



CAPITAL STRUCTURE MANAGEMENT PRACTICES AND MARKET VALUE OF NIGERIA LISTED MANUFACTURING FIRMS

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Abstract

A well-managed capital structure can lower perceived risk and boost market value through increased investor confidence whereas an ineffective capital structure will result into higher risk and lower market value. This research therefore examined the effect of capital structure management practices on the market value of quoted Nigerian manufacturing firms from year 2013 to 2022. Out of the total population of 44 companies, 30 were specifically selected from the consumer products, agricultural, industrial goods, and conglomerate industries using purposive sampling technique. For data analysis, the study used descriptive statistics, panel regression, and correlation analysis. The findings showed that market share prices were significantly impacted by the debt-equity ratio (DER) and financial autonomy rate (FAR), with p-vals. (0.043, 0.021 < 0.05) and t-stat. (-2.02, -2.32), respectively. Additionally, FAR, operating cash ratio (OPR), and DER had a favourable and noteworthy impact on Tobin's Q, supported by t-statistics and p-values (-2.14, 2.35, 2.42) and (0.032, 0.019, 0.016 < 0.05) respectively. The study comes to the conclusion that the market value of the chosen listed Nigerian manufacturing companies is significantly impacted by capital structure management techniques. It suggests that in order to take advantage of the tax shield, manufacturing firms management should strive for the ideal balance between debt and equity and should utilize cash flow for investment in growth opportunities.

Keywords: Capital Structure, Debt-Equity Ratio, Financial Autonomy Rate, Operating Cash Ratio

JEL: Jel Code: M4, M14

INTRODUCTION

Sukesti et al. (2021) opined that businesses with high market value (MV) will attract investors and enhanced their confidence. According to Kumar et al. (2021), a company's MV reflects its capacity to generate wealth for its owners, underscoring the critical role that efficient management plays in boosting firm value and enabling better-informed business decisions. Market value (MV) of manufacturing firms in Nigeria only rises when the return on investment surpasses the cost of capital, it is used to determine whether a business has generated or destroyed value from the standpoint of investors (Adebayo et al., 2024). Financial management practices are crucial in enhancing business's market value. Proper financial management is essential for business's

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survival, whether it is just starting or aiming for liquidity (Ekpo et al., 2017). Incorrect financial decisions can harm a business's performance due to inefficient financial management (Mohammed & Suileman, 2022). High market value is essential in meeting the objectives of firms.

Effective capital structure management (CSM) can enhance the mix of debt and equity, reducing the overall cost of capital and increasing the market value of manufacturing firms. A well-managed CS can lower perceived risk, boosting market value through increased investor confidence. According to Bui et al. (2023), a company's capital structure shows how its total enterprise value is distributed among its shareholders and creditors. Companies must choose which securities to issue and create a suitable capital structure before looking for outside funding. A firm's capital structure serves as an informational signal that can mitigate conflicts between management and shareholders. Key components of CSM include financial autonomy rate (FAR), debt-equity ratio (DER), and operating cash ratio (OPR).

The variance between a firm's total debt and shareholders' equity is known as the financial autonomy rate, or FAR, according to Achim et al. (2022). A high FAR, which denotes a low dependence on outside funding, may make it more difficult for a business to take advantage of expansion prospects, which could lead to missed investments and slower growth and, ultimately, market undervaluation. Additionally, a high FAR can restrict financial flexibility, reducing the firm's ability to respond to unexpected events, adapt, and innovate, potentially decreasing market value. It also suggests a risk-averse approach, which can result in underinvestment in profitable projects and further undervaluation by the market.

According to the Corporate Finance Institute (2022), the DER, also referred to as as gearing, calculates the difference between total shareholders' equity and total debt and financial liabilities. Financial leverage can result from inefficient use of capital structure, especially from excessive debt. As a result, businesses used different capital structure tactics based on their unique requirements (Bui et al., 2023). High debt levels lower market value by raising the likelihood of financial trouble, particularly during economic downturns (CFI, 2022). Noteworthy costs, including bankruptcy fees, legal bills, and reputational harm, can arise from financial difficulties and have an impact on market confidence and shareholder value. Also, the CFI (2022) indicated that operating cash to debt ratio (OCTDR) reflects the portion of total debt paid off with operating cash flow (OPCF) over a given period. A low OCTDR signals limited financial flexibility, raising investor concerns and decreasing market value. It also It also raises enquiries about a firm's liquidity, particularly during economic uncertainty, where higher liquidity risk can further decrease market value. Insufficient operating cash flows relative to debt obligations may cast doubt on the business's capability to service its debt effectually and leads to missed investment chances (Adebayo et al., 2024).

