

CAPITAL STRUCTURE AND FIRM VALUE OF LISTED CONGLOMERATE COMPANIES IN NIGERIA

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ABSTRACT

This study investigated the effect of capital structure on firm value of listed conglomerate companies in Nigeria by examining the effect of short-term debt, long-term debt, share capital and retained earnings on TobinQ of listed conglomerate companies in Nigeria. The study adopted an ex-post facto research design with all the listed six (6) conglomerate companies in the Nigerian Exchange Group (NGX) used as sample, employing census sampling technique. This study deployed descriptive statistics, unit root test and the PMG/ARDL Model analysis with the help of EViews 12. The study findings revealed that both short-term debt and long-term debt has significant effects on TobinQ of listed conglomerate companies in Nigeria in the long run but in the short run, there is an insignificant effect on TobinQ of listed conglomerate companies in Nigeria under the study period 2015-2024. Similarly, there is a significant effect of both share capital and retained earnings on TobinQ of listed conglomerate companies in Nigeria in the long run but in the short run, there is an insignificant effect of share capital and retained earnings on TobinQ of listed conglomerate companies in Nigeria under the study period 2015-2024. The study generally concluded that there is a significant effect of capital structure on firm value of listed conglomerate companies in Nigeria in the long run and recommended among others that, management of conglomerate companies should prioritize short-term financing when planning for long-term goal over short-term goal, as it provides financial flexibility and reduces liquidity pressures.

Keyword: *Share Capital and Retained Earnings, Firm Value and TobinQ*

INTRODUCTION

The effect of capital structure on firm value is developing argumentative topic in literature review of corporate finance and this has sparked the financial economists whether to finance investment with debt, equity or retained earnings. The value of a firm can be reflected by the company's share price which is a picture of investment, financing and asset management decisions. Firm value is very important for a company because a high firm value, will result in a high prosperity of shareholders. Firm value is an investor's perception of a company related to the stock price. A company is said to have a good value if the company's performance is also good. Similarly, firm value reflects investors' perceptions of the company's resource management effectiveness. According to Afolabi et al. (2025), firm value is an investor's perception of a company where this is often associated with the company's share price. In making financial decisions, financial managers need to determine the goals that must be achieved. The right financial decisions can maximize the value of the company so that it can increase the prosperity of the company owner. The higher the share price of a company, the higher the value of the company which shows the company's prospects in the future. A high firm value can increase prosperity for shareholders, so shareholders will invest their capital in the company. The value of a firm indicates its prospective worth. Methods for assessing firm value differ based on the diverse objectives of business operations. This study will measure a firm's value using Tobin's Q. Ibthia et al. (2024) say that firm size is a moderating variable that affects firm value because it gives managers chances to increase the firm's assets, make shareholders happier, and

make funding decisions that aim to maximize firm value. To maximize owner wealth, a company must effectively manage its capital structure by selecting an appropriate capital mix. Integrating both debt and equity financing into a company's capital structure aims to minimize the overall cost of capital (Haron, 2018). The value of a firm is independent of its capital structure under conditions of frictionless capital markets, absence of taxes, and lack of asymmetric information, as posited by the Modigliani and Miller theory (MM) of 1963. The theory of capital structure and its association with firm value has garnered significant attention since the Modigliani-Miller theorem. According to MM theory, capital structure decisions are irrelevant, as a company's value is determined solely by its future earning potential, which reveals various aspects associated with capital structure (Afolabi et al., 2025).

Many researchers suggested that there is an optimal capital structure, but there is no specific method to be used in order to achieve an optimal debt level. For instance, Nwenda and Barinem (2025) investigated capital structure and financial performance of listed industrial goods firms in Nigeria. The findings reveal that equity capital has a positive strong relationship with return on asset in the listed industrial goods firms in Nigeria and also debt capital was found to have very strong relationship with return on asset. Afolabi et al. (2025) studied exploring the effect of capital structure on firm value in information and communication technology listed on the Nigeria Exchange Group (NGX). The research analysed three categories of debt: total debt, long-term debt, and short-term debt. Each of the three factors demonstrated a positive impact on the company's value. The debt-to-equity ratio negatively impacted Tobin's Q. Irene et al. (2025) investigated the impact of capital structure on the financial performance of quoted oil and gas companies listed on the Nigerian Exchange Group. Gara et al. (2025) examined capital structure and its influence on the financial performance of selected listed goods in Nigeria between 2014 and 2023. Gara et al. (2025) examined capital structure and its influence on the financial performance of selected listed goods in Nigeria between 2014 and 2023. The findings from the study showed that a higher equity ratio significantly improved financial performance; and a higher debt ratio equally impacted on the financial performance positively. Conversely, the debt-to-equity ratio did not significantly affect the financial performance and was negative in the fixed effect model. However, it was recommended that firms should optimize equity finance, manage debt level efficiently and re-evaluate debt-to-equity ratio policies to prevent its adverse effect on financial performance. Akinrinola et al. (2024) explored the effects of capital structure on financial performance of quoted manufacturing firms in Nigeria. The study findings indicated that there is a statistically significant link between total-debt-to-total-equity and return on assets of manufacturing entities in Nigeria. There is a statistically significant relationship between long-term-debt-to-total-assets ratio and financial performance of quoted manufacturing firms in Nigeria. Akib et al. (2024) investigated how capital structure, profitability, and dividend policy impact the stock prices of companies in the consumer goods manufacturing industry sector listed on the Indonesia Stock Exchange from 2018 to 2020. The Result of the research indicated that capital structure, profitability, and dividend policy have a simultaneous impact on the closing price of stocks. Partially, the debt-to-equity ratio, which proxies for capital structure, has a significant and negative effect on the stock price. Sebil (2024) investigated the relationship between capital structure and the performance of 10 selected consumer goods in Nigeria. Multiple regression results reveal a positive but statistically insignificant effect of DE on ROI. Conversely, DE significantly positively influences ROA, underlining the importance of an optimal debt-equity mix for enhanced financial outcomes.

One of the problems facing conglomerate companies is the choice of capital structure in term of long-term debt faced by firms is funding their long-term investment opportunities. To finance the larger volume of a debt depends on the amount of interest on debt, financial distress cost, income taxes, imperfections in the market, taxes that are refuse to pay and corporate income etc. Long term debt will bring about increase in the desire of the firm when there is a decrease in the rate of interest. When there is an increase in leverage will provide an upsurge in financial distress. An

increase in leverage of the firm will lead to firm's stock unattractive to investors and this is as a result of increase in financial distress. Firms might find difficult to satisfy a required service obligation, which could lead not only administrative expenses and legal expenses but also bankruptcy. Adeoye and Olojede (2022) stated that the problem of choosing between equity and debt confronts many firms, especially in funding their long-term worthwhile investment opportunities. A firm contemplating to raise funds through the issue of debt must ensure that the earnings to be generated with such funds must at least be at equilibrium to the cost of debt. If the earnings that are generated fall below the cost of such funds, it will reduce the earnings due to shareholders because holders of debt instruments have prior claims to income before the equity holders. To realize the desired results, listed natural resources companies in Nigeria and even in other sectors need to plan for an optimum capital structure.

