Archives of Business Research – Vol. 10, No. 9
Publication Date: September 25, 2022
DOI:10.14738/abr.109.12980.
Shiyanbola, A. A., Alu, C. N. A., Akinsanya, R., & Timilehin, A. A. (2022). Effect of Capital Structure on Growth of Nigerian Quoted Consumer Goods Firms. Archives of Business Research, 10(9). 30-42.

Effect of Capital Structure on Growth of Nigerian Quoted Consumer Goods Firms

SHIYANBOLA Alice Anese
Department of Accounting, Faculty of Business and Social Sciences,
Adeleke University, Ede, Osun State, Nigeria

ALU Chituru Nkechinyere Aseoluwa
Department of Accounting, School of Management Sciences,
Babcock University, Ilishan Remo, Ogun State, Nigeria

AKINSANYA Rebecca
Department of Accounting, School of Management Sciences,
Babcock University, Ilishan Remo, Ogun State, Nigeria

TIMILEHIN Ajiboso Abdullah
Department of Accounting, School of Management Sciences,
Babcock University, Ilishan Remo, Ogun State, Nigeria

ABSTRACT

In a bid to responding to market demand, attaining business stability and a decent profit increase, growth has become the quest of all business owners. The study examined capital structure on growth of Nigerian quoted consumer goods firms. The population consisted of 20 Nigerian consumer goods companies as at 31st December, 2018 out of which, 10 were selected as the sample size. Descriptive and inferential statistics were used for data analysis. The study revealed that capital structure has no significant influence on revenue growth of Nigerian quoted consumer goods firms (Adj.R^2= 0.050510, $F_{(6)}$ = 1.702302, p>0.05); capital structure significantly affects total assets growth of Nigerian quoted consumer goods firms (Adj.R^2= 0.073621, $F_{(6)}$ = 3.622586, p<0.05) and there is no significant relationship between capital structure and earnings growth of Nigerian quoted consumer goods firms (Adj.R^2= -0.025329, $F_{(6)}$ = 0.184805, p>0.05). The study found that capital structure has no significant influence on earnings growth and revenue growth but has a significant relationship with total assets growth of Nigerian quoted consumer goods firms. The study recommended that management should increase equity and long-term debts and reduce short term debts so as to raise the firms' revenue and also have an understanding of the capital structure disclosure and how it affects revenue growth. Regulatory agencies should ensure that there is a disclosure of assets growth, revenue and earnings according to the laid down standards to enhance Growth. This will boost investment in firms and in turn, raise the bar in performance and growth.

Keywords: Capital structure, Earnings growth, Equity, Long term debts, Nigeria, Quoted consumer goods firms.

INTRODUCTION

Today, one of the major aspects of decision-making in financial management is capital structure and has a far-reaching impact on the firms. Every business' bedrock lies on capital structure, as it focuses on how an organization can fund its activities in order to remain profitable and ensure that all investors get a good return on their investments (Shehu & Joseph, 2017). They argued that capital structure reveals a company financing of its overall operations and growth strategy through the use of various sources of funding. This definition suggests that the capital structure is crucial to management and decision-making in company's growth and not just a financing tool in the operations of the company.

Growth can also be viewed from other perspectives such as growth in sales, growth in value of the business, expansion of the market etc. Gupta, Guha and Krishnaswami (2013) defined growth in terms of revenue production, value chain addition, and quantum of business expansion. This definition agrees with the assertion of (Arthur, 2016) that, the majority of times when businesses have seen an increase in sales of their products, which has led to an increase in revenue generation, the company is said to be growing. Growth has become inevitable for all business owners for some reasons including response to market demand, need to increase profits, and ensuring business stability; because, as businesses become bigger, they can operate at full capacity and leverage on economies of scale, negotiate significant discounts and better terms of credit supply. This translate to driving down the operating cost while increasing profits.

Ben-Caleb, Eshua, Otekunrin, Rasak, Adewara and Oladipo (2019) opine that the growth of any company depends largely on how well it can manage its costs. This is partly because, in order to maximize profits, the cost must be reduced to the barest minimum. In this vein, Rahman, Sarker and Uddin (2019) argued that the company's capital structure adopted is the most significant decision made by the company's management to optimise profit while concurrently minimizing capital financial inputs in order to maximize shareholders' wealth. The decision on the capital structure is used by companies to manage their financial costs and is intended to ensure that they remain profitable. This is because when profits are low and insufficient, it affects companies and creates more risk.

Thus, Oladele, Omotosho and Adeniyi (2017) stated that the difficulty facing firms in Nigeria is the need to do more with financing, regardless of whether they raise debt or capital. Oburota and Okoi (2017) however, opined that the focus is not only on productivity, but on long-term growth. The question here becomes how well do companies use their capital structure as a growth strategy?