Fwamba et al. (2017) and Ekpo et al. (2017) noted that ineffective and inadequate capital structure management practices contribute to firm failures in developing countries like Nigeria and Kenya. Poor capital management can lead to declines or fluctuations in firms' market value. A high FAR, indicating low reliance on external financing, can limit a firm's capability to seize growth opportunities, resulting in missed investments and slower growth, potentially leading to market undervaluation (Biu, 2023). Moreover, a low operating cash to debt ratio signals limited financial flexibility, raising investor concerns and decreasing market value. This concern is especially

pronounced during periods of economic uncertainty, as it highlights potential liquidity issues. Biu (2023) also opined that a high DER can result in to monetary distress, incurring noteworthy charges such as bankruptcy expenses, legal charges, and reputational damage, which affect shareholder value and reduce market confidence in the firm.

Capital structure management practices are a well-known aspect of financial management worldwide, yet there is limited academic literature on their impact on market value both locally and globally. Most review, such as those by Antwi et al. (2012), Biu et al. (2023), Chen and Xu (2023), Sawe and Makori (2022), Yogendrarajah et al. (2017), and Rehman (2016), focused on the impact of capital structure management practices (CSMP) on financial performance. Only a few studies, such as those by Adeyemi and Oboh (2011) and Isaac (2014), addressed the link between CSMP and market value. Additionally, these studies do not cover periods up to 2022, indicating a research gap. Majority of the previous researches focused only on short term debt, long term debt, debt-equity ratio, few of the study used financial autonomy rate as proxy of capital structure. This study aims to fill that gap by thoroughly examining the influence of capital structure management practices on the market value of listed manufacturing companies in Nigeria from year 2013 to year 2022. It also bridges the gap by utilizing financial autonomy rate as a proxy of capital structure. While some studies, like those by Achim et al. (2022) and Zhao et al. (2023), use the financial autonomy rate as a measure of capital structure, most empirical literature uses the DER. This research employs the financial autonomy rate, debt-equity ratio, and operating cash ratio to measure capital structure. The primary objective of this is to explore the influence of capital structure management practices on the market value of quoted manufacturing firms in Nigeria.

LITERATURE REVIEW

Conceptual Review

Capital Structure

The capital structure of a business refers to how it finances its operations, including whether it does so through debt, stock held by shareholders, or a combination of the two (Akinyomi & Olagunju, 2013). In order to balance debt and equity financing, decrease the cost of capital (COC), and upsurge returns to shareholders, Graham and Harvey (2021) claimed that CS practices had an impact on business value and financial stability. A company's CS, according to Macharia (2015), is the sum of its several funding sources, usually a combination of debt and equity. Each component's cost is weighted based on its percentage of total capital when determining a company's COC. According to Ongore (2012), a company's CS is the proportion of debt and equity that optimizes its return on investment, therefore increasing its value. For businesses to navigate market conditions, take advantage of growth possibilities, and enhance their overall monetary performance, effective CS management is essential. However, in previous empirical studies, CS management strategies have been measured using a variety of indices. These include the interest coverage ratio, which assesses a business's dimensions to pay interest costs out of operational income, and the DER, which contrasts a business's total debt to its total equity (Brigham & Ehrhardt, 2013; Ross et al., 2016).

Additionally, the debt service coverage proportion examines a business's capability to meet its debt service requirements (Brigham & Ehrhardt, 2013), and the EBITDA to interest expenses ratio evaluates the company's capability to conceal its interest expenses with its operational earnings.

This study used the debt-equity ratio, financial autonomy rate, and operating cash ratio as indices for gauging CS management practices.

Debt- Equity Ratio (DER)

The DER, according to Iu et al. (2023), offers information about how well companies balance the two main capital sources they employ to finance their operations: debt and equity. This ratio reflects the company's capital structure. Hirdinis (2019) argued that a higher DER can increase firm's value as long as it hasn't reached its optimal point according to the trade-off theory (TOT). TOT also suggested that increasing the DER can enhance profitability if debt is used effectively. The DER signifies a company's capability to meet its obligations with its individual capital used for debt repayment, which influences investor confidence and, consequently, the company's value (Smith & Johnson, 2018).

