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THE EFFECT OF FINANCING PATTERNS ON FINANCIAL PERFORMANCE OF LISTED CONSUMER GOODS FIRMS IN NIGERIA

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Abstract
This study examined the effect of financing patterns on financial performance of listed consumer goods firms in Nigeria for the period of ten years (from 2014 to 2023). Ex-post facto research design was utilized. The population consisted of 22 consumer goods firms listed on the Nigerian Exchange Group (NGX). Data was collected from the firms' annual reports. The proxy for financial performance was return on assets, while a proxy for financing patterns was long-term financing (LTDF), short-term financing (STDF), total debt financing (TDF), and equity financing (EQF). Regression, correlational, and descriptive tools were used to analyse the data. The findings indicated that: TDF had a positive and significant effect on ROA (t-stat=-0.269, p-val=0.038<0.05), LTDF had an insignificant effect on ROA (t-stat=-0.644, p-val.=0.5201>0.05), and STDF had a noteworthy and negative impact on ROA (t-stat=-1.292, p-val=0.0175<0.05). On the other hand, equity financing has a negligible adverse impact on the ROA of Nigerian consumer goods companies that are listed (t-statistic = -0.971, p-val = 0.032>0.05). The study concluded that funding patterns tend to affect how well a company does financially. According to the study, consumer goods companies should prioritise the prudent management of short-term debt levels by closely monitoring short-term borrowing activities, use retaining earnings to lessen reliance on long-term financing, and examine alternative financing sources with lower interest rates. Additionally, rather than issuing fresh shares, increase operational efficiency to finance growth.

Keywords: Equity financing, long-term financing, Short-term financing, Total debt financing, Return on Assets.

Introduction

Financial performance is a description of every result that a company can achieve in a certain period through its activities (Agwu & Eze, 2023). It is more about evaluating the company's financial statements at a certain time and period. Also, it is an important indicator that is often used for decision-making by stakeholders (Akinboade, 2020). The significance of funding pattern decisions in terms of increasing firm value cannot be overstated. The financing patterns of firms play a crucial role in determining their financial performance, growth prospects, and stability. A number of factors, such as the cost and availability of capital as well as the availability of credit from both formal and informal financial institutions, influence how businesses in Nigeria finance themselves. Different types of financing, including debt, equity, and internal financing, are used by Nigerian businesses, especially those in the banking, manufacturing, and services industries (Olorunfemi & Olowe, 2021). Equity financing, on one hand, gives

businesses more financial flexibility by removing the burden of debt and interest payments. However, because of high listing fees and strict regulatory requirements, access to equity markets is restricted, especially for small and medium-sized Firms (Akinboade, 2020). In contrast, debt finance has grown in popularity among Nigerian businesses. It enables businesses to finance operations, expansion, and capital expenditures by leveraging outside funding. However, debt financing has become a risky alternative for Nigerian businesses due to high interest rates, inflation, and economic uncertainty. Because of this, many firms are hesitant to take on large debt loads, particularly when dealing with volatile currency rates and inflationary pressures (Okafor & Okafor, 2022). The combination that a company employs to fund its activities is known as a financing pattern. The viability of any business depends on it, and the financial managers of these businesses are responsible for the choices they make about the capital structure mix. According to Omaliko & Okpala (2020), one of the most passionately discussed finance themes or hypotheses among researchers and academics' studies is financing pattern mix. Its significance stems from the fact that a company's financing pattern is closely related to its capacity to meet the needs of different stakeholders. The primary claims on a company's assets are represented by the financing pattern mix (Omaliko & Okpala, 2020).

Also, given the unpredictable macroeconomic climate, funding choices are particularly important for consumer products companies that are listed in Nigeria. Finding reasonable finance is made extremely difficult by the volatility of the foreign currency market, inflationary pressures, and rising interest rates. According to Oladipo (2021), companies frequently use a combination of debt and equity financing to reduce risks, although it's debatable whether these decisions actually promote excellent performance.

