LEVERAGE AND FINANCIAL PERFORMANCE OF QUOTED CONSUMER GOODS IN NIGERIA

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ABSTRACT

This study examines the effect of leverage on the financial performance of quoted consumer goods firms in Nigeria. Samples of 11 firms were studied using secondary data from published financial statements on the Nigeria Exchange Group (NGX) for a period of eight years (2015 – 2022). Leverage was measure using Long Term Debt Ratio (LTDR), Short Term Debt Ratio (STDR) and Interest Coverage Ratio (INCOV) and financial performance was measure as Return on Equity (ROE). The data used for this study were analyzed using descriptive statistics, correlation and Hausman Test and panel regression analysis with the aid of e-views 10 to establish the result. Hausman Test for panel result was used to ascertain the best estimator between fixed and random effect regression to be used for the study. It was discovered that long term debt ratio has a positive and significant effect on the financial performance of quoted consumer goods firms in Nigeria. Short term debt ratio and interest coverage ratio have a positive and insignificant effect on financial performance of quoted consumer goods firms in Nigeria used for the purpose of this study. The study concluded that leverage has significant effect on the financial performance of quoted consumer goods firms in Nigeria. The study recommended that firms should use optimal form of leverage to attain a positive effect on financial performance.

INTRODUCTION

Companies are advised to seek funding primarily from lenders to expand their operations and boost their earnings. Decisions pertaining to investments, capital structures, and risk management are

critical when considering leverage for the listed consumer goods (QCG) sector. Leverage denoting the use of borrowed funds to make investments and capitalize on them, plays a significant role. Leverage is applied across various scenarios to influence a firm's cash flow and financial structure (Abdul-Azeez, Joel, & Wasiu, 2020). The proportion of borrowed funds, encompassing debt and preferred stock, utilized to sustain a company's operations is also known as leverage, or gearing.

According to Oyeshile and Adegbie (2020), there is a global concern among both academics and professionals regarding the financial performance of corporate organizations, especially those in the listed consumer goods sector across various countries. In the context of modern organizations, there is a pressing need to determine the optimal level of leverage for maximizing shareholder value.

A company's capital structure consists of debt, equity, or a combination thereof, with financial leverage denoting the proportion of debt within this structure. Financial leverage encompasses the entirety of debt integrated into a corporation's capital structure. Choices related to leverage are among management's most pivotal decisions, significantly impacting a firm's financial success (Ahmadu, 2017). An excessively leveraged capital structure exposes the business to financial challenges that could lead to insolvency or default. The significance of publicly listed consumer goods firms to the economy cannot be overstated, as all levels of the Nigerian government acknowledge their role in enhancing employment and poverty reduction. When deciding whether to raise new funds, management must weigh the options between debt and equity issuance (Yusuf and Mbatuegu, 2021). Efficient management of a firm's working capital is paramount to its financial performance, as it reduces the likelihood of failing to meet short-term obligations and guards against imprudent working capital investments.

This study examine the effect of Leverage and Financial Performance of Quoted Consumer goods in Nigeria with focus on various debt composition (short-term and long-term) companies can take advantage to boost its performance.

LITERATURE REVIEW

Concept of Leverage and Financial Performance

According to Walter (2014), leverage essentially represents the difference between returns on equity and total invested capital. Leverage signifies the interplay between various financial factors, particularly during financial crises when these factors affect each other. There are two types of leverage which are operating leverage, financial leverage and combined leverage.

Operating Leverage: Operating leverage refers to a company's capacity to amplify the impact of sales fluctuations on earnings before interest and taxes (EBIT) by maintaining stable operating expenses. This relationship between contribution margin and EBIT defines operating leverage, while the rate of EBIT change resulting from shifts in sales is termed as leverage. Companies with substantial fixed operating costs exhibit higher operational leverage, with an associated increase in risk (Cadman & Ferracuti, 2018). High operating leverage is advantageous during sales growth but disadvantageous during sales decline. Assessing operating leverage helps gauge a corporation's risk, where business risk pertains to the company's ability to cover its fixed operational expenses.

Financial Leverage: Financial leverage denotes a company's capacity to utilize fixed financial costs to magnify the impact of fluctuations in pre-interest and pre-tax earnings on its earnings per share. Fixed financial costs, such as loan interest and preferred stock dividends, are items appearing on an organization's income statement. The presence of financial leverage heightens a company's financial risk (Laghari, 2017), and it can only exist when a company has fixed costs. Financial leverage is disclosed on the liabilities side of the statement of financial position, which provides information about various capital sources. It possesses the potential to both augment a company's profits and losses.