Due to the above challenge in employing capital structure, different researchers have produced divergent results in their capital structure empirical analysis globally and locally. The reasons for the divergence might be as a result of sample size, selected firms and statistical analyses adopted. It could also be as a result of variables used as the dependent and independent variables. Debt financing has been shown to positively impact the financial performance of firms in several studies and they includes; Leviticus et al. (2025), Adewoye et al. (2025), Peace and Onyenania (2025), Said (2025), Obafunso and Saifullahi (2025), Nwenda and Barinem (2025), Ekokotu (2025), Jeremiah et al. (2025), Joseph et al. (2025), Adelabu and Adelabu (2025), Gara et al. (2025), Nwankwo and Anichebe (2025), Ndung'u and Kimanzi (2025), Obumneme et al. (2024), Akinrinola et al. (2024), Akib et al. (2024), Omokore et al. (2024), Marwan et al. (2023), Kim et al. (2023) Ahmed et al (2023), Rowland et al (2023), Nguyen et al (2023), and Akinrinola et al (2023) Idolor and Omehe (2022), Hossain et al. (2022), Ikin et al. (2022), Ezuma (2022), investigated the impact, effect and relationship between capital structure and financial performance in different sector of firms in Nigeria and global. To the best knowledge of the researchers, most of the prior studies focused on manufacturing firms, deposit money banks, oil and gas companies, pharmaceutical firms but conglomerate companies were left behind. Furthermore, most of the prior studies were based mostly on capital structure and financial performance leaving firm value unresearched in the conglomerate sector. Also, to the best of our knowledge, most of the prior studies measured capital structure with debt capital or debt ratio, equity capital or equity ratio etc without considering which part of debt capital (short-term debt or long-term debt) is significant or insignificant to firm value and which part of equity (share capital, retained earnings, share premium) is significant or insignificant to firm value. Therefore, due to the controversial result and conglomerates companies unresearched, this study seeks to investigate the effect of capital structure on firm value of listed conglomerate companies in Nigeria.

Consequently, the study aimed to investigate the effect of capital structure on firm value of listed conglomerate companies in Nigeria. Specifically, the study objectives are to:

1. ascertain the effect of short-term debt on TobinQ of listed conglomerate companies in Nigeria,
2. determine the effect of long-term debt on TobinQ of listed conglomerate companies in Nigeria,
3. evaluate the effect of share capital on TobinQ of listed conglomerate companies in Nigeria, and
4. examine the effect of retained earnings on TobinQ of listed conglomerate companies in Nigeria.

Conceptual Framework

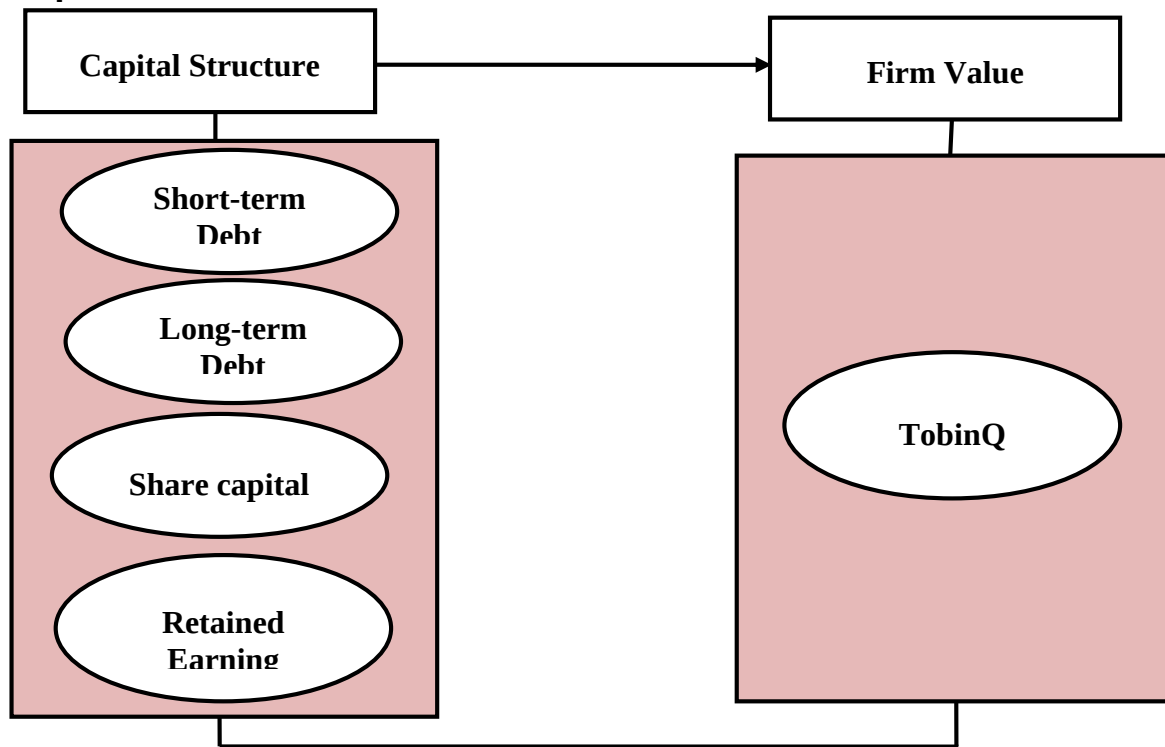


Figure 1: Conceptual framework indicating the dimensions of capital structure and measures of firm value

Sources: Onyia et al. (2025), Obumneme et al. (2024), Akib et al. (2024) and Major (2019).

REVIEW OF RELATED LITERATURE

Conceptual Review:

Capital Structure

Capital structure refers to the ways a firm finance all its operational activities through equity, debt and hybrid security. Capital structure refers to the combination of investment funds contributed by numerous investors and shareholders in form of debt and equity. It is considered as permanent investment collected through different sources of long-term debt and preferred stock (Rasheed et al., 2022; Okezie et al., 2025). According to Clement and Adesina (2022) and Ezeala et al. (2024), capital structure is part of the solution to the challenge of underinvestment and overinvestment. Sunday and Samson (2022) opined that capital structure is a mix of equity and debt securities used to finance real and nominal investment. Oluwale (2022) posits that capital structure is the financing strategy of a long-term nature used by corporate organizations while Yinusa et al. (2023) define capital structure as the process whereby corporate entities finance a mix of capital and liabilities on a long- and short-term basis. Olusola et al (2022) asserted that capital structure is the capital source of a company in the form of preference shares, long term debt and retained earnings. As a result, it deals with the arrangement of capital and minus short-term borrowing and in proprietary business venture, capital employed is essentially provided by the owners. As organizations raises finance through the issuance of equity, the entitlement of the shareholders increases while the claims of the creditors increase as the issuance of debt securities increases (Olusaola, et al., 2022). Conceptually, capital structure dimensions include short-term debt, long-term debt, share capital and retained earnings.

Short-term debts

Short-term debt is a financial obligation that must be paid off within a year. Ezeagbe (2017) opined that the prudent utilization of short-term debts can magnify sustainable development. According to Ogunsola and Ogheneoparabo (2022) operating debt arises from the primary activities that are required to run a business, such as accounts payable, and is expected to be resolved within 12 months, or within the current operating cycle, of its accrual. This is known as short term debt and is usually made up of short-term bank loans taken out, or commercial paper issued, by a company. The value of the short-term debt account is very important when determining a company's performance. The higher the debt-to-equity ratio, the greater the concern about company liquidity. If the account is larger than the company's cash and cash equivalents, this suggests that the company may be in poor financial health and does not have enough cash to pay off its impending obligations (Nguyen & Nguyen, 2020). Short term debt financing is to be measured as short-term debt to total assets as used which is expressed as short-term debts divided by total assets.