Considering Nigeria alone, in March 2008 N12.40 trillion total market capitalization fell in March 2009 to N4.69 trillion representing sharp decrease of 62.18% (Sanusi, 2010). This was due to lack of Nigerian investors appropriate investment. The performance indicator which is market capitalization amounting to N13 trillion in 2007, decreased in 2010 to N9.91 trillion, while the All-Action Index, fell to about 24.770.52 points from 57.990.22points the same period in the Nigeria's capital market showed lack of growth. The almost capital market collapse has had a negative impact on the consumer goods sector and the Nigerian economy at large (Sanusi, 2010).

URL: http://dx.doi.org/10.14738/abr.109.12980

Nwanyanwu (2014) opined that, the high cost of finance in Nigeria has made it difficult for companies to access additional funding to grow. More often than not, the cost of interest on these funds affects companies and their ability to repay which will have a long run effect on their growth. Therefore, this paper tends to investigate the effect of capital structure on the growth of quoted consumer goods companies in Nigeria.

LITERATURE REVIEW

Capital Structure

Capital structure is the combination of debt and equity of a company to ensure generation of profit, expansion, financial stability and growth. Abor (2005) and San and Heng (2011) viewed capital structure of firms as financing of company's operations with the combination of debt and equity. Capital structure refers to the mixture of various equity shares such as company's reserves and surpluses and long-term sources of funds (Olowe, 2011). Modigliani and Miller (MM) (1958) started theory of capital structure history with paper presentation, there was a drive to know the conditions when capital structure will turn out to be relevant or irrelevant to listed company's performance. The deciding factors in the determination of capital structure lies with decision-making processes, issues relating to; various rate and taxes, cost, variations across firms financial leverage is proposed to interest rate. In addition, capital structure is described as the proportional association between equity and debt (Owolabi & Inyang, 2012).

Equity: Equity is referred to as a right; that is essentially ownership right, responsibility, decision-making and benefit or profit sharing to the holder. Firms real owners are the shareholders and after meeting all fixed obligations, they are entitled to all residual earnings (Olowe, 2011). It is noteworthy that these earnings may vary or change from time to time. Equity instrument as referred to in International Accounting Standard (IAS) 32 is "a contract that demonstrates residual interest in an entity's assets that remain after the deduction of its liabilities" (Elliot & Elliot, 2012). The amount of resources left to funders after full debt settlement when there is liquidation refers to equity instrument.

Long Term Debt: Debt is the capital that a company is raising by taking out a loan that has been paid out over a future period. Creditors who gets fixed percentage as return on what the firm owes them are debt holders and not business owners (Mohammed, Amadeo & Usman, 2016). Long-term debts are non-current liabilities, while short-term debts are debts payable within one year, known as current liabilities in the statement of financial position.

Short Term Debt: Short-term debt is an item shown in the current liabilities section of the company's statement of financial position, which is due or payable within one accounting period. The debt in this liabilities account is usually made up of short-term bank loans taken by a company, among other types (Alalade, Oguntodu & Adelakun, 2015).

Growth

Growth could mean two things, according to Amadeo (2017): increase in an economy's output over a period, and increase in what an economy can produce utilising all its scarce resources. It refers to the incremental growth of a company that is either increased in size or extended. Growth can be described in terms of value addition, revenue generation and market volume expansion (Gupta, Guha & Krishnaswami, 2013).

Revenue Growth: Growth in revenue refers to an increase in a company's revenue in relation to previous years. Rising revenue is a standard measure of a company's financial health. Revenue is generated from sales and profit is derived from income by removing all costs, hence low or no income or profit (Ben-Caleb, Eshua, Otekunrin, Rasak, Adewara & Oladipo, 2019).

Total Assets Growth: Total assets growth refers to increase in the asset base of an entity in relation to previous periods and this is an indicator of financial well-being of a company.

Earnings Growth: Growth in earnings refers to an entity's profit increase relative to previous periods and this could be due to various factors such as improved efficiency, increased sales volume or cost reduction.

Signalling Theory

Signalling theory was developed by Spence in 1973, signalling theory is based on asymmetrical information problems between managers and investors. The theory is based on the premise that the company's top executives with internal information are encouraged to sell their expertise to external investors in order to increase the stock price. Managers, however, cannot simply declare the good news to the investors, as they will be facing it with suspicion.

Sending a signal with information of adoption of financial policy to investors is a solution to this problem (for underestimated firms). This strategy is prohibited for a company of less value from the cost aspect. The signal for the company is a costly action to persuade investors and other external users that it comprises reliable information. The cost is what makes the signal credible to the outside users. Bhattacharya and Dittmar (2004) were arguing over costless and expensive signals. Managers wouldn't reveal the good news they have, even without being legitimate all businesses will do that. Instead, the administration is increasing the company's leverage. Capital structure is an obligation for the company which would not dare to undertake a company of mediocre prospects. Companies who want to send out the signal that they have strong prospects are increasing their power. Contrarily, the overrated companies are unwilling to accept the loan problem because of bankruptcy risk in this way. In addition, signal quality is also important (Veronesi, 2000).