Financial Autonomy Rate (FAR)

The financial autonomy rate, as defined by Ross et al. (2016), is a financial measure that assesses how much company's operations are financed through its own funds, without relying on external financing like equity or debt. By dividing the firm's equity by its total assets, this rate is calculated. A greater FAR indicates that the business makes enough money to fund its internal investments and operations, reducing the need for outside funding (Achim et al., 2022; Brigham & Ehrhardt, 2013).

Operating Cash Ratio (OPR)

The operating cash to debt ratio represents the quantity of an organization's total debt that is covered by its OCF within a specified accounting period (CFI, 2022). A company with abundant cash generation relative to its debt is better equipped to repay its debts. According to Frank & Goyal (2009), higher liquidity risk is connected with a decline in market value. Operating cash flow typically constitutes the primary source of cash generation for a business. Insufficient operating cash flows relative to debt obligations may raise worries about the firms' capability to effectively service its debt and could lead to missed investment opportunities. Companies that maintain a higher operating cash ratio are positioned to manage substantial inventories for adjusting input price variations and improving distributions. Additionally, a substantial operating cash ratio facilitates increased trade credit and enables timely payments to avail cash discounts (Bates et al., 2009).

A company's COC can also be impacted by capital structure management, which optimizes the mix of debt and equity to lower the company's total COC and increase its market value. Good capital structure management can reduce perceived risk, which increases investor confidence and raises MRV. The FAR represents a firm's capability to fund its operations and investments internally rather than relying on external financing. The relationship between the FAR and MV differs depending on factors such as economic conditions, and company-specific characteristics (Chen & Steiner, 2017). A higher FAR indicates that a company possesses abundant internal resources to support its operations and growth endeavors. This can improve perceptions of financial stability among investors, potentially leading to a higher market valuation. Companies with a higher FAR rely less on external funding sources like debt or equity financing. This independence grants them greater decision-making flexibility, ultimately resulting in a higher market value (Hitt, Ireland & Hoskisson, 2012). The management's decision regarding capital

structure can align the company's financial framework with its operational requirements, risk profile, and growth objectives, thereby enhancing market value. In addition, a higher DER typically signifies greater financial leverage, which can raise the supposed financial risk among investors. This increased risk may result in a lower market valuation of the business's equity.

Debt financing also provides tax shield advantages as a result of the tax-deductible nature of interest expenses. This feature can decrease the overall COC for leveraged companies, potentially enhancing market value. Moreover, a low operating cash to debt ratio signals limited financial flexibility, which may raise investor concerns and diminish MV. This situation could also provoke apprehensions about the company's liquidity position, particularly during economic uncertainty. Frank & Goyal (2009) suggested that higher liquidity risk is perceived to result in a decrease in market value. Insufficient operating cash flows in relation to debt obligations may increase doubts about the organisation's capacity to effectively recompense its debt and could lead to missed investment opportunities. It may also indicate concerns about potential dilution of ownership or future earnings prospects.

Market Value (MV)

According to Kumar et al. (2021), a company's MV reflects its capacity to generate wealth for its owners, underscoring the critical role that efficient management plays in boosting firm value and enabling better-informed business decisions. Nita (2011) and Adebayo et al. (2024) states that MV is only increased when the return on capital investment exceeds the cost of capital and is used to evaluate whether a company has created or depleted value from the standpoint of investors. Key variables like market share price and Tobin's Q (TOBQ) are used in this study to assess market value (MRV). The MSHP of a firm is calculated by multiplying the current market price per share by the total number of outstanding shares (Damodaran, 2012). Nita (2011) further underlined that a greater MRV added signifies increased shareholder wealth, whilst a lower MV added implies decreased shareholder value.

Theoretical Framework

Pecking Order Theory

The Pecking Order (PO) Theory was initially propounded by Donaldson in 1961, but it gained popularity through the work of Stewart C. Myers and Nicolas Majluf in 1984. This model revolves around firm capital structure decisions. According to Adenle et al. (2022), the PO theory posits that firms tend to prefer funding their activities using internally generated funds, as such funds do not send adverse signals and can potentially reduce firm stock prices, this study is related to pecking order theory in terms of internal financing by assuming that firm prefer internal financing over external financing. On the other hand, according to Supa (2012), organisations often favour internal financial sources over external ones, even if certain enterprises may prioritise debt over equity. The Pecking Order Theory (Myers and Majluf, 1984) states that corporations will choose a hierarchical order as the best financing method, assuming there is knowledge asymmetry. However, Stulz (1990) contended that, even in the absence of corporation bankruptcy and taxes expenses, debt can affect a company's value in both good and bad ways. He developed a model that shows how debt finance can address the problems of underinvestment as well as overinvestment.