Long-term debts

Long-term debt refers to financial obligations that extend beyond one year and are typically used by businesses and financial institutions to finance capital-intensive projects, acquisitions, or expansion activities. It includes instruments such as bonds, debentures, bank loans, and lease obligations that require periodic interest payments and eventual principal repayment over an extended period (Brealey et al., 2020). In the private sector, long-term debt plays a crucial role in shaping a business capital structure, influencing financial performance, risk exposure, and investment capacity. According to Jeremiah et al. (2025), long-term debt allows firms, including banks, to leverage external funding for growth while maintaining operational liquidity. However, excessive reliance on long-term debt can lead to increased financial risk, higher interest expenses, and potential insolvency issues if not managed effectively. Long-term debt is often preferred for funding strategic investments, such as infrastructure development, technology upgrades, and loan portfolio expansion in banks (Damodaran, 2016). Its cost and accessibility depend on several factors, including interest rates, credit ratings, regulatory policies, and macroeconomic conditions. High levels of long-term debt can enhance financial performance if the returns on investment exceed the cost of debt, but they can also pose financial distress if mismanaged (Modigliani & Miller, 1958).

Share Capital

Research study explored by Pham and Nguyen (2020), Sanusi et al (2020), Anton and Nucu (2021) opined that equity share capital with reference to any company limited by shares means all share capital which is not preference share capital. As per section 43 (a) equity share capital may be divided on the basis of voting rights and differential rights (DVR) as to dividend, voting rights or otherwise according to the rules. A DVR share is like an ordinary equity share, but it provides fewer voting rights to the shareholder. The difference in voting rights can be achieved by reducing the degree of voting power. It is ideal for long term investors, typically small investors who seek higher dividend and are not necessarily interested in taking a voting position. The research established by Al-Duais, (2016); Sanusi et al, (2020; Berger & Patti, (2016) affirmed that shares are the interest of a member in a company. Shares are simply conceptualized as the interest of a shareholder in the company, measured for the purposes of liability and dividend (Nasimi, 2021; Modigliani & Miller, 1958; Wahome, 2015).

Retained Earnings

Retained earnings refer to the portion of a company's net income that is not distributed to shareholders as dividends but is instead reinvested back into the business. It represents the cumulative profits or losses that a company has retained since its inception. When a company generates profits, it has two options for utilizing those earnings. The first option is to distribute them to shareholders in the form of dividends. Dividends are typically paid out in cash or additional shares

of stock and provide a direct return on investment for shareholders. The second option is to retain the earnings within the company and reinvest them in various ways. Retained earnings play a crucial role in a company's financial health and growth. They serve as a source of internal financing, allowing companies to fund future projects, expand operations, invest in research and development, acquire new assets, repay debt, or weather economic downturns. By retaining earnings, companies can reduce their reliance on external sources of capital such as loans or equity financing. Retained earnings are usually recorded under shareholders' equity on the balance sheet (Ugwueze, et al., 2019). Also related with periodically retained earnings is the accumulated retained earnings, which are computed by adding net income to (or subtracting any net losses from) beginning retained earnings and subtracting any dividends paid to shareholders. Also, retained earnings can be expressed as a ratio, commonly known as retention ratio or plow back ratio. The retention ratio is also known as the retention rate of an organization.

Firm Value

According to Khusna and Nurcahyono (2024), company value refers to the monetary value a client is willing to pay in the event of the firm's sale. According to academics, it is asserted that the primary objective of a company entity should be the optimization of shareholders' value, as an increase in shareholders' value ultimately results in the maximization of shareholders' wealth. In their study, Shah and Khalidi (2020) employed the phrase "enterprise value" as a synonym for "firm value." According to the individual's perspective, the concept of company value pertains to the assessment of a corporation's tangible economic worth. A firm's valuation represents the hypothetical price that an investor is prepared to pay to acquire a certain company. Hidayat et al (2019) maintained that investors view firm value from stock prices, stock returns, earnings per share (EPS), price earnings ratio (PER), Tobin's Q, and price to book value (PBV). Adegbe et al. (2019) further stated that firm value can be measured using accounting-based indicators such as return on asset, return on equity, price earnings ratio and price to book value while the market valued based indicator usually applies Tobin's Q.

TobinQ

This is a financial performance measure that shows the long-run performance which takes into account the market values of shares, debt and assets of the company (Al-Matari et al., 2014). Banda (2019) reported that TobinQ is a traditional measure of expected long-run financial performance of a firm. TobinQ is a ratio that shows the market value of a firm's assets and the value of replacement of assets. The market value is derived as the sum of the market value of shares plus the market value of debt, that is, the summation of capital owned by the firm and that of third parties. The use of TobinQ permits researchers to investigate not only the results produced in the firm (past performance) but also the achievement of growth opportunities with the value of Q (future performance). However, TobinQ comes with some limitations. According to Bartlett and Partnoy (2018), some of these problems include the use of book value as denominator which are likely to produce biased estimates, due to both omitted assets and time-varying, firm-specific features that can systematically modify a firm's book value. Vintilă and Nenu (2015) noted that TobinQ is the most used financial performance measurement used by listed firms when considering market performance indicators.

The effect of short-term debt on TobinQ

There are several studies which try to find empirical evidence on the effect of short-term debt on firm value measures or financial performance measures. Some of the prior studies indicated positive or significant effect while some provided negative or insignificant effect. For instance, Okezie et al. (2025) examined the impact of capital structure on financial performance of listed firms in Nigerian stock exchange. The result of analysis indicates that short term debt to total investments have significant positive impact on return on investments. The results show that there is a significant

negative impact of STD on ROA and a significant positive impact of DE on ROA. Adedamola (2024) examined the effect of debt financing on financial performance of listed deposit money bank in Nigeria. The findings revealed that debt financing has high significant effect on ROA on Nigeria listed deposit money banks. Oko et al. (2025) evaluated the effect of short-term debts on return on asset of listed deposit money banks in Nigeria. Result from the Hausmann test statistics reveals that short-term debts/total asset had a negative and significant impact on profitability of deposit money banks in Nigeria. Aghaebé and Oranefo (2024) examined the effect of capital structure on the firms' financial performance of consumer goods firms listed in Nigeria. The results showed that: short term debt to equity ratio has a significant negative effect on the return on assets of consumer goods firms listed in Nigeria. Tanko et al. (2021) study revealed a positive and significant relationship between long term debt and ROA.