Lastly, managers use deviations in capital structure several times to pass knowledge to external users for the company's competitiveness and risk. The signalling theory is based on the awareness that the internal users have more than external users. In addition, the rights and wages managers have been often based on the market value of the company (Ahsan & Kiran, 2017). This motivates the company provide investors with the information that the company is undervalued. The increased debt suggests greater bankruptcy possibilities. It indicated optimistic changes, because the loan request meant that the management assumed that the firm's good improvement would allow it to pay off (Kirmi, 2017).

Information becomes credible only when cost of false revelation is sufficient to force the company reveal the truth (Kirmi, 2017). The heightened leverage is an important signal. The company have stable cash flows in a loan contracts but serious consequences such as bankruptcy will be endured if the company does not have stable cash flows. Contrarily, things are more flexible with respect to equities (Oladele, Omotosho & Adeniyi, 2017).

URL: http://dx.doi.org/10.14738/abr.109.12980

For this study, the signalling hypothesis was introduced as it is based on the assumption that internal users know better than external users. In addition, salaries and rights managers have at times depend on the company's market value. This company have opportunity to provide investors with fact that the business is undervalued. The increased leverage leads to higher possibilities of bankruptcy. It indicated optimistic changes, as the loan request meant the administration assumed that the firm's good progress would allow it to pay off.

Empirical Review

Kirmi (2017) determined capital structure and profitability of the Kenya listed energy and petroleum firms defining the impact on relationship amid long-term and short-term debts. From 2012 to 2016, secondary data was employed for data analysis. Analysis of data was conducted using SPSS inferential statistics. The study identified short-term debt and ROA had a strong positive relationship; long-term debt and ROA had negative average relationship, as well as total debt and ROA had weak positive relationship. Short-term and long-term debts had significant impact on ROA at a significant level of 5 per cent.

Offiong and Edward (2017) evaluated capital structure and efficiency of the companies quoted in Nigeria. The focus was on identifying the relationship between capital structure and performance indices such as the net profit margin, asset return and equity return. The result revealed a significant relation between capital mix and earnings per share of Nigerian quoted firms. Substantial positive effect between debt-to - equity ratio and return on assets of Nigeran quoted companies and major negative relationship between debt-to - equity and return on assets of Nigerian quoted companies. In addition, significant inverse effect between debt equity ratio and equity returns of Nigerian quoted companies and significant positive impact between debt asset ratio and equity returns of Nigerian quoted companies.

Capital Structure and Total Assets Growth

Idode, Adeleke, Ogunlowore and Ashogbon (2014) analysed the capital structure's effect on the competitiveness of banks quoted in Nigeria. From 2008-2012 they obtained data from quoted banks on the (NSE) for five years. It applied *ex-post facto* design and applied technique of multiple regression. Earnings before tax (EBT) proxy for Return on Assets (ROA)/ Total assets was the dependent variable. The research findings showed the positive and important impact for the time under review on the banks quoted in Nigeria. It was proposed, therefore, both equities would be used by the management and directors to carry out the business.

Kakanda, Bello and Abba (2016) evaluated the effect of capital structure and financial performance of Nigerian listed consumer goods companies. Seven (7) firms whose accounting year-end 31 December were the considered sample. Secondary data were used from the 2008–2013 analysed firms' annual financial reports collected from the African Financial database and the Nigerian Stock Exchange's official website. The hypotheses developed in the study were tested by descriptive statistics, correlation, and hierarchical multiple regression analysis. The study found a positive and important link between the capital structure of the company and the financial performance of the business. The study found explicitly no positive effect on short-term debt (STD) and equity return (ROE) while favourable relationship between long-term debt (LTD) and substantial impact on ROE.

Capital Structure and Earnings growth

Basit and Irwan (2017) examined the impact of the capital structure and firm performance of Malaysia's industrial product company. Convenience sampling was used to pick listed companies Bursa Malaysia from 2011 to 2015. Debt-to - equity ratio, the total debt ratio and the total equity ratio were the independent variables. Return on assets (ROA), return on equity (ROE) and earnings per share (EPS) were the dependent variable. Multiple regressions were used for data analysis. The research showed that industrial product companies depended heavily on equity financing. In addition, the regression result showed that debt to equity had a negative impact on ROA, the overall debt ratio and the total equity ratio had no significant impact on ROA. In addition, equity debt had a negative effect on ROE, total debt had a positive impact on ROE, and total equity had no significant impact on ROE. Finally, debt to equity had adverse impact on EPS, the overall debt ratio had a positive impact on EPS and the overall debt had a significant impact on EPS. Conclusively, companies can increase debt financing in order to reduce the agency's problems and enjoy tax advantages, but the level of debt over the optimum capital structure will have a negative impact on firm performance.

