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EFFECT OF FIRMS' CAPITAL STRUCTURE ON FINANCIAL PERFORMANCE: EVIDENCE FROM NIGERIAN LISTED CONSUMER GOODS INDUSRIES.

This paper assessed the effect of firms' capital structure on financial performance of Nigerian listed consumer goods industries. The study utilised secondary data gathered from the published annual report and accounts of fourteen (14) sampled consumer goods industries for the period of 6 years from 2011 to 2016, selected according to their data availability and time constrain from seventeen (17) industries that are operating on the floor of Nigerian Stock Exchange as at December, 2016. The study make used of panel data regression analysis using STATA 14.0. Based on the results from the analysis, it was found out that there is a positive and significant relationship between the dependent and the independent variables. This mean that a reasonable combination of debt and equity share capital enables Nigerian consumer goods industries to increase their financial performance. It was therefore recommends that, debt should be use by the companies only to the point where its benefit should not exceeds to total cost. The debt should be long-term in nature. Moreover, government should try as much as possible to reduce the cost of borrowing to enable firm's achieve a reasonable combination of debt into their capital structure and enjoy the relative tax savings advantage of the debt.

Keywords

Capital Structure, Financial performance, Consumers goods and Nigeria Stock exchange.

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