In contrast, Irene et al. (2025) investigated the impact of capital structure on the financial performance of quoted oil and gas companies listed on the Nigerian Exchange Group. The results revealed that short-term debt ratios exhibit negative impacts on firm performance as measured by Tobin's Q. Prena et al. (2024) analysed the impact of the capital structure on the performance of non-listed companies. The results of empirical tests indicate that a capital structure composed of short-term debt is negatively influencing the performance of the companies measured by ROA. Obumneme et al. (2023) study finding shows that short-term debt to total assets had insignificant impacts. Nwafor et al. (2022) study revealed that total debt ratio (TDR) was found to be negatively related to profitability of pharmaceutical firms in Nigeria. Olaoye and Adesina (2022) study result showed that short-term debt to total assets have negative negligible effect on all the dependent variables. Rezarta and Shpresa (2022) study result show that the current liabilities to total assets ratio and the current liabilities to total liabilities ratio have a negative correlation with the Return on Assets of the entities. Mustapha et al. (2020) study indicated that the debt-asset ratio has a considerable negative impact on the financial health of Nigerian commercial banks. Based on the above mix result, the study formulated the below hypothesis one

H₀₁: Short-term debt has no significant effect on TobinQ of listed conglomerate companies in Nigeria,

The effect of long-term debt on TobinQ

There are several studies which try to find empirical evidence on the effect of long-term debt on firm value measures or financial performance measures. Some of the prior studies indicated positive or significant effect while some provided negative or insignificant effect. For instance, Okezie et al. (2025) examined the impact of capital structure on financial performance of listed firms in Nigerian stock exchange. The result of analysis indicates that long term debt to total investments have significant positive impact on return on investments. Based on the findings, the study concluded that, the impact of capital structure on financial performance is positive and that capital structure explains a larger change in return on investments. Said (2025) examined the impact of capital structure on firm performance in Egypt. When using TQ as a dependent variable, the results reveal that there is a significant negative impact of LTD and DE on TQ and there is a positive and significant impact of STD on TQ. Jeremiah et al. (2025) studied effects of debt finance on financial performance of listed deposit money banks in Nigeria. The results showed that whereas long-term debt to total assets (LTDTA) has a considerable and positive impact on ROA, total debt to total assets (TDTA) has a negative but significant impact. Joseph et al. (2025) examined the impact of short-term debt on the financial performance of manufacturing companies listed on the Ghana stock exchange over an eight-year period (2015–2023). The findings reveal a significant but negative correlation between short-term debt and ROA, indicating that higher reliance on short-term financing may adversely affect profitability. Adelabu and Adelabu (2025) examined short term debt and financial performance in quoted manufacturing industry in Nigeria. The fixed effect showed that STD has significant negative effect on the financial performance of listed manufacturing firms in Nigeria. The study

concluded that other sources of finance could be utilized to influence financial performance of quoted manufacturing firms in Nigeria. Nwankwo and Anichebe (2025) analysed the effect of debt financing on the financial performance of oil and gas firms in Nigerian Exchange Limited for the period of 2012-2023. The study found that Long term debt has positive and significant impact on the return on assets of oil and gas firms in Nigeria. Akinrinola et al. (2024) explored the effects of capital structure on financial performance of quoted manufacturing firms in Nigeria. The study findings indicated that there is a statistically significant relationship between long-term-debt-to-total-assets ratio and financial performance of quoted manufacturing firms in Nigeria. Igwe (2024) investigated effect of debt financing on the firm value of listed ICT firms in Nigeria Exchange Group (NGX). Findings showed that, the debt ratio demonstrated a statistically non-significant negative effect on market capitalization. In contrast, the debt-to-equity ratio exhibited a statistically significant positive effect on market capitalization. Prena et al. (2024) analysed the impact of the capital structure on the performance of non-listed companies. The results of empirical tests indicate that a capital structure composed of long-term debt is negatively influencing the performance of the companies measured by ROA.

In contrast, Irene et al. (2025) investigated the impact of capital structure on the financial performance of quoted oil and gas companies listed on the Nigerian Exchange Group. The results revealed that long-term ratio exhibit negative impacts on firm performance as measured by Tobin's. Obafunso and Saifullahi (2025) investigated the impact of capital structure on the financial performance of listed consumer goods firms in Nigeria. The study concludes that Long Term Debt Ratio (LTDR) have an insignificant negative association with the return on capital employed. Akani (2024) analysed the effect of debt financing on return on assets of quoted consumer goods firms in Nigeria. The findings obtained in the study showed that long-term debt ratio has a positive and significant effect on return on asset of quoted consumer good firms in Nigeria. Jibrin et al. (2024) examined the effect of long-term debt on financial performance in cement manufacturing companies. the study found a significant negative influence of long-term debt (LTD) on financial performance measured by return on assets (ROA) of cement manufacturing companies and also, a negative effect was found with the financial performance measured by return on equity (ROE) of cement manufacturing companies. Based on the above mix result, the study formulated the below hypothesis two

H₀₂: Long-term has no significant effect on TobinQ of listed conglomerate companies in Nigeria,

The effect of share capital on TobinQ

There are several studies which try to find empirical evidence on the effect of share capital on firm value measures or financial performance measures. Some of the prior studies indicated positive or significant effect while some provided negative or insignificant effect. For instance, Gara et al. (2025) examined capital structure and its influence on the financial performance of selected listed goods in Nigeria between 2014 and 2023. The findings from the study showed that a higher equity ratio significantly improved financial performance; and a higher debt ratio equally impacted on the financial performance positively. Nwafor et al. (2022) investigated the effect of capital structure on profitability of listed pharmaceutical companies in Nigeria. The study revealed that equity ratio was positively related to profitability of pharmaceutical firms in Nigeria. Ezuma (2022) study revealed a positive and significant relationship between equity capital and profit before tax of listed pharmaceutical companies in Nigeria. It also revealed the existence of a positive and significant relationship between equity capital and return on assets of listed pharmaceutical companies in Nigeria. Olaniyi et al (2022) study found that equity capital has the potential to positively and significantly influence the financial performance of manufacturing firms in Nigeria. Adeoye and Olojede (2022) result revealed that size of firm and equity are positively correlated with financial performance. Aribaba et al. (2022) study reveals that supervisory ownership showed a positive and significant effect on the financial performance of quoted building material firms in Nigeria.

On the other hand, Idolor and Omehe (2022) investigated the effect of capital structure on the financial performance of quoted deposit money banks in Nigeria. Result from panel regression revealed that shareholder's equity had insignificantly impacted return on assets. Olaoye and Adesina (2022) study result revealed that debt in relation to equity has insignificant effect on return on assets. Based on the above mix result, the study formulated the below hypothesis three

H₀₃: Share capital has no significant effect on TobinQ of listed conglomerate companies in Nigeria is not significant,

The effect of retained earnings on TobinQ

There are several studies which try to find empirical evidence on the effect of retained earnings on firm value measures or financial performance measures. Some of the prior studies indicated positive or significant effect while some provided negative or insignificant effect. For instance, Peace and Onyenania (2025) explored the relationship between capital structure and financial performance, focusing on the metrics of return on assets (ROA). The findings suggest that capital structure, particularly the debt-equity ratio (DER), has a significant yet complex effect on ROA. Ekokotu (2025) investigated the effect of capital structure on financial performance of listed manufacturing firms in Nigeria. The findings generally indicate that Equity Financing (EF) exerted significant influence on firms' performance (NAPS). Nwankwo and Anichebe (2025) analysed the effect of debt financing on the financial performance of oil and gas firms in Nigerian Exchange Limited for the period of 2012-2023. The study found that, equity financing has positive and significant impact on return on assets of oil and gas firms in Nigeria. Akani and Chukwuemeka (2021) examined the relationship between capital structure decision and performance of quoted small and medium scale enterprise in Nigeria. Findings proved that retained earnings have positive but no significant effect with financial performance measures. Shaqqour and Harb (2022) result of the study show a statistically significant impact of capital structure and total assets on net income in the corporate service companies in Jordan.