Researcher's Conceptual Framework

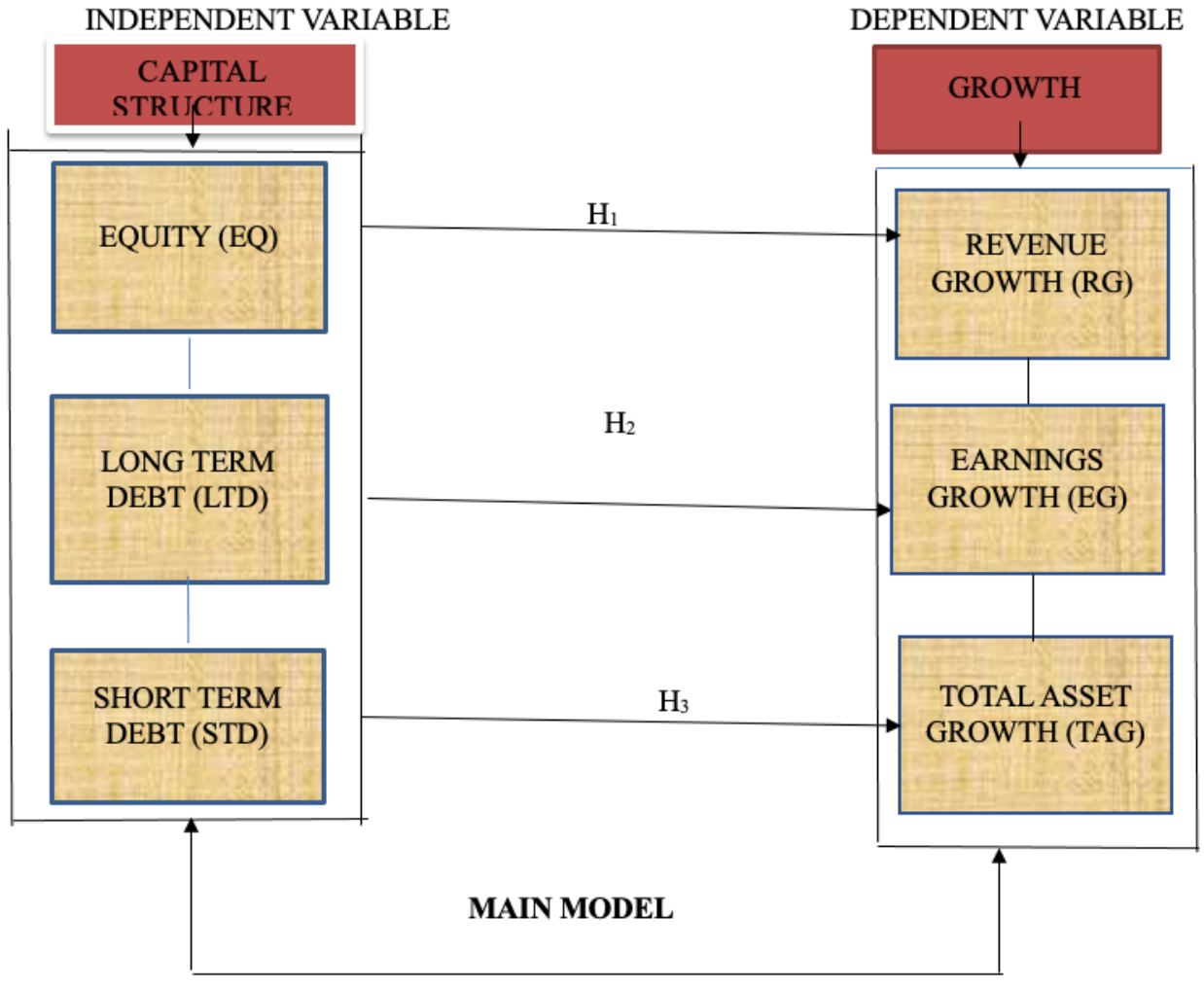


Figure 1: Researchers' Conceptual Model (2020)

URL: http://dx.doi.org/10.14738/abr.109.12980

METHODOLOGY

The research work employed the *Ex Post facto* research design. This is because it involves events, which have taken place already. The research population for this study were the quoted consumer goods companies in Nigeria. There were 20 consumer goods companies quoted on Nigerian Stock Exchange (NSE) as at 31st December, 2018. The sample for this study is made up of ten (10) quoted consumer goods companies on the NSE. Ordinary Least Square regression method was employed for data analysis technique Multiple regression was used to test the combined effect of the independent variables on the dependent variable.