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According to the assumptions of the PO theory, organisations issue securities only, when necessary, without considering market timing factors. Critics argued that firms may strategically time their financing decisions based on market situations and investor sentimentality, which can impact their choice of financing sources (Baker & Wurgler, 2002). Consequently, this theory is criticized for not fully incorporating the influence of asymmetric information on financing decisions, especially regarding the signaling effects of various financing options (Myers, 1984). The limitation of this theory suggest that POT assumes firms do not time the market when issuing securities, but empirical evidence shows that firms issue equity when market valuations are high.

Empirical review

Zuliyana et al. (2023) studied the effect of cash ratio, DER, and sales growth on the worth of 20 sampled food and beverage businesses quoted in Indonesia from 2015 to 2021. The study population comprised 30 firms in total. Panel data analysis was utilized for data estimation. The discoveries revealed that the DER and sales growth favourably and noteworthy influenced company value, while the cash ratio showed no substantial effect on company value.

Chen and Xu (2023) explored the impact of financial management practices (FMP) within China's industrial businesses both earlier and throughout the COVID-19 pandemic. The study utilized panel data from 2,272 listed manufacturing firms, and a cross-sectional analysis was also conducted comparing Romania and China. The study period spanned from 2019 to 2020. DER and financial autonomy ratio were employed as proxies for CSM, and panel data regression analysis was used for estimation. The findings specified that equity financing (measured by FAR) and effective liquidity management noteworthy influenced firm performance favorably, while the DER had an adverse impact. FAR was found to have a favorably and notable effect on organisational performance.

Lestari and Reswanda (2022) investigated how Tobin's Q was impacted by ROCE, OPR and net profit margin (NPM) in Indonesia's steel pipe sector. The study's time frame was 2014–2021, and the data collected was analyzed using regression analysis. The findings demonstrated that both ROE and NPM had a noteworthy and favorable impact on TOBQ. On the other hand, TOBQ was adversely impacted by the cash ratio.

Sawe and Makori (2022) considered the influence of FMP on the performance of profitable and facility firms listed on the Nairobi Securities Exchange in Kenya. FMP were represented by working capital management (WCM), CS management (CSM), cash budgeting, and fixed asset management (FAM). The study included a sample of 8 profitable and facility firms, which constituted the entire study population. An explanatory research design was employed, covering the period from year 2009 - 2020. Regression and correlation analysis were used for data estimate, and secondary data were used. According to the study's findings, capital structure had an adverse and statistically insignificant impact on FP (as determined by TOBQ) in both kinds of businesses, whereas cash budgeting, WCM, and FAM had favourable and noteworthy effects.

Fachrudin et al. (2021) compared the price-to-book value of shares (PBS) and DER of state-owned and private businesses in the construction industry that are quoted on the Indonesia Stock Exchange Market. Both state-owned enterprises (SOEs) and private businesses were purposefully selected for the study. Analytical descriptive methods were utilized to estimate the data collected

from these businesses. The findings revealed that the DER of SOE's was higher than that of exclusive issuers and also exceeded the sector average. Furthermore, the DER was found to have an adverse impact on the PBS. This proposes that the DER noteworthy affects the PBS of both SOEs and private enterprises in Indonesia.

Isaac (2014) examined the impact of organisational CS on the MRV of chosen quoted firms on the Nigeria Exchange Group (NGX). The study population consisted of 16 non-monetary firms within the period from 2005 to 2009. Primary data involving 900 subjects from six different strata were utilized, with 90 firms subsequently sampled for the study using convenient and stratified sampling techniques. Also, 150 respondents were sampled using simple random and stratified sampling methods for primary data gathering. The collected data for the study was estimated using regression analysis. The outcomes exposed a strong connection between market values and DER. Furthermore, the study found that the MV of Nigerian enterprises was noteworthy impacted by the firm's size, profitability, and debt level.

METHODOLOGY

Given the use of panel data, the ex post facto research approach was deemed appropriate for this study. The research was conducted between 2013 and 2022, a ten-year period. Using purposive sample approaches, thirty (30) of forty-four (44) companies from four different sectors of the manufacturing industry consumer products, agriculture, industrial goods, and conglomerate were specifically chosen. The NGX website and the annual reports of the selected quoted manufacturing companies provided the research's data. The data collected for this study was analysed using both descriptive and inferential statistics, such as panel regression.