The sources and strategies used by businesses to raise money, such as retained earnings, debt financing, and equity financing, are sometimes referred to as their financing patterns (Akinmoladun, 2022). Companies in Nigeria frequently have a difficult time deciding between debt and equity, particularly in light of the country's unstable economy, fluctuating exchange rates, and high rates of inflation. Heavy reliance on short-term debt to fund operations is a prevalent tendency that may negatively impact liquidity and long-term financial stability (Olorunfemi & Olowe, 2021). However, despite its long-term advantages, equity financing is frequently less appealing due to the cost of capital, foreign exchange risks, and economic uncertainty. The connection between funding trends and Nigerian companies' financial success has been highlighted by recent studies. In their study of the effect of capital structure on the profitability of consumer goods companies in Nigeria, Okafor & Okoli (2021) concluded that excessive debt financing has a negative impact on profitability and raises the possibility of financial difficulty. Conversely, it was discovered that equity financing increased profitability, but at the price of reducing shareholder control (Olorunfemi & Olowe, 2021). Therefore, improving financial performance requires striking the correct debt-to-equity ratio. Notwithstanding the significance of these financing choices, little is known about the financing practices of Nigerian publicly traded consumer goods companies, particularly with regard to the moderating factors that might affect this relationship.

This research aims to fill up a number of important gaps in the body of existing material, first off, little is known about how capital structure choices such as debt and equity financing affect the profitability and expansion prospects of consumer goods companies in Nigeria. There is a knowledge gap on sector-specific dynamics because most existing research focusses on the banking and industrial firms (Aliyu, 2022; Okolo, Umejiaku & Adebayo 2023). Although earlier studies have examined the connection between corporate performance and funding sources (such debt and equity), there hasn't been much attention paid specifically to Nigeria's consumer goods industry. Despite the importance of this business to the economy, not much research has focused on how its unique financing practices affect its financial results. Future researchers, scholars, managers, investors, and consumer products companies will all find this research endeavor to

be extremely important. The goal of this study is to examine the effect of financing patterns on the performance of listed consumer goods firm in Nigeria.

Literature Review/ Conceptual Review

Financing Patterns

According to Onaolapo (2010) and Nirajini & Priya (2013), a company's financing patterns include a mix of short-term commitments (like trade creditors and bank overdrafts) and long-term assets (like common shares and reserves, preferred shares, debentures, bank loans, and convertible loan stock). According to Barton (2009), financing patterns are the ways in which a business uses a mix of debt, equity, and hybrid securities to finance its assets. The structure or makeup of a company's liabilities is known as its financing pattern. A company is said to have a sound financial pattern if it has a relatively high level of equity and little debt. A business that is financed by debt must pay back the loan over a certain period of time from its profits, but a business that is financed by equity distributes dividends. The goal of financing patterns is to control the distribution of funding sources to minimize the cost of capital for the business and increase shareholder wealth. The makeup of a company's liability, as it relates to the many financial sources that make up the total obligation, is known as its financing patterns.

Every organization seeks a combination of arrangements that finally achieve or raise its performance and/or profitability and overall worth, therefore choosing financing patterns is crucial (Uremadu & Onyekachi, 2019). As proxies for financing patterns, this study uses long-term debt, short-term debt, total debt financing, and equity financing. Funds raised for a company's long-term financial needs, usually for a duration longer than a year, are referred to as long-term financing. Securing funding for significant investments, expansion, and long-term operations depend on these finances. Organizations can access substantial sums of capital through long-term financing alternatives, which also distribute the repayment burden over time. Purchases of interest-bearing securities backed by asset-based collateral are part of debt financing, which can have either short-term or long-term arrangements (Githaigo & Kabiru, 2015, Kamal & Flanagan, 2014, Mamaro & Legotlo, 2020). The amount of debt in a company's financial structure may be detrimental to its performance and financial health, even yet it is essential for the free flow of cash in business operations (Githaigo & Kabiru, 2015). For continuing operations or business finance needs, short-term debt financing is utilized. This covers the delivery of raw materials, inventory, and the disbursement of employee wages or other sums due.

The funds are referred to as short-term debt funds because they have a repayment deadline of less than a year (Omorogie, 2010). Selling business shares or ownership stakes is one way to raise money for equity financing. Ownership rights are granted to shareholders in return for their investment, and this can be demonstrated through dividends or an increase in the value of the stock. Although equity financing is alluring due to its non-repayment requirements, it dilutes the ownership of current shareholders. If the company does not perform successfully, investors are at danger of losing money (Amiri & Hasani, 2023). In Nigerian listed deposit money banks, equity financing is frequently utilized to promote expansion initiatives and satisfy regulatory capital requirements. For banks looking to expand, penetrate new markets, or fortify their balance sheets to withstand economic downturns, it is an essential tool (Aliyu, Abdullahi & 2024).