Variable Measurement

Total Asset growth = $\frac{\text{Current year total assets less previous year assets}}{\text{Previous year assets}}$

Turnover growth = $\frac{\text{Current year turnover less previous year turnover}}{\text{Previous year turnover}}$

Earnings growth = $\frac{\text{Current year earnings less previous year earnings}}{\text{Previous year earnings}}$

Equity: This is the owner's claim to the company assets after the liabilities are paid off. It is the residual interest in an organization and is measured as total equity.

Short term debt: Short-term debts are debt obligations to be settled within twelve calendar months. It is measured as current liabilities.

Long term debt: Long-term debts are obligations that have to be paid for more than 12 calendar months and typically last longer than one year. This is measured as long-term debt.

Model Specification

The relationship between capital structure and growth are correlated.
Y=f(X) Y = Dependent variable X = Independent variable Y = Growth (G)
X = Capital Structure (CS)

Regression Equation

$RG_{it} = \alpha_0+\beta_1EQ_{it} + \beta_2LTD_{it} + \beta_3STD_{it} + \mu_{it}$ ……Hypothesis 1
$EG_{it} = \alpha_0+\beta_1EQ_{it} + \beta_2LTD_{it} + \beta_3STD_{it} + \mu_{it}$ …….. Hypothesis 2
$TAG_{it} = \alpha_0+\beta_1EQ_{it} + \beta_2LTD_{it} + \beta_3STD_{it} + \mu_{it}$ …….. Hypothesis 3

Where, μ = Error term
α = value of y where all values of explanatory variables are 0 intercept
$\beta_{1,2,3,4}$ = Change in y that is related with unit change in variables x.

Data Analyses, Results and Discussion of Findings

The mean, maximum, minimum and standard deviation were shown in the numerical representation of the variables including Revenue growth (RG), Earnings growth (EG), Total asset growth (TAG), Equity (EQ), Long term debts (LTD), and Short-term debts (STD).

Table 1: Descriptive Statistics

	EQ	LTD	STD	EG	SG	TAG
Mean	17.04083	14.81124	16.87272	0.266641	0.188454	0.131921
Median	17.28781	15.12699	16.83813	0.007447	0.093665	0.095702
Maximum	18.99814	18.28448	19.19731	5.862892	10.11363	0.883453
Minimum	14.59381	0.000000	13.75570	-1.954280	-0.984279	-0.402720
Std. Dev.	1.108730	3.650983	1.192965	1.129157	1.046907	0.195677
Observations	100	100	100	100	100	100

Source: Researchers' Study (2020)

Table 1 showed that EQ with a mean value of 17.04083 and 1.108730 for standard deviation. The measure of extent of dispersion from mean is standard deviation which shows the level of the series volatility. There is presence of low volatility of 1.108730 in EQ. This is established from the distance and difference of maximum value (18.99814) and minimum value (14.59381). EQ for the firms varied amongst themselves based on their volume of shares traded at its par value during the year.

Also, LTD with a mean of 14.81124 and 3.650983 standard deviation. This indicates low volatility presence of 3.650983 in LTD. This is established from the distance and difference of minimum value (0.00000) and maximum value (18.28448). This shows that the firms had varied level of long-term debts. Also, STD with a mean of 16.87272 and standard deviation of 1.192965. This shows a low volatility presence of 1.192965 in STD. This is established from the distance and difference of minimum value (13.75570) and maximum (19.19731). This shows that the companies had varied level of short-term debts.

Also, EG with mean of 0.266641, and standard deviation of 1.129157. This indicate high volatility presence in EG of 1.129157. This is established from the distance and difference of minimum value (-1.954280) and maximum (5.862892). This shows the companies had varied number of earnings and also some companies have negative earnings growth and some companies had growth in earnings over the years. SG with mean of 0.188454, and standard deviation of 1.046907. This shows high volatility presence in SG of 1.046907. This is established from the distance and difference of minimum value (-0.984279) and maximum (10.11363). This shows that companies had varied sales revenue amongst themselves and also some companies have negative sales growth and some companies had growth in sales growth over the years. TAG with mean of 0.131921, and standard deviation of 0.195677. This shows high volatility presence in TAG of 0.195677. This is established from the distance and difference of minimum value (-0.402720) and maximum (0.883453). This shows that the companies had varied total asset growth amongst themselves.