Combined Leverage: Operational leverage addresses operational risk, while financial leverage addresses financial risk within the organization. However, a company must evaluate its comprehensive risk, which encompasses both operational and financial risks. Leverage results from the interplay of operational and financial risk (Zia ul Haq, Shafiq, Kashif, Ameer, 2020). Consequently, the variance in the relationship between sales and taxable income is attributed to cumulative leverage.

Financial Performance: Financial performance is a broad term encompassing an organization's financial well-being, characterized by increasing earnings, manageable debt, and robust free cash flow (Hayes, 2023 and Raji & Abdurrahman, 2017). Key performance indicators are used to assess financial success, as there is no singular method for evaluating it. Research on leverage and performance highlights the importance of strong financial performance for companies to meet stakeholder expectations and accounting professionals to compare organizations or sectors (Bragg, 2023).

Theoretical Review

This section provides guideline in establishing the statistical relationship and supporting why the research problem exist by reviewing the theories adopted. These theories are namely: portfolio theory, theory of finance and trade off theory.

Portfolio Theory: Markowitz first proposed this concept in 1952. The decision of an investor to invest in hazardous assets or securities is prescribed by portfolio theory. To support this, it is argued that investors are risk averse. This shows that investors have well-diversified portfolios rather than putting all of their money into one security or asset (Nawrocki, 1997). Diversifying a company's portfolio, according to contemporary portfolio theorists, is essential for its financial health. Investors in the current market can always have a sizeable emergency fund on hand, avoiding irreversible loss from poor timing (Israelsen, 2001).

Theory of Finance: Modigliani and Miller's irrelevance of capital structure, published in 1958, is regarded as the precursor to contemporary monetary theory. There was no capital structure theory that was widely recognised before Modigliani and Miller. Assume to begin with that the organisation has a specific range of projected cash flows. Only when a firm decides to finance its assets with a particular debt-to-equity ratio does it opt to distribute cash flows to investors. Domestic leverage is feasible as a result of the notion that investors and businesses have equal access to the financial markets. Investors can generate leverage, but they also need to provide it. It

can also be used to remove unnecessary leverage for the firm. As a result, leverage has no effect on a company's market value (Mossin, 1973).

Trade-off Theory: This concept was presented by Modigliani and Miller in 1958. Copeland, Weston, and Shastri (2003) put out the hypothesis that the optimal level of leverage is a trade-off between the tax advantages of debt and the dead weight of bankruptcy. Businesses that apply the trade-off theory set a goal debt-to-value ratio and take steps to attain it, according to Cook and Campbell (1979). Goals are established using a balanced approach to bankruptcy costs and debt tax protection. Myers' theory has received criticism for a number of its elements (Brealey, Richard, Stewart, & Myers, 2003).

Empirical Review

Syed (2023) explores the relationship between financial leverage and financial performance using empirical data from Pakistan's publicly traded sugar companies. The dependent variables are return on assets, return on equity, earnings per share after tax, net profit margin, and sales growth, whereas the independent variable is debt to equity ratio. The findings show that debt equity ratio is positively related to return on asset and sales growth, but negatively related to profits per share, net profit margin, and return on equity.

Nyaga (2021) studies the leverage and financial performance of enterprises listed on the Nairobi Securities Exchange in the energy and petroleum industries between 2011 and 2020. Total debt ratio and interest coverage were used as independent factors in the study, while Return on Equity was used as a dependent variable. As an analytical method, descriptive statistics and panel data techniques were used. The coefficient of determination for the years shows that the Interest Coverage Ratio (ICR) had a significant positive effect on the ROE of the listed selected firms.

Gundu (2021) looked at the effect of capital structure on the financial performance of listed consumer goods firms in Nigeria from 2011 to 2020. Data from the study were analysed using STATA 13 to determine the relationship between the dependent variable (financial performance assessed by return on assets and net profit margin) and the independent variable (capital structure exemplified by debt-to-equity ratio, long-term debt to total assets ratio, and short-term debt to total assets ratio). The study's findings show that although return on assets and long-term debt ratio are adversely correlated with net profit margin, short-term debt ratio is favourably correlated with net profit margin.