Conversely, Ikin et al. (2022) result showed that capital structure has a negative and insignificant effect on financial performance. Bindu (2021) study results revealed that capital structure has a negative influence on the financial performance. Uremadu and Onyekachi (2018) the study revealed a negative and insignificant impact of capital structure on corporate performance of the consumer goods sector of Nigeria. Ozondu and Egbunike (2024) examined the effect of capital structure on financial performance of listed deposit money banks in Nigeria. The study revealed the existence of a positive and significant effect of equity capital on return on assets of listed deposit money banks on the Nigerian Exchange Group. Based on the above mix result, the study formulated the below hypothesis four

H₀₄: Retained earnings has no significant effect on TobinQ of listed conglomerate companies in Nigeria,

Theoretical Review

Pecking Order Theory

Pecking order theory was propounded by (Myers & Majluf, 1984). This theory states that firm has order of preference for capital structure for the purpose of avoiding information asymmetry between managers of the firm and potential investors and other stakeholders. The theory asserts that companies prefer internal financing such as retained earnings to short term debt, long term debt, equity among other source of external source of finance. The theory is of opinion that the capital structures of firms are optimum and they move in the direction of the firm target. The theory also opined that when debt is properly used in capital structure, company will have the challenges of tax benefit and insolvency cost. The trade-off theory recommends that the firm with high growth potential should reduce borrowing as it is possible to lose value in case of financial distress. This theory asserts that financing of business comes from three channel, internal sources, debt and

equity. Entities will first choose internal financing, and use debt as a "last resort". It believed that when internal source is depleted debt will be the next option, where debt will not serve the purpose equity will be issued. This theory advocates that industries should follow a pecking order of financing when available and debt is preferred over equity if external finance is to be use. Myers & Majluf (1984) argued that equity is less preferred source of raising capital because managers assume to know the condition and information of the firm than potential investors, shareholders and other stakeholders. In order to issue equity share, investors believe the entity is overrated and managers are taking advantage of this overvaluation. For this reason, investors would place less value on the new equity released (Tanko et al., 2021).

The basic assumptions of this theory include: cost of debt remains constant regardless of the gearing level, weighted average cost of capital remains constant regardless of rise in gearing level, the cost of equity will rise in such a way as to keep the weighted average cost of capital constant, perfect market exists where individuals and companies can borrow unlimited amount at the same rate of interest, No corporate taxes or transaction cost, personal borrowing is a perfect substitute for corporate borrowings, and firms exist with the same business or systematic risk but different levels of gearing. Though, the theory faced with a lot of criticisms, which the critics argued are not feasible in practical world of today. Some of such arguments are as follows: that the markets for securities are not perfect, also transaction cost exists and all these hinder the effective working of arbitrage transactions, that in practice, companies can usually borrow more easily at lower cost than individuals, a tax-free world does not really exist. Therefore, the effect of taxation reduces the cost of debt finance which will ultimately lead to a steady decline in cost of capital, Investors are assumed to act rationally which may not be the case in practice, and also, In practical realities, some earnings may be retained and so the assumption of paying out all earnings as dividend would not apply.

The pecking order theory is used as the underpinning theory to guide this study. Companies are no longer making profit large enough to be retained as source of additional funding to satisfy the demand and if they do make profit is just in figures and the effect of inflation is not considered. This means when the effect of inflation is considered the profit might not be as large as that of previous years in terms value, which signifies a problem in using retain earnings for additional financing since the demand exist, thereby making them to resort to use of debt over issuing of new stocks because of the high fluctuating cost associated with new issues. Therefore, since these companies cannot produce enough to satisfy the domestic demand, something may be wrong with their financing. As such the study will investigate the effect of capital structure on firm value of conglomerate companies, so as to see if there is any need to advise them to go for debt to expand their production level or another way round depending on the outcome of the study.

Empirical Review

Okezie et al. (2025) examined the impact of capital structure on financial performance of listed firms in Nigerian stock exchange. Specifically, the study investigated the effect of long-term debt to total investment on return on investments; the effect of short-term debt to total investment on return on investments; and the effect of total debt to total investment on return on investments. Data were described using descriptive statistics, Pearson correlation coefficient while multiple regression analytical technique with the aid of econometrical tool Eviews-9 was used in analysing the data. . The result of analysis indicates that long term debt to total investments, short term debt to total investments, and total debt to total investments have significant positive impact on return on investments. Based on the findings, the study concluded that, the impact of capital structure on financial performance is positive and that capital structure explains a larger change in return on investments. Therefore, the study recommends, that consumer goods companies should strategically leverage debt to finance profitable investments by revisiting their capital structure policy to allow for more optimal levels of debt.

Nwenda and Barinem (2025) investigated capital structure and financial performance of listed industrial goods firms in Nigeria. The sample size for the study consisted of thirteen (13) listed industrial goods firms in Nigeria. The study made use secondary data. The secondary data was obtained from the listed industrial goods firm's annual reports and accounts. Data was analysed using descriptive and Pearson correlation coefficient statistical tools with the aid of statistical package for social sciences. The findings reveal that equity capital has a positive strong relationship with return on asset in the listed industrial goods firms in Nigeria and also debt capital was found to have very strong relationship with return on asset. Based on the findings, it was concluded that capital structure significantly affects financial performance. Therefore, the study recommends that listed industrial goods firms in Nigeria should employ more equity finance in establishing optimal capital structure. Finally, when capital is raised through debt instrument, more attention should be channelled towards other areas for performance enhancement instead of relying on returns from equity capital alone.

Gara et al. (2025) examined capital structure and its influence on the financial performance of selected listed goods in Nigeria between 2014 and 2023. The ex-post facto research design was employed for the study and the data used were extracted from the annual reports and accounts of three (3) purposively selected industrial goods firms in Nigeria in the NGX; Dangote Cement PLC, Lafarge Africa PLC and BUA Cement PLC. The panel data was utilized to analysed the data to determine the relationship between capital structure variables and financial performance. The findings from the study showed that a higher equity ratio significantly improved financial performance; and a higher debt ratio equally impacted on the financial performance positively. Conversely, the debt-to-equity ratio did not significantly affect the financial performance and was negative in the fixed effect model. However, it was recommended that firms should optimize equity finance, manage debt level efficiently and re-evaluate debt-to-equity ratio policies to prevent its adverse effect on financial performance

Adewoye et al. (2025) investigated the effect of capital structure on financial performance of listed manufacturing companies in Nigeria. The study adopted ex-post facto research design using panel data extracted from the 26 selected listed manufacturing companies in Nigeria out of 52 listed manufacturing companies in NEG as at 31st December, 2023. Purposive and stratified sampling techniques were used to select 26 listed manufacturing companies. Panel data were extracted from the annual reports of the selected listed manufacturing companies in Nigeria from 2014 to 2023. Descriptive statistics, correlation, Variance Inflation factors and inferential statistics were used to analyse panel data. The study found that: debt-equity ratio, debt asset ratio, capital gearing ratio, interest coverage and firm size have insignificant influence on asset turnover ratio. DER, DAR and FS have significant impact on earnings before interest, tax, depreciation and amortization while CGR and ICR have insignificant impact on EBITDA. The study concluded that capital structure mix have significant influence on the financial performance of the selected listed manufacturing companies in Nigeria. The study therefore recommended that listed manufacturing firms should optimally utilize the capital structures mix in order to improve their financial performance.