URL: http://dx.doi.org/10.14738/abr.109.12980

Table 2: Regression Analysis for Model One

Variable	Coefficient	Std Error	t-Stat.	Prob.
C	3.321057	1.679370	1.977561	0.0508
EQ	0.118370	0.209451	0.565145	0.5733
LTD	0.064043	0.040045	1.599276	0.1130
STD	-0.361428	0.229815	-1.572694	0.1191
R-squared		0.050510		
Adjusted R-squared		0.050510		
F-Statistics		1.702302		
Prob(F-Stat)		0.171695		

Dependent Variable: RG; Obs.: 100 *significant at 5%
Source: Researchers' Study (2020)

Table 2 showed regression analysis for capital structure, constant positive beta coefficient of 3.321057. The independent variable capital structure proxies' coefficients (EQ, LTD, STD) are positive and negative. That is, a positive insignificant relationship between Equity, Long-term debts and revenue growth while there is a negative insignificant relationship between Short-term debts and revenue growth (EQ = 0.118370, t-test = 0.565145, p = 0.5733 > 0.05, LTD = 0.064043, t-test = 1.599276, p = 0.1130 > 0.05 and STD = -0.361428, t-test = -1.572694 > 005). That is, 1% rise in EQ causes a 0.118370 increase in revenue growth, 1% rise in LTD causes a 0.064043 increase in revenue growth, and 1% rise STD cause decrease in revenue growth by 0.361428.

The adjusted R^2 is 0.050510. This implies that capital structure is responsible for 5% variations in revenue growth while 95% is explained by other factors outside the model.

At 0.05 level of significance and F-statistics of 1.702302, the *p-value* of 0.171695, the null hypothesis was not rejected. Therefore, capital structure does not significantly influence the revenue growth of Nigerian quoted consumer goods firms.

Table 3: Regression Analysis for Model Two

Variable	Coefficient	Std Error	t-Stat.	Prob.
C	0.236769	0.305314	0.775494	0.4400
EQ	-0.087184	0.038079	-2.289575	0.0242
LTD	0.007613	0.007280	1.045703	0.2983
STD	0.075156	0.041781	1.798804	0.0752
R-squared		0.101694		
Adjusted R-squared		0.073621		
F-Statistics		3.622586		
Prob(F-Stat)		0.015826		

Dependent Variable: TAG; Obs.: 100 *significant at 5
Source: Researchers' Study (2020)

Table 3 showed constant with positive beta coefficient of 0.236769. Capital structure proxies (EQ, LTD, STD) are positive and negative. That is, there is a negative significant relationship

between equity and total asset growth while a positive insignificant relationship between Long-term debts and total asset growth; and positive significant relationship between Short-term debts and total asset growth (EQ = -0.087184, t-test = -2.289575, p = 0.0242 < 0.05, LTD = 0.007613, t-test = 1.045703, p = 0.2983 > 0.05 and STD = 0.075156, t-test = 1.798804, p = 0.0752 > 0.05). A 1% rise in EQ causes 0.087184 decrease in total asset growth, 1% rise in LTD causes a 0.007613 increase in total asset growth, and 1% rise in STD cause increase in total asset growth by 0.075156.

The adjusted R^2 is 0.073621. This implies that capital structure is accountable for 7% variations in total asset growth while 93% is caused by factors outside the model.

At 0.05 level of significance, and F-statistics of 3.622586, the *p-value* of 0.015826, null hypothesis was rejected. Therefore, capital structure significantly affects total assets growth of Nigerian Quoted consumer goods firms.

Table 4: Regression Analysis for Model Three

Variable	Coefficient	Std Error	t-Stat.	Prob.
C	-0.867621	1.853518	-0.468094	0.6408
EQ	0.098210	0.231170	0.424838	0.6719
LTD	-0.013830	0.044198	-0.312924	0.7550
STD	-0.019823	0.253646	-0.078152	0.9379
R-squared		0.005742		
Adjusted R-squared		-0.025329		
F-Statistics		0.184805		
Prob(F-Stat)		0.906498		

Dependent Variable: EG; Obs.: 100 *significant at 5%
Source: Researchers' Study (2020)

Table 4 showed that the constant with negative beta coefficient of -0.867621. Capital structure proxies (EQ, LTD, STD) are positive and negative. That is, there is a positive insignificant relationship between equity and earnings growth while a negative insignificant relationship between Long-term debts, Short-term debts and earnings growth (EQ = 0.098210, t-test = 0.424838, p = 0.6719 > 0.05, LTD = -0.013830, t-test = -0.312924, p = 0.7550 > 0.05 and STD = -0.019823, t-test = -0.078152, p = 0.9379 > 0.05). 1% rise in EQ cause a 0.098210 increase in earnings growth, 1% rise in LTD cause a 0.013830 decline in earnings growth, and 1% rise in STD would decline earnings growth by 0.019823.

The adjusted R^2 is -0.025329. Capital structure is accountable for approximately 3% variations in revenue growth while 97% is caused by other factors outside the model.

At 0.05 level of significance, and F-statistics of 0.184805, the *p-value* of 0.906498, the null hypothesis three that there is no significant relationship between capital structure and the earnings growth of Nigerian quoted consumer goods firms was not rejected.