Yusuf and Mbatuegwu (2021) analyse the influence of debt financing on the financial performance of Nigerian listed consumer goods industries from 2006 to 2018. Short term debt ratio (STDR) and long term debt ratio (LTDR) were used as independent variables in the study, with Return on Equity and Return on Asset as dependent factors. As an analytical method, descriptive statistics and panel data techniques were used. TDER has been found to have a significant positive impact on corporate financial performance as measured by return on equity (ROE). The findings show that both short and long term debt ratios have a negative and statistically significant effect on asset returns.

Raji and Abdurrahman (2017) investigates the impact of capital structure on firm‘s performance (Insurance companies) in Nigeria for a period of 5 years (2011-2015) for a sample size of 12 insurance companies. Data were collected from the audited financial statement of insurance

companies in Nigeria. Data collected were analyzed with the use of ordinal least square (panel regression). From our findings, it was observe that long term debt to total assets and total debt to total assets are negatively related to firm performance Return on assets.

METHODOLOGY

For the purpose of analyzing the determinant of capital structure, the study uses quantitative research design. The method was used to established and test the hypothesis. The sample size for the study includes eleven (11) consumer goods enterprises from 2015 to 2022. The selected companies are Dangote Sugar Refinery Plc, Flour Mill Nigeria Plc, Guinness Nigeria Plc, Honeywell Flourmill Plc, Nestle Nigeria Plc, Nigeria Breweries Plc, Nigerian Enamelware Plc, Northern Nigeria Flour Mills Plc, PZ Cussons Nigeria Plc, Vitafoam Nigeria Plc, Unilever Nigeria Plc.

The model for this study is stated in mathematical as:

ROE = f (LTDR, STDR, INCOV)
In econometrics form;
$ROE_{it} = \alpha + \beta_1 LTDR_{1it} + \beta_2 STDR_{2it} + \beta_3 INCOV_{3it} + \varepsilon_{it}$
Where: ROE = Return On Equity, LTDR= Long Term Debt Ratio, STDR= Short Term Debt Ratio, INCOV= Interest Coverage Ratio, $\beta_{1-}\beta_3$ = coefficients, α= constant and ε_{it} = The error term

Table 1: Variable Descriptions

VARIABLES	DEFINITIONS	MEASUREMENTS
Return on Equity (ROE)	The return on equity is a profitability statistic used to analyse the efficacy of equity, which generates returns for investors (Furhmann, 2022).	$\frac{Net\ Profit}{(Beginning\ Equity + Ending\ Equity) \div 2}$
Long term debt ratio (LTDR)	Long-term debt is debt that has a maturity date of more than a year. Long-term debt may be seen from two perspectives: the issuer's financial statement reporting and financial investing (Bragg, 2023).	$\frac{Total\ Long\ term\ debt}{Total\ Assets}$
Short term debt Ratio (STDR)	The amount of a loan that is due to the lender within one year is referred to as short term debt. Commercial paper, lines of credit, and lease obligations are examples of short-term debt.	$\frac{Total\ short\ term\ debt}{Total\ Assets}$
Interest Coverage Ratio (INCOV)	The interest coverage ratio is also known as the times interest earned (TIE) ratio. Lenders, investors, and creditors typically utilise this strategy to analyse a company's riskiness in relation to its current debt or prospective future borrowing (Hayes, 2023)	$\frac{EBIT}{Interest\ expenses}$

Source: Authors' computation (2023)

RESULTS AND DISCUSSIONS

Tables 2: Descriptive Analysis Result

	ROE	LTDR	STDR	INCOV
Mean	0.119594	0.118201	0.497952	73.04906
Median	0.080043	0.089381	0.490354	1.904266
Maximum	1.872808	0.400797	0.915367	2488.599
Minimum	-2.979198	0.017369	0.215706	-95.97080
Std. Dev.	0.484538	0.083214	0.144643	350.3115
Skewness	-1.856959	1.024623	0.301819	5.906395
Kurtosis	23.27012	3.495238	2.702873	37.86474
Jarque-Bera	1557.126***	16.29713***	1.659768*	4686.359***
Probability	0.000000	0.000289	0.436100	0.000000
Observations	88	88	88	83

Source: Authors' Computation (2023)