Model Specification

Model 1: The effect of capital structure management practices on market share price of listed manufacturing firms in Nigeria. The model adapts and modified the model of Biu et al. (2023).

$$MSHP = f (FAR, DER, OPR, FRS, FRA, BSI) \dots \dots \dots i$$

$$MSHP_{it} = \beta_0 + \beta_1 FAR + \beta_2 DRE_{it} + \beta_3 OPR_{it} + \beta_4 FRS_{it} + \beta_5 FGE_{it} + \beta_6 BSZ_{it} + \mu_{it} \dots \dots \dots ii$$

Model 2: The impact of CS management practices on TOBQ of listed manufacturing firms in Nigeria.

$$TOBQ = f (FAR, DER, OPR, FRS, FRA, BSI) \dots \dots \dots iii$$

$$TOBQ_{it} = \beta_0 + \beta_1 FAR + \beta_2 DRE + \beta_3 OPR_{it} + \beta_4 FRS_{it} + \beta_5 FGE_{it} + \beta_6 BSZ_{it} + \mu_{it} \dots \dots \dots iv$$

Where,

MSHP = Market Share Price

TOBQ = Tobin's Q

FAR= Financial Autonomy Rate

DER = Debt- Equity Ratio

OPR = Operating Cash Ratio

FRS = Firm Size

FRA = Firm Age

BSI = Board Size

$\alpha_0 - \alpha_6 =$ Estimated Parameters

$\beta_0 - \beta_6 =$ Estimated Parameters

$\lambda_0 - \lambda_6 =$ Estimated Parameters

$\delta_0 - \delta_9 = \text{Estimated Parameters}$

$\mu_{it} = \text{Stochastic Error Term}$

Table 1: Measurement of Variables

Variables	Proxies	Variable Label	Measures	Sources
Dependent Variable				
Market Value	Market Share Price	MSHP	Share price at the end of a fiscal year	Adebayo et al. (2024)
	Tobin's Q	TOBQ	MRV of Equity plus Total Debt dividend Total Asset	Jihadi et al. (2021), Adebayo et al. (2024)
Independent Variables				
Capital Structure Management	Financial Autonomy Rate	FAR	Shareholders' Equity / Total Assets	Achim et al. (2022)
	Debt-Equity Ratio	DER	The ratio of total debt to total equity	Olajunju et al. (2021).
	Operating Cash Ratio	OPR	Marketable securities plus cash divided current liabilities	Liaqat et al. (2017)
Control Vars.				
Firm Size	Size of the firm	FRS	Represented as the entire assets' natural logarithm	Adeyemi, Oke & Adenle (2022).
Firm Age	Age of the Firm	FRA	Determined by the number of years that have passed since the company was incorporated.	Olowookere et al. (2023).
Board Size	Size of the firm board	BSI	No. of directors on the board	Abdulkarim, et al. (2020)

Researcher's Compilation (2024)

RESULTS AND DISCUSSION

Table 1: Descriptive Statistics

	MSHP	TOBQ	FAR	DER	OPR	FRS	FRA	BSI
Mean	67.737	1.4271	0.4887	0.364	2.809	7.407	36.62	9.997
Median	5.31	0.981	0.454	0.146	2.988	7.437	38	10
Maximum	1575.2	9.280	1.716	5.703	1.802	9.455	75	20
Minimum	0.300	-35.03	0.0076	0.0016	9.776	0.901	10	3.99

Stand Dev.	241.26	2.927	0.768	32.483	0.0092	18.586	18.59	3.20
Kurtosis	29.817	83.49	6.274	25.388	0.6158	9.053	2.312	2.69
Skewness	5.185	-6.688	1.2651	4.556	3.587	-0.978	0.066	0.55
Observation	300	300	300	300	300	300	300	300

Source: Authors' Computation (2025)

The descriptive statistics' findings show that the average value of the MSHP and TOBQ is (67.73 and 1.427), median values of (5.31 and 0.981), maxi. Vals. of (1572, 9.280) as well as min. vals. of (0.300, -35.03) correspondingly. Based on the independent variables, FAR, DER and OPR display mean vals. of (0.489, 0.364, 2.809) median values (0.545,0.146,2.988), maxi. values of (1.716, 5.703, 1.802) and min. vals. of (0.008, 0.002, 9.776) correspondingly. FRS, FRA and BSI are the control variables utilized in this research work. FRS, FRA and BSI have a mean and median vals. of (7.407, 7.437), (36.62, 38) and (9.997, 10) respectively. While their maxi. and mini. vals. are (9.5,75,20) and (0.901, 10, 3.99) respectively. All the measures in the review exhibited favourable skewness excluding TOBQ and FRS. Furthermore, the examination of kurtosis specified that OPR, FRS, FRA, and BSI displayed a platykurtic dispersal, with their kurtosis vals. were below three. Contrariwise, the remaining measures (MSHP, TOBQ, FAR, and DER) did not exhibit a platykurtic dispersal, as their kurtosis vals. surpassed three.