URL: http://dx.doi.org/10.14738/abr.109.12980

DISCUSSION OF FINDINGS

The study found that capital structure does not significantly influence the revenue growth of Nigerian quoted consumer goods firms. The findings therefore supported studies conducted by Kirmi (2017), Pouraghajan, Tabari, Ramezani, Mansourinia, EmmaghoLipour and Majd (2012) and Ahsan and Kiran (2017) which looked at the relationship between capital structure and profitability and found that short-term and long-term debts had no significant impact on sales revenue. Conversely, the findings of this study is not in conformity with the findings of Mehar (2018) and Offiong and Edward (2017), which indicated that the effect of the capital structure on sales revenue was significant.

The findings revealed that capital structure significantly affects total assets growth of Nigerian quoted consumer goods firms. The results therefore, support the studies conducted by Idode, Adeleke, Ogunlowore and Ashogbon (2014), Grace, Sunday and Nweke (2018) and Ogebe, Ogebe and Alewi (2013) considered the impact of the capital structure on the total assets and found positive and important effect between capital structure and total assets of the companies. Conversely, the result did not suit that of Singh (2013); Kakanda, Bello and Abba (2016) studies, which found that there was an insignificant relationship between the capital structure of the company and the growth of assets.

The study revealed no significant relationship between capital structure and the earnings growth of Nigerian quoted consumer goods firms. The findings supports studies carried by Alalade, Oguntodu and Adelakun (2015) and Oladele, Omotosho and Adeniyi (2017) found that there is a negative, insignificant relationship between long-term debts, short-term debts and earnings growth. Conversely, the results of this study is not in conformity with Nassar (2016); Basit and Irwan (2017) reports, both of which looked at the effect of capital structure on earnings and found that there was a substantial gap between the capital structure and growth in earnings.

Implications of Findings

The effect of these results on management is that the capital structure has had a substantial impact on the overall growth of the listed companies' assets. Management would strengthen the capital structure of the company, in particular its long-term and short-term debts, in order to increase the company's asset base. Also, they would reduce equity to the company's asset base and provide investors with a better role in the company. The implication for investors is that it would help them to make decisions about investment in companies and know a great deal about the capital structure of a particular company. In essence, they would be able to ascertain why and how they should invest in a particular sector so as to allow growth of assets, revenues and earnings.

Government and financial regulators would lay down rules on both voluntary and compulsory disclosure of asset, revenue and earnings growth, with different standards set to improve growth, and this would encourage investment in firms to increase shareholders' wealth.

CONCLUSION

The study concluded that capital structure does not significantly influence the revenue growth of Nigerian quoted consumer goods firms, capital structure significantly affects total assets

growth of Nigerian quoted consumer goods firms and no significant relationship between capital structure and the earnings growth of Nigerian quoted consumer goods firms.

RECOMMENDATIONS

I. Management should increase equity and long-term debts and reduce short term debts in order for an increase in revenue in firms and also have an understanding of the capital structure disclosure and how it affects revenue growth.
II. Management should increase short- term and long term in order to improve total assets made by investors to allow for more assets purchase for both fixed and current.
III. Regulators should ensure disclosure on asset growth, revenue and earnings with different standards to improve growth and this would boost investment in companies, which would in turn, increase growth and performance.
IV. Management of consumer goods firms should reduce their long and short-term debts in order to increase earnings growth in Nigeria and also increase equity to allow for earnings growth.

Reference

Abor, J. (2005). The Effect of Capital Structure on Profitability: Empirical Analysis of Listed Firms in Ghana. *Journal of Risk Finance, 6(5)*, 438-451.

Ahsan, A., & Kiran, S. (2017). Impact of Capital Structure on Firms Profitability: Evidence from Cement Sector of Pakistan. *Research Journal of Finance and Accounting, 8(7)*, 29-34.

Alalade, S. A., Oguntodu, J. A., & Adelakun, V. A. (2015). Firms' Capital Structure and Profitability Performance: A Study of Selected Food Product Companies in Nigeria. *International Journal of Banking and Finance Research, 1(8)*, 64-83.

Arthur, J. C. (2016). Big data and tax haven secrecy. *Florida Tax Review, 18*(1), 483-539.

Basit, A, & Irwan, N. F. (2017). The impact of capital structure on firms performance: Evidence from Malaysian industrial sector. A case based approach. *International Journal of Accounting and Business Management. 5*(2). 131-148.

Ben-Caleb, E., Eshua, R., Otekunrin, A. O., Rasak, B., Adewara, S. O, & Oladipo, O. A. (2019). Cost reduction strategies and growth of selected manufacturing companies in Nigeria. *International Journal of Mechanical Engineering and Technology, 10*(3), 196-203.

