included: 11

Cross-sections included: 9

Total panel (balanced) observations: 99

Variable	Coefficient	Std. Error	t-Statistic	Prob.
STD	0.104727	0.162220	0.645588	0.5202
LTD	-0.007699	0.102357	-0.075221	0.9402
TTD	-0.932068	0.449866	-2.071878	0.0412
C	31.45978	6.084560	5.170428	0.0000
Effects Specification				
Cross-section fixed (dummy variables)				
R-squared	0.598478	Mean dependent var	17.35354	
Adjusted R-squared	0.497136	S.D. dependent var	3.766970	
S.E. of regression	3.579342	Akaike info criterion	5.501448	
Sum squared resid	1114.617	Schwarz criterion	5.816008	
Log likelihood	-260.3217	Hannan-Quinn criter.	5.628719	
F-statistic	1.958502	Durbin-Watson stat	1.917298	
Prob(F-statistic)	0.042496			

Source: E-view 8.0 Output

Table 3 presents the results of the Panel Least Square Regression of the nine (9) selected consumer goods firms in Nigeria during the period. It was observed from the table that the Adjusted Coefficient of Determination (R^2) of the model is 0.497136, which suggest that about 50% of the variations in the Net Assets (NTA) of the firms can be explained by the explanatory variables, comprising, Short Term Debts (STD), Long Term Debts (LTD) and Total Debts (TTD) while the remaining 50% can be explained by other factors that were not included in the model of the study. Also, the coefficient of Durbin Watson Statistics as observed from the table is 1.917298, which is slightly below the benchmark range of 2-4. Since the coefficient is closer to the lower range of 2, we approximated it to 2 and rely on the result to conclude that there is no autocorrelation in the model of the study.

Discussion of Findings

The findings from the panel least square regression model reveals that the regression coefficient of Short Term Debts (STD) is positive at 0.104727 while the p-value is 0.5202 ($0.5202 > 0.05$). In line with these results, we opine that Short Term Debts positively, but non-significantly affects Net Assets of consumer goods firms in Nigeria. The result is consistent with The Trade-Off Theory developed by Myers in 1977. The theory states that every company has an optimal capital structure that may be determined by balancing the benefits and drawbacks of equity and the ensuing agency costs for equity versus debt. The result is also consistent with: Fasasi et al. (2022) who asserted that short term debt has a significant positive effect on profitability of listed agricultural companies in Nigeria. Kiprotich (2022) who found that Short term loans negatively and significantly affect financial performance of the SMEs. Onyema (2021) who found that debt financing is statistically significant in determining profitability of manufacturing firms in the quoted firms in Nigeria. Hajisaaid (2020) who found that there is a significantly positive relationship between short-term debt and profitability. Shikumo et al. (2020) who noted that short term debt positively and significantly influences financial growth measured using both growth in earnings per share and growth in market capitalization. Hasan et al. (2020) who noted that



there is significant relationship on debt financing towards firm profitability. This result differs from: Oranefo and Egbunike (2022) who observed a negative effect of short-term debt to equity on Tobin's Q.

The findings from the regression model also suggest that the regression coefficient of Long Term Debts (LTD) is negative at -0.007699 while the p-value is 0.9402 ($0.9402 > 0.05$). Based on these results, we conclude that Long Term Debts negatively, but non-significantly affects Net Assets of consumer goods firms in Nigeria. The result is consistent with The Trade-Off Theory developed by Myers in 1977. The theory states that every company has an optimal capital structure that may be determined by balancing the benefits and drawbacks of equity and the ensuing agency costs for equity versus debt. This result is consistent with: Prenaj et al. (2024) who concluded that capital structure composed of short-term debt, long-term debt, and total debt is negatively influencing by return on assets. Atieno (2023) who found that long-term debt financing has a negative and statistically significant effect on the profitability of commercial airlines in Kenya. Ariyo-Edu (2023) who concluded that debt and profitability are negatively correlated. Fasasi et al. (2022) we concluded that long-term debt had a significant negative effect on profitability of listed agricultural companies in Nigeria. Amankwah et al. (2021) who found that debt-financed through both short and long term have a detrimental impact on SMEs' financial performance. Ariyo-Edu (2023) who concluded that debt and profitability are negatively correlated. The result differs from: Edore and Ujuju (2020) who found that long term debt has a significant positive effect on the value of the companies' performance. Oranefo and Egbunike (2022T) who found that he effects of long-term debt to equity and total debt to assets was positive and significant.

The findings from the model further indicate that the regression coefficient of Total Debts (TTD) is negative at -0.932068 while the p-value is 0.04212 ($0.04212 < 0.05$). In view of these findings, we conclude that the Total Debts negatively, and significantly affects Net Assets of consumer goods firms in Nigeria. The result is consistent with The Trade-Off Theory developed by Myers in 1977. The theory states that every company has an optimal capital structure that may be determined by balancing the benefits and drawbacks of equity and the ensuing agency costs for equity versus debt. The result is in agreement with: Anyam et al. (2024) who found that total debt to assets ratio has a negative but significant effect on return on assets. Prenaj et al. (2024) who concluded that capital structure composed of short-term debt, long-term debt, and total debt is negatively influencing by return on assets. The result disagrees with: Ibthia et al. (2024) who observed that Short-Term Debt, Long-Term Debt, and Total Debt to Assets have a significant effect on Company Performance. Gara et al. (2025) who found that a high equity ratio significantly improved financial performance; and a higher debt ratio equally impacted on the financial performance.

Conclusion

The study examined debt structure and firm value of consumer goods firms in Nigeria. The study was based on a total of 99-year data observations, collected from the annual reports and financial statements of a sample of nine (9) consumer goods firms listed on Nigeria Exchange Group during 2013-2023 periods. The data were analyzed using Panel Least Square Regression Model. In line with the results on the analysis, the study concludes that, Short Term Debts positively, but non-significantly affect Net Assets of consumer goods firms in Nigeria while Long Term Debt negatively, but non-significantly affect Net Assets of the firms. The study also conclude that Total Debt negatively, and significantly affect Net Assets of the firms during the period.

Recommendations

The study proposed the following recommendations for the firm managers of the consumer goods firms operating in Nigeria. The recommendations are based on the findings of the study and discussions.

1. Consumer goods firms in Nigeria should maximize their firm value by using short term debts, such as bank overdraft, short term loans and trade credit to finance their working capital. This will ensure enough liquidity to settle maturing business obligations of short term nature.



2. The firms should also enhance their firm value by using more of equity than long term debt to fund their long term investment. This is because long term debts during the period negatively affect firm value of the firms.
3. The overall recommendation of the study is that the firms should use a combination of debts and equity to fund their operations, provided that the total debts in the capital structure are kept within the optimal capita structure of the firms

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