Financial Performance

Ameyaw, Asare & Osei (2019) defined financial performance as the interplay of a company's environment, culture, structure, and resources. It is the ultimate objective of corporate managers since it provides a standard for assessing both individual and organizational performance and helps shareholders assess an organization's success. A company's efficacy and efficiency in accomplishing its goals and providing value to stakeholders are assessed by firm performance. It includes operational effectiveness, market share, financial measures, and innovation. One of the crucial metrics that stakeholders frequently utilize when making decisions is financial performance. Two metrics

market-based and accounting-based can be used to assess the overall financial success of the organization (Conyon & He, 2014). Stock performance serves as the basis for the market-based measure, which gauges financial performance. The accounting-based phase, in contrast, gauges financial performance by looking at the internal financial health of the business. The financial performance of the organization is frequently measured using several proxies. Numerous proxies are used to measure the financial performance of businesses, including financial measures like ROA, ROE, and NPM (Heikal, Arief & Ramadami 2014, Mardiana & Purnamasari, 2018, and Mushafiq & Ghayur, 2021). In this study, ROA served as a gauge of financial performance. One important financial indicator used to assess how well a business uses its assets to produce a profit is return on assets, or ROA. It is computed by dividing the net income of a business by the entire value of its assets. Matzler (2022) asserts that ROA is essential for investors since it assesses a company's financial standing and capacity to make money off of the assets it has invested in. Because of this, ROA is a crucial metric for stakeholders evaluating possible returns.

Relationship between firm financing pattern and financial performance

Interest deductions offer a tax shelter and larger debt levels may result in a reduced overall cost of capital. The company's capacity to invest in expansion plans may be hampered by an overly high debt load, which can raise borrowing costs and financial risk. Businesses can take advantage of growth opportunities with a well-balanced financing plan, which raises revenue and profitability. Financial flexibility is offered by a diversified funding pattern. A company's capacity to respond to shifting market conditions or unforeseen costs may be hampered by relying only on one source of funding. Businesses that have access to a combination of debt and equity funding are better equipped to weather economic downturns and seize opportunities when they present themselves. Capital-intensive investments with long-term returns can be financed with long-term debt. Over-reliance on long-term debt, however, can put businesses at risk of financial hardship and have a negative impact on performance. Abor (2005) asserts that because of the high interest and agency costs associated with long-term debt, there is a negative and substantial correlation between the two and financial performance. Likewise, Zeitun and Tian (2007) discovered that companies with more long-term debt typically have lower market performance and profitability, especially in emerging economies.

Short-term debt is sometimes seen as less expensive and more flexible, particularly for businesses with robust liquidity balances. Abor (2005) found that short-term debt and financial success were positively correlated in Ghanaian listed companies. This suggests that companies may favour short-term financing since it has less covenants and cheaper interest rates. Additionally, equity financing provides financial stability by avoiding the stress of fixed interest payments. Issuing new equity, however, may dilute ownership and send a message to the market that a company is overpriced, which could reduce the firm's worth. Equity financing has a mixed impact on performance, according to Saeed, Gul & Rasheed (2013). It lessens financial distress, but it may also result in a worse return on equity because of dilution. According to Huang and Song (2006), businesses typically favour debt over equity in order to maintain control and prevent ownership dilution. Additionally, a company's total debt indicates its overall leverage. Moderate debt levels can improve performance by enforcing managerial discipline and offering tax benefits. High debt levels, however, lower profitability and raise the chance of bankruptcy. Zeitun and Tian (2007) demonstrated a strong inverse link between developing market financial performance and overall debt. They propose an inverted U-shaped relationship in which excessive debt can be harmful, but some debt can increase value.