Correlation Analysis

Table 3: Correlation and test of Multi-collinearity

	MSHP	TOBQ	FAR	DER	OPR	FRS	FRA	BSI	VIF	1/VIF
MSHP	1.0000									
TOBQ	0.446	1.0000								
FAR	.101	.040	1.0000						1.10	0.906
DER	-.139	-.003	-.150	1.0000					1.02	0.976
OPR	.155	-.037	.2791	-.037	1.0000				1.11	0.897
FRS	.683	.123	-.016	-.044	-.024	1.0000			1.37	0.728
FRA	.143	.001	-.065	-.076	.019	.101	1.0000		1.08	0.922
BSI	.541	.160	-.133	-.098	.154	.637	.198	1.000	1.37	0.728

Source: Authors' Computation (2025)

The findings of the correlation analysis table showed that FAR, OPR, and MSHP had a weakly positive association, as shown by their respective coeff. of 0.101 and 0.155. In contrast, there is a weak adverse association (-0.139) between DER and MSHP. Additionally, DER and OPR have a weak adverse linking with TOBQ, as indicated by their respective coeff. of -0.003 and -0.037. In contrast, FAR and TOBQ have a very modest positive link (correlation coeff. of 0.040). On the other hand, FRS, FRA, and BSI showed a slight favourable connection with MSHP of 0.683, 0.143, and 0.541, respectively. Furthermore, as indicated by their respective coeff. vals. of .123, .001, and .160, FRS, FRA, and BSI similarly demonstrated a weakly positive relationship with TOBQ. The table's VIF values, which range from 1.02 to 1.37, attest to the absence of multicollinearity among the variables being studied.

Table 3: Model 1 Regression Diagnostic and Specification Test Outcomes (MSHP)

Test	P-val.	Comments
F-test	.0001	Panel regression is a better option than pooled OLS.

Breusch pagan Heteroscedasticity test	.000	Presence of Heteroscedasticity
Hausman Test (11.236)	.0653	Random Effect is more Ideal

Source: Authors' Computation (2024)

Table 4: Model 2 Regression Diagnostic and Specification Test Outcomes (TOBQ)

Test	P-value	Comments
F-test	0.000	Panel regression is a better option than pooled OLS.
Breusch pagan Heteroscedasticity test	0.000	Presence of Heteroscedasticity
Hausman Test (10.676)	0.0727	Random Effect is more Ideal

Source: Authors' Computation (2024)

Panel Regression Result

Hypothesis 1: Capital structure management practices does not have any effect on the market share price of listed manufacturing firms in Nigeria.

Table 5: Estimated Random Effect Analysis Results

Variables	Coefficient	Std. Error	T-statistics	Prob.
C	-211.65	103.08	-2.05	0.041
FAR	-1.993	0.768	-2.02	0.043
DER	-124.3	53.59	-2.32	0.021
OPR	1.5752	7.937	0.20	0.843
FRS	51.603	14.89	3.47	0.001
FRA	1.413	0.759	1.86	0.064
BSI	-10.36	4.988	-2.08	0.039
R-square	0.66			
F-Statistics	11.65			
Prob>F	0.000			

Source: Authors' Computation (2024)

The table outlines the findings concerning the influence of capital structure management practices (CSMP) on the market share price (MSHP) of listed Nigerian manufacturing firms. The results of the diagnostic test, specifically the Hausman test, indicated that employing the random effects estimation method was appropriate (as denoted by a p-value > 0.05). Also, the probability value of the F-stat. was 0.000, which is less than 0.05, and the F-stat. of 11.65 suggests that the model is noteworthy at the 5% level. This indicates a favourable and substantial influence of CSMP on MSHP, which result into the refutation of the null hypothesis. The R-squared value represents that 66% of the total variation in MSHP is explained by the predictor variables, while the remaining 34% is unaccounted for. Further analysis revealed that FAR displayed a adverse and statistically notable connection with MSHP with a t-stat. of -2.02 and a p-val. of 0.043 (< 0.05), indicating that firms with higher FAR tend to have lower MSHP and vice versa. Similarly, DER exhibited an adverse and substantial effect on MSHP, with a t-stat. of -2.32 and a p-val. of 0.021 (< 0.05).