Akinrinola et al. (2024) explored the effects of capital structure on financial performance of quoted manufacturing firms in Nigeria. The study used panel least square multiple regression to examine secondary data gathered from the 14 sampled organizations financial statements from 2011 to 2020. The study findings indicated that there is a statistically significant link between total-debt-to-total-equity and return on assets of manufacturing entities in Nigeria. There is a statistically significant relationship between long-term-debt-to-total-assets ratio and financial performance of quoted manufacturing firms in Nigeria. The study recommended that management of manufacturing corporations that are active on the stock market should strive to increase their long-term-debt-to-total-assets so as to improve their business operations and by extension, their financial performance.

The study established that there is a beneficial link between capital structure and financial performance of manufacturing companies.

Obumneme et al. (2024) examined the impact of capital structure on the financial performance of Nigerian oil and gas companies. The study used an ex-post facto research design. Based on the data's availability at the time of the inquiry, the study used an easy sampling strategy to gather secondary data. These data cover the years 2011 through 2020 and were compiled from the annual financial reports of five Nigerian oil and gas companies. Descriptive statistics and panel regression analysis were used to analyse the data. The short-term debt to total asset, long-term debt to total asset, total debt to total equity, and return on asset variables were investigated as proxies for capital structure and financial performance, respectively. The analysis' findings shows that while long-term debt to total assets has a negative significant influence on return on assets, short-term debt to total assets and total debt to total equity had positive insignificant impacts. It was suggested that, managers of oil and gas companies should reduce the amount of long-term debt they have because doing so has a negative effect on their performance.

METHODOLOGY

The study utilized the ex-post factor research design. Ex-post facto study or after-the-fact research is a category of research design in which the investigation starts after the fact has occurred without interference from the researcher. The population of the study consisted of six (6) conglomerate Companies listed on the floor of the Nigerian Exchange Group as at 31st December 2024. Table 1 presents a comprehensive list of the population members.

Table 1: Listed conglomerate companies in NGX

S/N	Name of Companies
1	CHELLARAMS PLC
2	CUSTODIAN INVESTMENT PLC
3	JOHN HOLD PLC
4	SCOANIG PLC
5	TRANSNATIONAL CORPOATION PLC
6	U A C N PLC

Source: Nigerian Exchange Group (NGX), 2025

The sampling technique used in this study was census sampling technique. As the name implies, it is a sample "chosen purely on the basis of convenience. Six (6) listed conglomerate companies were chosen simply because as at the time of this research work and analysis. Only Six (6) conglomerate companies that were listed in the Nigeria Exchange Group.

Sources and Method of Data Collection

The panel data were obtained from secondary sources for the purpose of this research investigation. The data for all the variables in the study was extracted from published annual reports and financial statements of the conglomerate companies listed on the Nigeria Exchange Group (NGX) covering the periods of ten (10) years starting from 2015 to 2024. Data was extracted from the financial statement of sampled firms.

Measurement of Variables

The variable that was adopted to measures the effect of capital structure dimensions and firm value measures of listed conglomerate companies in Nigeria are presented on the table below.

Table 2 Measurement of variables

<i>Dimensions /Measures</i>	<i>Category</i>	<i>Abbreviation</i>	<i>Measurements</i>	<i>Sources</i>
Short-term Debt	Independent Variable	STD	It was obtained direct from statement of financial position and it was transformed by log of total debt	Okezie et al. (2025), Ekokotu (2025), Oko et al. (2025), Aghaebe and Oranefo (2024)
Long-term Debt	Independent Variable	LTD	It was obtained direct from statement of financial position and it was transformed by log of total debt	Okezie et al. (2025), Ekokotu (2025), Jeremiah et al. (2025). Nwankwo and Anichebe (2025),
Share Capital	Independent Variable	SCAP	It was obtained direct from statement of financial position and it was transformed by log of total debt	Gara et al. (2025), Nwafor et al. (2022), Ezuma (2022)
Retained Earnings	Independent Variable	RETIAN	It was obtained direct from statement of financial position and it was transformed by log of total debt	Peace and Onyenania (2025), Ekokotu (2025), Nwankwo and Anichebe (2025) Akani and
TobinQ	Dependent	TBQ	Market value of total shares plus book value of debt divided by book value of total assets.	Irene et al. (2025), Said (2025)

Model Specification

In order to investigate the effect of capital structure on firm value of listed conglomerate companies in Nigeria from 2015 to 2024, we develop the Multiple Linear analysis using E-View 12. In line with the study objective and operational framework and measurement of variables above, the required functional effect to test the developed hypotheses is presented as follows:

TobinQ (TBQ) Model

$TBQ = f(STD, LTD, SCAP, RETAIN)$ 1

This can be written in Panel Least Square (PLS) form as:

$TBQ_{it} = a_0 + a_1STD_{it} + a_2LTD_{it} + a_3SCAP_{it} + a_4RETAIN_{it} + U_{it}$2
 $a_1 > 0; a_2 > 0; a_3 > 0; a_4 > 0;$

Method of Data Analysis

In the study, cross-sectional data were used in a balanced panel dataset. The estimation models were descriptive analysis, unit root test, VAR Lag Order Selection Criteria, Pedroni Residual Cointegration Test and PMG/ARDL model. PMG/ARDL model analysis is an extension of ARDL time series analysis. It is used when there is need to predict the value of a variable based on the value of two or more other variables. The variable to be predicted is called the dependent variable, while the variables used in predicting are referred to as the independent variables.

DATA ANALYSIS AND DISCUSSION OF FINDINGS

Descriptive Analysis

The descriptive statistics measures the mean, median; maximum, minimum, and standard deviation statistics are computed for each of the study variables to quantify the manifested construct of the variable using central tendency, dispersion and shape of their distributions.

Table 3 Descriptive Statistics of the Variables

	STD	LTD	SCAP	RETAIN	TBQ
Mean	5.868974	7.133333	4.450367	6.168041	0.694623
Median	6.228937	7.000000	4.730027	6.772592	0.517518
Maximum	7.800470	10.00000	6.938085	7.657229	5.758182
Minimum	3.248464	5.000000	2.283301	1.477121	0.070699
Std. Dev.	1.295197	1.227740	1.324594	1.630701	0.795721
Skewness	-0.821894	0.187345	-0.138678	0.372919	4.541611
Kurtosis	2.592439	2.531324	1.664328	2.433009	28.80124
Jarque-Bera	7.170362	0.900125	4.652366	2.194381	1870.522
Probability	0.027732	0.637588	0.097668	0.333808	0.000000
Sum	352.1385	428.0000	267.0220	98.00000	41.67737
Sum Sq. Dev.	98.97450	88.93333	103.5184	29.93333	37.35717
Observations	60	60	60	60	60