Empirical Review

Chukwuma, Fred & Cheta (2023) investigated the effect of debt financing on financial performance of listed consumer goods companies in Nigeria. The study span ranges from year 2011 to 2022. OLS regression and descriptive statistics were used as the data estimation tools. Outcome from this study

revealed that debt-equity ratio (DER) has no notable influence on ROA, similarity total debt ratio (TDF) also has a non-significant negative effect on ROA. LTDF was found to have a favourable non-significant effect on ROA. Akaji, Funcho & John (2021) examined the effect of debt financing on performance of firms in Nigeria. LTDF, STDF and preferred stock financing (PSF) were used to proxy debt financing. OLS regression was used as the data estimation tools. The outcome of this study disclosed that debt financing has significant and favourable effect on firms' performance in Nigeria at 5% significant level.

Jibin and Sanjay (2021) studied the effect of financial leverage (LEV) on the financial performance of 20 pharmaceutical businesses quoted on the Bombay Stock Exchange from year 2016 to 2020. Multiple regression and correlation analyses were used as this study data estimation approach. The findings of this research revealed that LEV has an adverse notable influence on financial performance. Equity ratio was also found to depict a favourable noteworthy influence on FP. Arthur (2019) reviewed the effect of capital structure on Ghana manufacturing firms' competitiveness within a time span of 2005 to 2012. Utilizing a mixed research design, the data suggested that equity was favourably related with profitability, whereas both STDF and LTDF had an adverse effect on output. Farooq Sani & Aziz (2017) examined the connection between the performance of Pakistani enterprises, and financial leverage Ratio. 30 sugar manufacturing firms quoted on the Pakistan Stock Exchange were examined for the purpose of this study. The study period covered year 2011 to year 2015. Regression analysis was used to analyze the data gathered. Outcome of this study revealed that financial leverage is crucial to the operation of businesses. Bui (2017), utilizing data from 99 financial statements of 18 British Gas and Oil companies from 2009 to 2014, this study examined the influence of debt ratios on firm performance. This study utilized two dependent variables, namely return on assets and return on equity, along with three independent variables: STD (short term debt to total asset), Long-term Debt to Total Asset Ratio (LTDTRA), and TD (total debt) (total debt to total asset). Moreover, the researchers employed the control variable GROWTH (growth of assets). STD measurements of financial leverage had inconsequential effects on ROA and ROE, whereas LTD and TD measurements of financial leverage had significant adverse effects.

Theoretical Framework

This theory posits that companies have the optimal capital structure and are moving in the desired direction. It was also emphasized that when businesses use debt in their capital structure, they must make a trade-off between the bankruptcy cost and tax benefits. Firms adjust their financing pattern towards a target that can change depending on investor and corporate characteristics as well as the tax environment, according to the tradeoff hypothesis. Businesses looking for outside funding should issue debt when their leverage is lower, equity when their leverage is higher, or a proportionate mix of debt and stock to stay around the target, according to the static tradeoff theory (Khan & Adom, 2015). The gains and downsides of accruing more debt are subject to trade-offs. The higher costs of increasing debt, which are linked to higher risks of financial collapse, are offset by the tax benefits of selecting more debt funds over more equity funds. According to the notion, corporate organisations should have an ideal gearing level, which is reached when the additional costs of taking on more debt are equivalent to the additional advantages of taking on more borrowed capital. Because organisations lack an ideal gearing level, several competing hypotheses have criticised the notion.

Methodology

Ex post facto research design was utilized for the study. Secondary data was collected from audited financial report of Twenty-two (22) consumer goods firms listed on Nigeria Exchange Group (NGX) for the period 2014–2023. The research employed both descriptive and inferential statistics.

Table 1: Measurement of Variables.

Variables	Types of Variables	Measurement	Sources
Return on Asset	Dependent	Profit after taxes as a percentage of total assets.	Olagunju, Adebayo, Adenle, & Bamidele (2021). Ademola, Oladejo and Adenle (2022).
Long term debt financing	Independent	The ratio of non-current liabilities to total assets.	Nguyen and Nguyen (2020).
Short term debt financing	Independent	The ratio of current liabilities to total assets.	Ross (2016).
Total debt financing	Independent	The ratio of total liabilities to total assets.	Lawal and Monica (2014).
Equity Financing	Independent	The ratio of total equity to total liabilities.	Smith and Jones (2023).
Size	Control	Total Asset Log.	Adebayo, Adenle & Daramola (2024), Olagunju and Adenle (2022)
Growth	Control	The difference between the current and past total assets is divided by the former.	Adeyemi, Oke & Adenle (2022)