However, OPR was found to have no statistically noteworthy effect on MSHP, with a t-stat. of 0.20 and a p-val. of 0.843 (> 0.05), demonstrating a favourable but non-substantial influence. Regarding the control variables, FRS demonstrated a favourable and substantial influence on MSHP, while BSI had an adverse substantial effect, as indicated by t-stat. and p-val. of (3.47, 0.001) and (-2.08, 0.039), respectively. FRA exhibited a favourable but non substantial effect on MSHP, with a t-stat. of 1.86 and a p-val. of 0.064. This suggests that FRA does not have a noteworthy effect on firms' MSHP.

Hypothesis 2: Capital structure management practices does not have any effect on the Tobin's Q of listed manufacturing firms in Nigeria.

Table 6: Estimated Panel Regression Analysis Results

Variables	Coefficient	Std. Error	T-statistics	Prob.
C	1.6373	1.286	1.27	0.204
FAR	-2.588	1.210	-2.14	0.032
DER	-2.819	0.208	-2.42	0.016
OPR	0.178	0.925	2.35	0.019
FRS	-0.252	0.177	-1.42	0.156
FRA	0.012	0.089	1.35	0.178
BSI	0.006	0.059	0.10	0.917
R-square	0.54			
F-Statistics	17.04			
Prob>F	0.0000			

Source: Authors' Computation (2024)

The output of the hausman analysis in the diagnostic test revealed that random effect was the proper estimation method to be utilized (as revealed by p-value > 0.05). Probability value of F- stat = 0.000 < 0.05 and F-stat of 17.04 indicates that the model is noteworthy at 5% level. This implies that CSMP have a favourable noteworthy influence on TOBQ. The null hypothesis is therefore rejected. The R^2 represent 54% of the total variation of TOBQ that is described by the predictor variables while the remainder 46% is not accounted for by the variables. The table 5 above also revealed that FAR have an adverse and noteworthy influence on Tobin's Q (t-stat = -2.14, p-val. = 0.032 < 0.05). OPR was found to have a favourable and noteworthy influence on Tobin's Q, represented by t-stat and p-val. of (2.35, 0.019) respectively. DER was also found to have an adverse and substantial influence on TOBQ (t-stat = -2.42, p-val. = 0.016 < 0.05). The control variables FRA and BSI all have a favourable non-substantial impact on TOBQ evidenced with t-stat. and p-values of (1.35, 0.10) and (0.156, 0.178). Whereas, FRS has a non-significant effect on TOBQ. This implies that FRS does not have a noteworthy impact on TOBQ.

Discussion of Findings

The study's outcomes regarding the impact of capital structure management practices on market value revolve round the proxies (FAR, DER, OPR) utilized to measure capital structure management, alongside MSHP and TOBQ utilised to assess the MRV of the selected quoted Nigerian manufacturing firms. The findings revealed an adverse and substantial association between FAR and MSHP. This suggests that a higher FAR leads to higher profits, resulting in lower MSHP, and vis a vis. This observation is maintained by Achim et al. (2022), who highlighted that a higher FAR signifies sufficient internal profits to cover operations and investments, reducing reliance on external financing. However, a higher FAR can limit financial flexibility, hampering the business's capability to innovate and adapt, potentially decreasing market value. These

outcomes are in line with pecking order theory which states that firm do not prefer external financing to internal financing. Zhao et al. (2023) also attested to the result of this findings, but they are contrary to the studies of Achim et al. (2022), who discovered a noteworthy and favorable impact of FAR on MSHP.

Similarly, DER was found to have an adverse and noteworthy impact on the MSHP of the selected quoted Nigerian manufacturing firms. This indicates that a higher debt-equity level increases the risk of monetary distress during economic downturns, leading to a deterioration in MV. The higher the DER, the lower the MSHP, and vice versa. This finding corroborates Fachrudin et al. (2021) but clash with Isaac (2014) and Zuliyana et al. (2023), who found no noteworthy impact of DER on MSHP. Conversely, studies by Alvian and Munandar (2022) and Antwi et al. (2012) reported no connection between DER and MSHP.