Source: Researcher's Computation using E-Views, 12

The results in Table 3 disclosed the descriptive statistics results of the capital structure variables represented as short-term debt (STD), long-term debt (LTD), share capital (SCAP) retained earnings (RETAIN). The dependent variables firm value measureTobinQ (TBQ) for the period 2015 to 2024 under investigation. The results disclosed that dependent variableTobinQ (TBQ) recorded a mean value 0.694623. The independent variables short-term debt (STD), long-term debt (LTD), share capital (SCAP) and retained earnings (RETAIN) disclosed a mean value 5.868974, 7.133333, 4.450367 and 6.168041respectively for the time period investigated. The descriptive statistics also disclosed the standard deviation for the study variables short-term debt (STD), long-term debt (LTD), share capital (SCAP), retained earnings (RETAIN) and TobinQ (TBQ), reported 1.295197, 1.227740, 1.324594, 1.630701and 0.795721 standard deviation values respectively. Furthermore, the mean and standard deviation values for all the variables are clear indications that the variables are not constant over time. The skewness statistics indicated that three out of five variables are positively skewed which shown the variables has a long right tail.The Jarque-Bera test statistic is used to ascertain the difference of the skewness and kurtosis of the series with those from the normal distribution. The null hypotheses of the Jarque-Bera test statistics disclosed that the variables long-term debt (LTD), share capital (SCAP) and retained earnings (RETAIN) is normally distributed. This implied that their corresponding probability value was greater than 5% significant level while short-term debt (STD)and TobinQ (TBQ) are not normally distributed. This implied that their corresponding probability value was less than 5% significant level

Unit Root Test

The Unit roots test was performed to investigate the inferential analysis of the proposed variables on the effect of capital structure on financial performance of listed conglomerate companies in Nigeria. However, Unit root tests are non-stationary autoregressive (AR) or autoregressive moving average (ARMA) processes which may include an intercept and/or trend. The panel data unit root of each variable was tested by LLC, IPS and Fisher-ADF test methods.

Table 4 Result for stationary Checking of data

Variable	ADF FISHERS At Level	I ADF FISHERS At 1 st Difference	ORDER OF INTEGRATION	REMARK
STD	0.8057	0.0085	I(1)	Stationary
LTD	0.3175	0.0032	I(1)	Stationary

SCAP	0.1971	0.0396	I(1)	Stationary
RETAIN	0.4117	0.0010	I(1)	Stationary
TBQ	0.0127	-	I(0)	Stationar

Source: E-View Output, Version 12

The empirical results of the unit root test at 5 percent critical levels in table 4 above shows that one variables of interest are I(0), that is, stationary at levels while four variables of interest are 1(1), that is stationary at first difference. Their p-values are less than 5% with respect to ADF Fisher. Hence, this study adopted Panel ARDL model due to the mix order of integration.

Table 5VAR Lag Order Selection Criteria (TBQ)

VAR Lag Order Selection Criteria

Endogenous variables: TBQ STD LTD SCAP RETAIN

Exogenous variables: C

Date: 09/13/25 Time: 21:26

Sample: 2015 2024

Included observations: 60

Lag	LogL	LR	FPE	AIC	SC	HQ
0	-202.2512	NA	0.068882	11.51395	11.73389	11.59072
1	-35.17868	278.4542*	2.61e-05*	3.621038*	4.940637*	4.081613*
2	-22.10775	18.15407	5.52e-05	4.283764	6.703029	5.128152
3	-6.626067	17.20187	0.000118	4.812559	8.331490	6.040760
4	34.18626	34.01027	8.16e-05	3.934097	8.552693	5.546111

Source: E-View Output, Version 12

From the result presented in table 5 the appropriate lag length for this model is one, since all the criteria for selecting optimum lag length choose one as the lag length.

Table 6 Panel Co-integration (TBQ)

Pedroni Residual Cointegration Test

Series: TBQ STD LTD SCAP RETAIN

Date: 09/13/25 Time: 21:35

Sample: 2015 2024

Included observations: 60

Cross-sections included: 4 (2 dropped)

Null Hypothesis: No cointegration

Trend assumption: No deterministic trend

User-specified lag length: 1

Newey-West automatic bandwidth selection and Bartlett kernel

Alternative hypothesis: common AR coefs. (within-dimension)

	Weighted		Weighted	
	Statistic	Prob.	Statistic	Prob.
Panel v-Statistic	0.032534	0.4870	-0.476659	0.6832
Panel rho-Statistic	0.885575	0.8121	0.798851	0.7878
Panel PP-Statistic	-5.143668	0.0000	-4.493383	0.0000
Panel ADF-Statistic	0.594479	0.7239	-0.145101	0.4423

Alternative hypothesis: individual AR coefs. (between-dimension)

	Statistic	Prob.
Group rho-Statistic	1.662401	0.9518
Group PP-Statistic	-5.419312	0.0000
Group ADF-Statistic	0.047553	0.5190

Source: E-View Output, Version 12

Table 6 present Panel co-integration test. The results indicate one co-integrating equation at 0.05 level in the Trace test indicates while one co-integrating Group rho-Statistic at 0.05 level. We therefore reject the null hypothesis and conclude that there exists long run relationship among the variables.

Multivariate Data Analysis

Table 7ARDL Analysis

Dependent Variable: D(TBQ)

Method: ARDL

Date: 09/13/25 Time: 23:52

Sample: 2015 2024

Included observations: 60

Maximum dependent lags: 1 (Automatic selection)

Model selection method: Akaike info criterion (AIC)

Dynamic regressors (1 lag, automatic): STD LTD SCAP RETAIN

Fixed regressors: C

Number of models evaluated: 1

Selected Model: ARDL(1, 1, 1, 1, 1)

Note: final equation sample is larger than selection sample

Variable	Coefficient	Std. Error	t-Statistic	Prob.*
Long Run Equation				
STD	0.138150	0.010308	13.40204	0.0000
LTD	0.091975	0.043578	2.110609	0.0476
SCAP	-0.404973	0.050196	-8.067851	0.0000
RETAIN	-0.014111	0.004213	-3.349757	0.0032
Short Run Equation				
COINTEQ01	0.064524	0.201937	0.319524	0.7526
D(STD)	0.917949	1.028185	0.892785	0.3826
D(LTD)	0.078191	0.085285	0.916822	0.3702
D(SCAP)	-1.566411	0.919713	-1.703152	0.1040
D(RETAIN)	-0.443700	0.905210	-0.490163	0.6294
C	-0.243913	0.370944	-0.657545	0.5183
Mean dependent var	0.033668	S.D. dependent var	1.053705	
S.E. of regression	0.566401	Akaike info criterion	-3.173884	
Sum squared resid	6.416193	Schwarz criterion	-1.777654	
Log likelihood	135.2165	Hannan-Quinn criter.	-2.627742	

*Note: p-values and any subsequent tests do not account for model selection.

Statistical Test of Hypotheses

H₀₁: Short-term debt has no significant effect on TobinQ of listed conglomerate companies in Nigeria.

Decision Rule: Accept H₀ if $P > 0.05$. Otherwise reject

Decision: The result in table 7 discovered a significant level between short-term debt (STD) and TobinQ (TBQ) in the long run. The probability value $P = 0.000 < 0.05$ revealed that the significant effect of short-term debt (STD) on TobinQ (TBQ) is statistically significant at 0.05 alpha level in the long run. But in the short run, short-term debt (STD) has insignificant effect on TobinQ (TBQ). The probability value $P = 0.3826 > 0.05$ revealed that the significant effect of short-term debt (STD) on TobinQ (TBQ) is statistically insignificant at 0.05 alpha level in the short run. Thus, the null hypothesis one is rejected in the long run and accepted the short run which implied that short-term debt has significant effect on TobinQ of listed conglomerate companies in Nigeria in the long run while short-term debt has insignificant effect on TobinQ (TBQ) of listed conglomerate companies in Nigeria in the short run.