Source: Author's Compilations (2025)

The study adapts the model used by Lawal (2014). The model is as follows: Using regression analysis, the model is specified as:

$ROA_{it} = b_0 + b_1LTDF_{it} + b_2 STDF_{it} + b_3TDF_{it} + b_4EQF_{it} + b_5SIZE + b_6GWTH + e_{it}$ ……Eq.(1)

Where,

ROA= Return on Asset
LTDF = Long Term Debt Financing
STDF = Short Term Debt Financing
TDR = Total Debt Financing
EQF = Equity Financing
b0 = the constant, and b_1, b_2, b_3 and b_4 are regression coefficients.

Results and Discussion

Table 2: Descriptive Statistics

	ROA	LTDF	STDF	TDF	EQF	SIZE	GROWTH
Mean	0.240	0.500	0.738	0.827	1.269	7.059	0.349
Median	0.061	0.186	0.531	0.686	0.769	7.623	0.072
Maximum	13.800	2.965	3.342	3.310	53.111	9.040	15.781
Minimum	-0.300	-0.059	0.000	0.000	-0.118	3.329	-1.000
Std. Dev.	0.990	0.611	0.532	0.493	4.422	1.482	1.739
Skewness	12.411	1.503	1.886	1.986	10.083	-0.588	6.315
Kurtosis	169.812	4.681	7.465	8.527	109.10	1.806	50.54
Jarque-Bera	247688.1	103.4024	297.5930	403.60	101573.6	24.460	21075.14
Probability	0.000	0.000	0.000	0.000	0.000	0.000005	0.000
Sum	50.330	104.6	154.36	172.93	265.23	1475.488	73.100
Sum Sq. Dev.	204.00	77.84	58.96	50.68	4067.488	457.0814	629.264
Obs.	220	220	220	220	220	220	220

Source: Author's Computation (2025)

The distribution appears to be right-skewed, as indicated by the average ROA of 0.24 and median of 0.06. Extremely positive outliers are shown by values ranging from -0.30 to 13.8, which is the highest. With a stand dev. of 0.99, the variability appears to be moderate. The kurtosis of 169.81 and the skewness of 12.41 show a heavy-tailed distribution and considerable positive skewness. A distribution that is right-skewed is indicated by the median LTDF of 0.18 and the average LTDF of 0.50. The mini. value is -0.05, indicating some adverse debt financing, while the largest value is 2.96. The moderate variation is indicated by the stand. Dev. of 0.61. The distribution is peaked and right-skewed, as shown by a skewness of 1.50 and kurtosis of 4.68. With a median of 0.53 and a mean STDF of 0.73, there is a little right skew. There is a noteworthy fluctuation, with the highest value being 3.34 and the lowest being 0.00. A moderate level of dispersion is indicated by the stand. dev. of 0.53. A right-skewed, heavy-tailed distribution is confirmed by the skewness of 1.88 and kurtosis of 7.46. With a median of 0.68 and a mean TDF of 0.82, this indicates a minor right skewness. There are some extreme values, with a maximum of 3.31 and a minimum of 0.00. Moderate dispersion is indicated by the stand dev. of 0.49. A distribution that is strongly skewed and peaked is indicated by a skewness of 1.98 and kurtosis of 8.52.

Indicating right skewness, the median EQF is 0.77 and the mean is 1.27. There are significant outliers indicated by the lowest value of -0.11 and the largest value of 53.11. Significant variability may be seen in the 4.42 standard deviation. With a skewness of 10.08 and a kurtosis of 109.10, EQF is leptokurtic and extremely skewed. The control variable, firm size, has a mean of 7.05 and a median of 7.62, indicating a little left skew. The range is moderate, with a top of 9.04 and a minimum of 3.32. The 1.48 stand dev. indicates a moderate level of dispersion. A skewness of -0.58 and kurtosis of 1.80 indicate a roughly normal distribution. The median of growth rate is 0.07, which is significantly lower than the mean of 0.35, indicating right skewness. Extreme fluctuations are indicated by the lowest value of -1.00 and the highest value of 15.78. Significant dispersion is shown by the 1.73 stand. dev. A highly skewed, peaked distribution is confirmed by a skewness of 6.31 and kurtosis of 50.54.