Bhattacharya, U., & Dittmar, A. (2004). Costless versus costly signaling: Theory and evidence. *Journal of Business and Finance, 77(11)*, 57-63.

Elliot, B., & Elliot, J. (2012). *Financial accounting and reporting, (15.ed).* Harlow: Pearson Education.

Grace, O., Sunday, M., & Nweke, M. (2018). Capital Structure And The Performance Of Agricultural And Agro-Allied Companies In Nigeria. *Journal of Economics, Management & Social Science, 4(1)*, 120-131.

Gupta, P., Guha, S, & Krishnaswami, S. (2013). Firm growth and its determinants. *Journal of Innovation and Entrepreneurship, 2*(1), 1-14.

Idode, P. E., Adeleke, T. M., Ogunlowore, A. J., & Ashogbon, O. S. (2014). Influence of capital structure on profitability: Empirical evidence from listed Nigerian banks. *Journal of Business and Management, 16(11)*, 22-28.

Kakanda, M. M,. Bello, A. B, & Abba, M. (2016). Effect of capital structure on performance of listed consumer goods companies in Nigeria. *Research Journal of Finance and Accounting, 7*(8), 211-219.

Kirmi, P. N. (2017). Relationship between capital structure and profitability, evidence from listed energy and petroleum companies listed in Nairobi securities exchange. *Journal of Investment and Management, 6*(5), 97-102.

Mehar, M. R. (2018). Analysis of the Capital Structure and Banks Performance: Evidence from Pakistan. *Journal of Business & Financial Affairs, 7(2)*, 1-5.

URL: http://dx.doi.org/10.14738/abr.109.12980

Modligliani, F., & Miller, M. H. (1958). The Cost of Capital, Corporate Finance and the Theory of Investment. *American Economic Review, 48(1)*, 61-97.

Mohammed, Amadeo, & Usmam, S. (2016). Corporate attributes and share value of listed pharmaceutical firms in Nigeria. *Journal of Arts, Science and Commerce, 7(1)*, 88-98.

Nassar, S. (2016). The impact of capital structure on financial performance of the firms: Evidence from Borsa Instanbul. *Journal of Business and Financial Affairs, 5*(1), 1-4.

Nwanyanwu, L. A. (2014). Cost of loan capital and capital asset acquisition in Nigeria: Implications on organisational profitability. *European Journal of Business and Management, 6*(26).

Oburota, C. S, & Okoi, I. (2017). Manufacturing subsector and economic growth. *British Journal of Economics, Management and Trade, 17*(3), 1-9.

Offiong, A., & Edward, A. (2017). Capital Structure and the Performance of Quoted Companies in Nigeria. *International Journal of Management Sciences and Business Research, 6(8)*, 45-52.

Ogebe, O. P., Ogebe, O. P., & Alewi, K. (2013). The Impact of Capital Structure on Firms' Performance in Nigeria. *Journal of Risk Finance, 6(5)*, 438-445.

Oladele, S. A., Omotosho, O., & Adeniyi, S. D. (2017). *Effect of Capital Structure on the Performance of Nigerian Listed Manufacturing Firms.* 22-32: European Journal of Business and Management, 9(7).

Olowe, R. A. (2011). *Financial Management; Concepts, Financial System and Business Finance (3ed.).* Lagos, Nigeria: Brierly Jones Nigeria Limited.

Owolabi, S. A., & Inyang, U. E. (2012). Determinants of Capital Structure in Nigerian Firms: A Theoretical Review. *E-Canadian Journal of Accounting and Finance, 1(1)*, 7-15.

Pouraghjan, A. A., Tabari, Y. N., Ramezani, A., Mansourinia, E., Emmagholipour, M., & Majd, P. (2012). Relationship between cost of capital and accounting criteria of corporate performance evaluation: evidence from Tehran Stock Exchange. *World Applied Sciences Journal, 20(5)*, 666-674.

Rahman, A., Sarker, S. I, & Uddin, J. (2019). The impact of capital structure on the profitability of publicly traded manufacturing firms in Bangladesh. *Applied Economics and Finance, 6*(2), 1-5.

San, T. O., & Heng, B. T. (2011). Capital Structure and Corporate Performance of Malaysian Construction Sector. *International Journal of Humanities and Social Science, 1(2)*, 28-34.

Shehu, U. S, & Joseph, A. (2017). Capital structure and investment growth opportunity of listed Pharmaceutical firms in Nigeria. *Asian Business Research, 2*(1), 50-60.

Singh, G. (2013). Interrelationship between Capital Structure and Profitability with Special Reference to Manufacturing Industry in India. *International Journal of Management and Social Sciences Research, 2(8)*, 55-61.

Veronesi, P. (2000). How does information quality affect stock returns? *Journal of finance, 55(2)*, 56-64.