H₀₂: Long-term has no significant effect on TobinQ of listed conglomerate companies in Nigeria.

Decision Rule: Accept H₀ if $P > 0.05$. Otherwise reject

Decision: The result in table 7 discovered a significant level between long-term debt (LTD) and TobinQ (TBQ) in the long run. The probability value $P = 0.0476 < 0.05$ revealed that the significant effect of long-term debt (LTD) on TobinQ (TBQ) is statistically significant at 0.05 alpha level in the short run. But in the long run, long-term debt (LTD) has insignificant effect on TobinQ (TBQ). The probability value $P = 0.3702 > 0.05$ revealed that the significant effect of long-term debt (LTD) on TobinQ (TBQ) is statistically insignificant at 0.05 alpha level in the short run. Thus, the null hypothesis two is rejected in the long run and accepted in the short run which implied that long-term debt has significant effect on TobinQ of listed conglomerate companies in Nigeria in the long run while long-term debt has insignificant effect on TobinQ of listed conglomerate companies in Nigeria in the short run.

H₀₃: Share capital has no significant effect on TobinQ of listed conglomerate companies in Nigeria

Decision Rule: Accept H₀ if $P > 0.05$. Otherwise reject

Decision: The result in table 7 discovered a significant level between share capital (SCAP) and TobinQ (TBQ) in the long run. The probability value $P = 0.000 < 0.05$ revealed that the significant effect of share capital (SCAP) on TobinQ (TBQ) is statistically significant at 0.05 alpha level in the long run. But in the short run, share capital (SCAP) has insignificant effect on TobinQ (TBQ). The probability value $P = 0.1040 > 0.05$ revealed that the significant effect of share capital (SCAP) on TobinQ (TBQ) is statistically insignificant at 0.05 alpha level in the short run. Thus, the null hypothesis three is rejected in the long run and accepted in the short run which implied that share capital has significant effect on TobinQ of listed conglomerate companies in Nigeria in the long run while share capital has insignificant effect on TobinQ of listed conglomerate companies in Nigeria in the short run.

H₀₄: Retained earnings has no significant effect on TobinQ of listed conglomerate companies in Nigeria

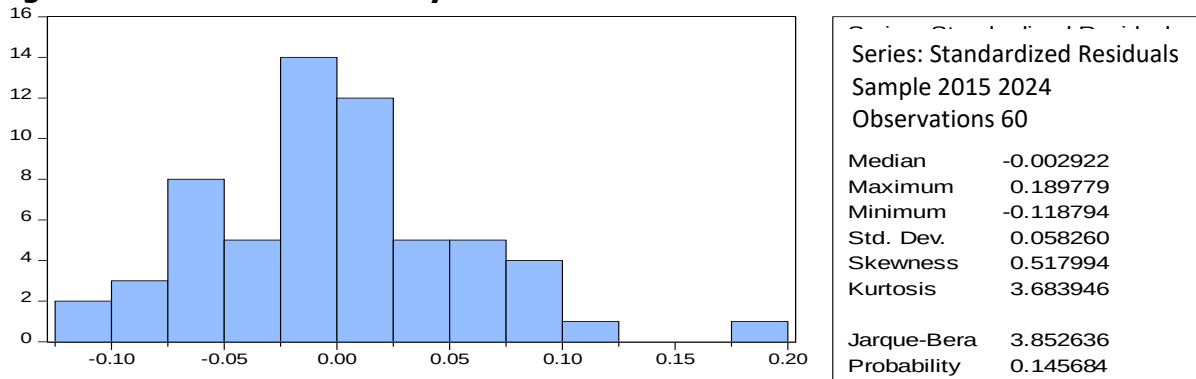
Decision Rule: Accept H₀ if $P > 0.05$. Otherwise reject

Decision: The result in table 7 discovered a significant level between retained earnings (RETAIN) and TobinQ (TBQ) in the long run. The probability value $P = 0.0032 < 0.05$ revealed that the significant effect of retained earnings (RETAIN) on TobinQ (TBQ) is statistically significant at 0.05 alpha level in the long run. But in the short run, retained earnings (RETAIN) has insignificant effect on TobinQ (TBQ). The probability value $P = 0.6294 > 0.05$ revealed that the significant effect of retained earnings (RETAIN) on TobinQ (TBQ) is statistically insignificant at 0.05 alpha level in the short run. Thus, the null hypothesis four is rejected in the long run and accepted in the short run

which implied that retained earnings has significant effect on TobinQ of listed conglomerate companies in Nigeria in the long run while retained earnings has insignificant effect on TobinQ of listed conglomerate companies in Nigeria in the short run.

Post Estimation Test Results

Figure 4.2: Residual Normality Tests



Source: Researcher Computation, (2025) using E-Views 12

The Jarque-Bera is a statistical process used to determine if a sample or any group of data fits a standard normal distribution. The result of the Jarque-Bera normality test (3.852) with a probability value of 0.145 indicates that the model residuals are normally distributed.

CONCLUSIONS AND RECOMMENDATIONS

This study investigated the effect of capital structure and firm value of listed conglomerate companies in Nigeria from 2015 to 2024. Based on the data analysis, and discussion of findings, and summary of findings; the following conclusions are drawn: The study generally concluded that there is a significant effect of capital structure and firm value of listed conglomerate companies in Nigeria in the long run but there is an insignificant effect of capital structure on firm value of listed conglomerate companies in Nigeria in the short run. Other inclusions specifically are;

1. Short-term debt has a significant effect on market price per share of listed conglomerate companies in Nigeria in the long run but TobinQ has no significant effect on market price per share of listed conglomerate companies in Nigeria in the short run,
2. Long-term debt has a significant effect on market price per share of listed conglomerate companies in Nigeria in the long run but TobinQ has no significant effect on market price per share of listed conglomerate companies in Nigeria in the short run,
3. Share capital has a significant effect on market price per share of listed conglomerate companies in Nigeria in the long run but TobinQ has no significant effect on market price per share of listed conglomerate companies in Nigeria in the short run,
4. Retained earnings has a significant effect on market price per share of listed conglomerate companies in Nigeria in the long run but TobinQ has no significant effect on market price per share of listed conglomerate companies in Nigeria in the short run.

Based on conclusions above, the following recommendations were made:

1. That the management of conglomerate companies should prioritize short-term financing when planning for long-term goal over short-term goal, as it provides financial flexibility and reduces liquidity pressures.
2. That conglomerate companies in Nigeria should exercise caution when utilizing long-term financing to plan for short-term goal to avoid the risk of falling into a debt trap capable of affecting their firm value in the short run.
3. Given the findings that share capital has significant effect on market price per share in the long run and insignificant in the short run, conglomerate companies should strike a balance in their

capital structure by enhancing their share capital fund to ensure financial stability in the short run while still benefiting from long-term goal.

4. That managements of listed conglomerate companies should be keen on using more retained earnings in measuring their market price per share when planning for long-term aim.

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