Correlation Matrix

Table 3: Correlation Matrix

	ROA	LTDF	STDF	TDF	EQF	SIZE	GROWTH
ROA	1.000						
LTDF	0.160	1.000					
STDF	-0.297	0.901	1.000				
TDF	-0.376	0.898	0.901	1.000			
EQF	-0.126	-0.079	-0.147	-0.191	1.000		
SIZE	-0.343	-0.788	-0.681593	-0.5881	-0.0027	1.000	
GROWTH	-0.066	0.048	0.006	-0.005	-0.050	-0.022	1.000

Source: Author's Computation (2025)

According to Table 3, the Return on Asset of listed consumer goods companies in Nigeria shows a weak negative correlation of -0.12, a weak positive correlation of -0.37 for Total Debt Financing (TDF), a weak negative correlation of -0.29 for Short Term Debt Financing (STDF), and a weak positive correlation of 0.16 for Long Term Debt Financing (LTDF). There are limited relationships between various financing arrangements and Return on Assets (ROA) in Nigerian consumer goods companies that are listed. An increase in long-term debt appears to have a small but favourable effect on asset returns, as evidenced by the weak positive correlation of 0.16 between LTDF and ROA.

Furthermore, the negative correlation of -0.29 for Short-Term Debt Financing (STDF) suggests that a higher level of short-term debt can marginally boost profitability. Likewise, a minor negative correlation of -0.37 between ROA and Total Debt Financing (TDF) suggests that an overall increase in debt financing could not substantially improve returns. With the smallest correlation (-0.12), Equity Financing (EQF) has virtually no association with ROA. These results are consistent with earlier studies that found that an over-reliance on debt financing may limit profitability by raising interest expenses (Okon & Eze, 2021). Therefore, to maximize financial performance, businesses should carefully balance debt and equity.

Regression Results

H_o: Financing patterns does not have any significant effect on the financial performance of quoted Nigerian consume goods firms.

Table 3: Regression Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
LTDF	-0.2396	0.3718	-0.6443	0.5201
STDF	-0.4052	0.3134	-1.2928	0.0175
TDF	0.1035	0.3843	0.2693	0.0380
EQF	-0.0146	0.0150	-0.9713	0.0325
SIZE	-0.3898	0.0789	-4.9372	0.0000
GROWTH	-0.0429	0.0370	-1.1584	0.2481
C	3.3626	0.5922	5.6773	0.0000
R-squared	0.6665	Mean dependent var		0.2444
Adjusted R-squared	0.6419	S.D. dependent var		0.9893
S.E. of regression	0.916496	Akaike info criterion		2.6962
Sum squared resid	170.5128	Schwarz criterion		2.8078
Log likelihood	-276.1059	Hannan-Quinn criter.		2.741350
F-statistic	6.7602	Durbin-Watson stat		2.1029
Prob(F-statistic)	0.000002			

Source: Author's Computation (2025)

A negative correlation between ROA and LTDF is indicated by the coefficient of LTDF, which is -0.2396. This implies that an excessive dependence on long-term debt may lower profitability since an increase in LTDF is linked to a fall in ROA. Nonetheless, this effect is statistically insignificant because the p-value (0.5201) is higher than 0.05 and the t-statistic (-0.6444) is rather low. Variability in the effect of LTDF on ROA is indicated by the significant standard error (0.3718). This indicates that we are unable to reject the null hypothesis and come to the conclusion that long-term debt financing has a negligible negative impact on the performance of consumer goods companies quoted in Nigeria as measured by ROA. With a value of -0.4052, STDF appears to have an adverse correlation with ROA. This suggested that a rise in short-term debt financing causes profitability to fall, most likely as a result of the strain that short-term commitments place on finances. STDF has a statistically noteworthy effect on ROA, as seen by the low t-statistic (-1.2928) and significant p-value (0.0175) at the 5% level. The effect of STDF appears to vary moderately, according to the standard error (0.3134). This suggests that short-term debt financing significantly impairs the performance of consumer goods companies listed in Nigeria as measured by ROA.