In addition, OPR was found to have no statistical substantial effect on MSHP of the selected quoted Nigerian manufacturing firms. This suggests that no statistical noteworthy relationship exist between OPR and MSHP. This discovery is consistent with the study by Zuliyana et al. (2023), while the study by Alvian and Munandar (2022) contradicts these findings by suggesting that OPR has a favourable and noteworthy effect on MSHP. The control variable FRS was found to have a favourable substantial influence on MSHP, suggesting that higher firm size correlates with higher market value vis a vis. This result is reinforced by the studies of Milanda, Halim, and Savitri (2022) and Isaac (2014), which indicated a noteworthy impact of FRS on MSHP. Conversely, BSI had an adverse noteworthy effect on MSHP, implying that a larger board size leads to lower market value. Lastly, FRA was discovered to have a favourable but inconsequential impact on MSHP, indicating that FRA does not noteworthy affect the firm's MSHP.

The outcomes concerning the impact of TOBQ on CSMP of the selected quoted Nigerian manufacturing firms indicated that FAR, DER, and OPR all exhibited a substantial impact on TOBQ. This suggests that CSMP play a noteworthy role in determining MRV. FAR and DER were observed to have an adverse effect on TOBQ, whereas OPR had a favourable and noteworthy effect on TOBQ. An upsurge in FAR leads to a lower TOBQ, as indicated by the findings of this study. A higher FAR depicts that the firm focus less on equity funding, potentially limiting its access to growth and investment opportunities. Since investors seek to maximize their wealth, they prefer investing in firms that allocate resources to profitable projects and demonstrate financial flexibility to respond to unforeseen events. These outcomes align with the results of Zhao et al. (2023), although they contrast with the outcomes of Chen and Xu (2023) and Achim et al. (2022). A favourable OPR indicates limited financial flexibility, which can enhance investors' confidence and boost market value. Higher OPR correspond to higher Tobin's Q. Conversely, a low operating cash ratio signals limited financial flexibility, raising concerns among investors and potentially decreasing MV. This may also increase apprehensions about the company's liquidity position, particularly during periods of economic uncertainty. Companies maintaining a higher operating cash ratio are positioned to manage large inventories to mitigate input price fluctuations and facilitate timely distributions. Moreover, a large OPR enables firms to enhance trade credit and capitalize on cash discounts for quick payments (Bates et al., 2009). Alvian and Munandar's (2022) study also found a robust and favourable connection between OPR and TOBQ. Fachrudin et al. (2020), on the other hand, found a noteworthy and adverse connection between these variables

Furthermore, DER was found to exert an adverse influence on TOBQ, indicating that stakeholders professed the use of debt funding as helpful for firms' TOBQ ratio. The adverse impact of DER on TOBQ is depending upon the extent of debt capital utilization. Excessive debt capital can lead to lower TOBQ, as it increases the risk of monetary distress, mostly throughout financial downturns. This finding is supported by Chen and Xu (2023), whereas Biu, Nguyen, and Pham (2023) and Zuliyana et al. (2023) reported contrasting results, suggesting that DER has a favourable and noteworthy influence on TOBQ. The control variables FRA and BSI were found to have a favourable but inconsequential effect on TOBQ. Conversely, FRS exhibited an adverse and insignificant influence on TOBQ, implying that FRS does not noteworthy affect TOBQ of the selected quoted Nigerian manufacturing firms..

CONCLUSION AND RECOMMENDATIONS

This study broadly explored the influence of capital structure management practices on the market value of quoted manufacturing firms in Nigeria. The CS of a corporation reflects how the total firm value is distributed between owners and creditors (Biu, 2023). Effective capital structure management favorably influence investor sentiment and, consequently, market value (Frank & Goyal, 2009). The discoveries of this review, employing both MSHP and TOBQ as proxies for MRV, revealed that FAR, OPR, and DER noteworthy influence MRV of the selected quoted Nigerian manufacturing firms.

Based on these findings, the study concludes that CS management practices have a noteworthy effect on the MRV of selected listed Nigerian manufacturing companies. As regard these discoveries, the study offers the following recommendations in light of these findings: the Nigerian manufacturing firms should aim for the ideal debt equity ratio, financial autonomy rate and operational cash flow ratio in order to maximize the tax shelter that debt affords without using undue leverage. The manufacturing firm's management should transparently communicate the company's debt management strategy and financial health to the stakeholders. They should also ensure transparency in financial reporting in other to improve investor trust and lessen concerns about high leverage.

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