Table 2 provides a summary of key statistics for Return on Equity (ROE), Long-term debt ratio (LTDR), Short-term debt ratio (STDR), and Interest coverage (INCOV). The mean values for these

variables are as follows: ROE at 0.119594, LTDR at 0.118201, STDR at 0.497952, and INCOV at 73.04906. The mean serves as the average value for each variable, calculated by summing the data for each period and dividing it by the number of observations.
Next, we consider the medians for these variables, which represent the midpoint of the data when arranged in ascending or descending order. In table 2, the medians for ROE, LTDR, STDR, and INCOV are 0.080043, 0.089381, 0.490354, and 1.904266, respectively.
For a more comprehensive understanding, the table also presents the maximum and minimum values for each variable. The highest values observed are 1.872808 for ROE, 0.400797 for LTDR, 0.915367 for STDR, and 2488.599 for INCOV, while the lowest values recorded are -2.979198 for ROE, 0.017369 for LTDR, 0.215706 for STDR, and -95.97080 for INCOV. These figures represent the extremities within each variable's dataset.

Standard deviation, another important measure, quantifies the degree of variance from the mean. A low standard deviation implies that data points are closely clustered around the mean, while a high standard deviation suggests a wider range of values. In Table 2, the standard deviations for ROE, LTDR, STDR, and INCOV are 0.484538, 0.083214, 0.144643, and 350.3115, respectively. Standard deviation is also used to assess risk or uncertainty. Notably, INCOV exhibits the highest standard deviation, while LTDR displays the lowest.
Skewness, which can be positive, negative, or zero, characterizes the probability distribution of a random variable. In the descriptive statistics, ROE, LTDR, STDR, and INCOV exhibit skewness values of -1.856959, 1.024623, 0.301819, and 5.906395, respectively. Positive skewness indicates a longer right tail, negative skewness indicates a longer left tail, and zero skewness signifies a symmetric distribution. It is worth noting that all variables except ROE display positive skewness.
Kurtosis measures the peakness of the probability distribution. Values exceeding three indicate a high peak, while values below three indicate a flatter distribution. In Table 2, kurtosis values for ROE, LTDR, STDR, and INCOV are 23.27012, 3.495238, 2.702873, and 37.86474, respectively.
To assess the conformity of skewness and kurtosis to a normal distribution, the Jarque-Bera test is employed for goodness of fit. This test evaluates the distributional hypothesis of the variables to ensure they follow a normal distribution. The null hypothesis posits that both skewness and kurtosis are zero. If the probability value from the Jarque-Bera test is less than the significance threshold (critical value), the null hypothesis is rejected, indicating departure from normal distribution. Conversely, a probability value greater than the threshold leads to acceptance of the null hypothesis. In Table 2, the Jarque-Bera test yields probability values of 0.000000 for ROE, 0.000289 for LTDR, 0.436100 for STDR, and 0.000000 for INCOV. These results suggest significant deviations from a normal distribution for ROE, LTDR, and INCOV.

Table 3 Correlation Matrix

	ROE	LTDR	STDR	INCOV
ROE	1.000000			
LTDR	0.368480	1.0000		
STDR	0.099522	-0.317692	1.000000	
INCOV	0.063027	-0.178626	0.095003	1.000000

Source: Author's Computation (2023)

Table 3 shows the relationship between variables. There is positive relationship between ROE with LTDR, STDR and INCOV. There is also positive relationship between STDR and INCOV while there is negative relationship between LTDR with STDR and INCOV.

Table 4: Cross section fixed effect regression

Dependent Variable: ROE METHOD: PANEL LEAST SQUARES				
Variable	Coefficient	Std. Error	t-Statistic	Probability
LTDR	1.988079	0.458230	4.338606	0.0000
STDR	0.620661	0.279299	2.222213	0.0291
INCOV	0.000127	0.000104	1.211352	0.2294
C	-0.400516	0.169239	-2.366569	0.0204
R-squared	0.202761			
Adjusted R-squared	0.172486			
F-statistic	6.697319***			
Durbin-Watson stat	0.294270			

Source: Author's computation (2023)