Also, Additionally, TDF shows a weak positive correlation with ROA with a coefficient of 0.1035. This implies that a little increase in total debt financing boosts profitability. On the

other hand, the p-value (0.0380) is statistically noteworthy at the 5% level and the t-statistic (0.2693) is extremely low, suggesting a small but significant link. The comparatively high standard error (0.3843) indicates that its impact is variable. The implication is that we agree with the alternative hypothesis that total debt financing significantly improves the performance of consumer goods companies listed in Nigeria as measured by ROA. With an EQF coefficient of -0.0146, ROA is somewhat impacted negatively. This suggests that businesses' profitability somewhat decreases as they depend more on equity funding, either as a result of dilution of shares or increased investor expectations. EQF has an adverse impact on ROA, as evidenced by the statistically significant p-value (0.0325) and the comparatively low t-statistic (-0.9714). Among the factors, the standard error (0.0151) is the lowest, indicating a more precise influence. This suggested that equity financing significantly impairs the performance of consumer goods companies listed in Nigeria as measured by ROA.

Discussion of Findings

Long-term debt financing had a negative but small effect on the performance of listed consumer goods enterprises. This finding implies that long-term debt's prolonged responsibilities, such as high interest rates and protracted payback periods, could jeopardize profitability. This relationship's insignificance, however, suggests that the influence varies throughout firms. This result is consistent with research such as that conducted by Iqbal, Khan & Shah (2022), which emphasizes that although long-term debt might supply funds for major projects, it can also impose significant fixed costs on businesses, so reducing their operational flexibility. Reliance on short-term commitments may impair firm performance, as evidenced by the negative and considerable impact short-term debt financing had on ROA. Short-term debt's short payback periods and significant rollover risks might worsen financial distress and lower profitability (Aliyu, Abdullahi & Bakare, 2023). Prior research by Salawu and Agboola (2021), found short-term debt to be a possible source of financial instability for businesses in unstable economies like Nigeria, is supported by this finding.

According to this study, businesses can use debt to increase their operational capability and profitability if they successfully manage their short-term and long-term debt. When the cost of debt is less than the return on investment, businesses profit from debt financing, according to the trade-off theory (Modigliani & Miller, 1958). Businesses that combine several forms of debt to optimize their capital structure may be able to better allocate their resources, which will increase ROA. Higher equity usage dilutes earnings for current owners and may indicate a lack of internal financing efficiency, according to research showing that equity financing has a negative and significant impact on ROA. This is in line with the pecking order theory, which holds that because equity has a greater cost, businesses choose debt and internal finance (Myers & Majluf, 1984). The conclusions of Adekunle and Sunday (2023), who noted that lower investor confidence and high issuance costs can make equity financing less beneficial in emerging countries, are also supported by this finding.

Conclusion and Recommendations

The performance and funding patterns of consumer goods firms listed on the Nigeria Exchange Group between 2014 and 2023 were investigated in this study. One of the most important factors influencing a company's financial growth is its financing pattern. Key factors that affect their capacity to grasp opportunities, maintain financial stability, and accomplish sustainable growth in a dynamic and demanding business include managing risk, finding the ideal balance between debt and equity, and guaranteeing access to a variety of funding sources.

The following conclusions were drawn considering the findings: The performance of listed consumer goods firms in Nigeria, as measured by ROA, is negatively impacted by long-term debt financing in a negligible way, negatively impacted by short-term debt financing, positively impacted by total debt financing, and negatively impacted by equity financing with respect to the performance of listed consumer goods firms in Nigeria, as measured by ROA. The following suggestions

are made in light of the findings of how different financing options affect the performance of Nigerian consumer products companies that are listed: The performance of long-term debt financing is negatively impacted. In order to balance long-term debt with prospects for sustainable growth, consumer goods companies should concentrate on lowering expensive long-term financing. Non-financial tactics should be used by businesses to supplement their financial choices.

Regardless of the funding structure, improving product quality, market presence, and operational efficiency can increase investor trust, which in turn has a favourable impact on share price and business performance. Consumer products companies should evaluate their total debt levels carefully. In order to match long-term debt with prospects for sustainable growth, consumer products companies should concentrate on lowering expensive short-term debt and investigate restructuring techniques. This guarantees that using debt for leverage has more advantages than disadvantages. Businesses ought to review their approaches to issuing equity. An excessive dependence on equity financing could weaken market perception and decrease earnings per share. Instead of issuing fresh equity to support development, companies might concentrate on keeping earnings and increasing operational efficiency.

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