The linear expression of the model can be observed in Table 4 as follows:
$ROE = \alpha + \beta 1LTDR1it + \beta 2STDR2it + \beta 3INCOV3it + \varepsilon it$
Upon fitting the values into the model, the regression results can be represented as follows:
ROE = -0.400516 + 1.988079LTDR + 0.620661STDR + 0.000127INCOV
The standard error values associated with the coefficients are as follows:
LTDR: 0.169239
STDR: 0.458230
INCOV: 0.279299
Analyzing the coefficients:
The constant term (α) in the model is -0.400516, signifying that, while holding all other variables (LTDR, STDR, and INCOV) constant, ROE is -0.400516. ROE will decrease by approximately -0.400516 under these conditions.
The coefficient β1 is 1.988079, indicating that a change in LTDR will result in an increase of approximately 1.988079 in ROE. For β2, the coefficient is 0.620661, implying that a change in STDR will lead to an increase of approximately 0.620661 in ROE. Lastly, β3 has a coefficient of 0.000127, suggesting that a percentage change in INCOV will result in an increase of approximately 0.000127 in ROE.
Considering the p-values of the regression results at a 5% level of significance, none of the variables falls below the 5% level of significance.

The results presented in the table indicate that the LTDR, STDR, and INCOV variables have significant implications for the ROE variable of the consumer goods firms employed in this study (at a 5% level of significance). A positive and significant relationship was observed between LTDR, STDR, INCOV, and ROE (at a 5% significance level). Specifically, INCOV exhibited a positive and significant relationship (with a p-value of 0.2294) with ROE. This finding indicates that the INCOV of the selected consumer goods firms has a substantial influence on their ROE, implying that an increase in INCOV leads to a corresponding increase in ROE.
Furthermore, the regression result indicates that STDR has a positive and significant relationship with ROE, suggesting that an increase in the STDR of the firms also results in an increase in ROE. Similarly, LTDR was found to have a positive and significant relationship with ROE, indicating that an increase in LTDR likewise leads to an increase in ROE.
The T-statistic was used to test the statistical significance of each variable. The results indicate that for the variables LTDR and STDR, we reject the null hypothesis because the T-statistic is greater than

the T-tab. However, for the variable INCOV, we tend to accept the null hypothesis as the T-statistic is less than the T-tab.

R-squared, which explains the percentage of variation in the dependent variable (ROE) explained by the explanatory variables, was found to be 0.202761 (20%). This suggests that approximately 20% of the variation in ROE is explained by the included independent variables, indicating a relatively poor fit as a substantial portion (80%) of the variation remains unaccounted for.

The adjusted R-squared, which accounts for the improvement in the model due to the explanatory variables, was determined to be 0.172486 (17%). This underscores the limited explanatory power of the selected independent variables in explaining the changes in ROE.

Lastly, the F-statistic was used to test the joint hypothesis that LTDR, STDR, and INCOV together affect ROE at a 5% level of significance. The result shows that the F-statistic of 6.697319 is greater than the F-tab of 2.76 (indicating F-cal > F-tab), with a probability of 0.00000 (F-prob cal < level of significance). Therefore, we reject the null hypothesis and accept the alternative hypothesis, signifying that all the variables, both independent and control variables, jointly have a significant effect on financial performance.

Table 5: Random effect regression

Dependent Variable: ROE METHOD: PANEL EGLS				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
LTDR	1.443280	0.362820	3.977949	0.0002
STDR	0.097931	0.212979	0.459814	0.6469
INCOV	8.37E-05	6.61E-05	1.264918	0.2096
C	-0.072575	0.157503	-0.460785	0.6462
R-squared	0.188122			
Adjusted R-squared	0.157291			
F-statistic	6.101734			
Durbin-Watson stat	0.735065			

Source: Author's computation (2023)

In Table 5, the model is expressed linearly with the following equation:

$ROE = \alpha + \beta 1LTDR1it + \beta 2STDR2it + \beta 3INCOV3it + \varepsilon it$

Upon applying the data to the model, we obtain the following results:

When analyzing the above equation model using the cross-sectional random effect method, the regression model can be expressed as follows:

ROE = -0.072575 + 1.443280LTDR + 0.097931STDR + 8.37E-05INCOV

The standard errors associated with the coefficients are as follows:

LTDR: 0.157503

STDR: 0.362820

INCOV: 0.212979
Interpreting the coefficients:
The constant term (α) in the model is -0.072575, indicating that, while holding all other variables (LTDR, STDR, and INCOV) constant, ROE is -0.072575. ROE will decrease by approximately -0.072575 under these conditions. The coefficient β1 is 1.443280, suggesting that a change in LTDR will lead to an increase of approximately 1.443280 in ROE. For β2, the coefficient is 0.097931, signifying that a change in STDR will result in an increase of approximately 0.097931 in ROE. Lastly, β3 has a coefficient of 8.37E-05, indicating that a change in INCOV will lead to an increase of approximately 8.37E-05 in ROE.
To assess the statistical significance of each variable, the T-statistic was used. The results indicate that, for the constant term (α), the T-statistic of -0.460785 is less than the T-tab of 1.990 (indicating Tcal < Ttab), and the probability of 0.6462 is greater than the 0.05 level of significance (Tprob cal > level of significance). However, for LTDR, STDR, and INCOV, their respective T-statistics are 3.977949, 0.459814, and 1.264918, which are greater than the T-tab of 1.990. Nonetheless, the probabilities associated with these variables are 0.0002, 0.6469, and 0.2096, which are either less than or higher than the 0.05 level of significance. Therefore, we tend to reject the null hypothesis for LTDR and INCOV but accept it for STDR.

The R-squared statistic was used to assess goodness of fit. An R-squared value of 0.188122 (19%) was obtained, indicating that approximately 19% of the variation in the dependent variable (ROE) is explained by the explanatory variables. This suggests a relatively poor fit, as a significant portion (81%) of the variation remains unaccounted for.
The adjusted R-squared, which considers the explanatory variables' impact on the model, was found to be 0.157291 (16%). This confirms the limited explanatory power of the chosen independent variables in explaining the changes in ROE.

The F-statistic was utilized to test the joint hypothesis that LTDR, STDR, and INCOV together influence ROE at a 5% level of significance. The result demonstrates that the F-statistic of 6.101734 is greater than the F-tab of 2.76 (F-cal > F-tab), with a probability of 0.00000 (F-prob cal < level of significance). This implies that we reject the null hypothesis and accept the alternative hypothesis, indicating that all the variables, including independent and control variables, have a significant collective impact on performance.
To investigate the presence of autocorrelation, the Durbin-Watson (DW) statistic was employed. The DW value was calculated as 0.735065.

Table 6: Hausman effect regression

Correlated Random Effects - Hausman Test
Equation: Untitled
Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	1.835664	3	0.6072

Source: Author's computation (2023)

The Hausman test is employed to assess whether the random effect results are correlated with the explanatory variables, as opposed to the null or fixed effect results.
In Table 6, the chi-squared statistic is computed to be 1.835664, and the P-value associated with the Hausman test is determined to be 0.6072, which is greater than the 5% level of significance. According to the decision rule, if the P-value for the Hausman test falls below the level of significance, we would reject the random effect results and opt for the fixed effect specification. Conversely, if the P-value exceeds the level of significance, we would retain the random effect results in our regression.
As observed in Table 6, the P-value for the Hausman test is indeed greater than 5% (0.6072 > 0.05), signifying that the random effect specification is deemed appropriate.

Discussion of Findings
Using panel data regression analysis, the gathered data were evaluated. The Hausman test suggests that random effect regression be used in decision-making. It was found that the long-term debt ratio had a positive and significant impact on the financial performance of a Nigerian publicly listed consumer products company. The financial performance of the Nigerian consumer Products Company used in this study was positively and only slightly impacted by the short-term debt ratio and the interest coverage ratio.
The results of Nyaga (2021), a study that forecasted the effect of leverage and financial performance of companies listed on the Nairobi Securities Exchange in the energy and petroleum sector, show that interest coverage ratio has a significantly positive impact on financial performance and firm size has a significantly negative impact.
Josheena (2017) asserts that there is a detrimental and statistically insignificant affect on financial performance (ROA).

CONCLUSION

Leverage and the financial performance of listed consumer goods businesses in Nigeria were shown to be positively correlated by some studies and negatively correlated by others. After conducting this analysis, it was determined that leverage has a positive impact and significantly affects the firm's financial performance. Leverage significantly affected the financial performance of Nigeria's publicly listed consumer goods businesses, according to the study's overall findings.

RECOMMENDATIONS

Based on the study's results and conclusions, the following proposed recommendations should be adopted and carefully followed in order to assess the influence of leverage on the financial performance of listed consumer goods firms in Nigeria:
Firms should seek out better sources of funding in order to mitigate the impact of debt on organizational profitability.
To achieve a favorable effect on return on equity, firms should adopt the appropriate type of leverage.
Because a solid source of leverage reduces corporate tax, it is important for every firm to be aware of it because interest is a tax shelter.
The current study discovered a substantial positive association between leverage and financial success, implying that there is ownership participation in the organization.

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