



Relationship Between Firm Financing Structure and Share Price of Non-Financial Firms in Nigeria

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ABSTRACT

The purpose of this study is to investigate the relationship between firm financing structure and share price of quoted non-financial firms in Nigeria. In a more specific term, the study investigated the effect of debt to equity, debt to asset, market capitalization, and firm size on share price of the selected non-financial firms in Nigeria. A sample was selected from Samples of 75 companies listed in the Nigerian exchange limited for the period of ten years spanning 2010 to 2019 was selected and studied. Ex-post facto and cross-sectional research design was adopted. The secondary data were sourced from annual reports and accounts of the selected non-financial firms quoted in Nigeria Exchange Limited. Analytical techniques employed were pairwise Granger causality and Pearson Product Moment Correlation (PPMC) mechanism. Result shows an insignificant positive relationship between share price of non-financial firms in Nigeria. Also, result of the pairwise Granger causality showed that there is no causal relationship between DETA and SP ($p>0.05$), between DETE and SP ($p>0.05$), between MCAP and SP ($p>0.05$), and between FSIZE and SP ($p>0.05$), which implies that changes in the debt financing structure are independent of changes in share price of non-financial firms in Nigeria. In line with the findings, it was suggested that share price should be monitored independently from capital structure of non-financial firms in Nigeria.

Keywords: Financial Leverage; Financing Structure; Market Capitalization; Firm Size

1. Introduction

The understanding of the firm's points and destinations is exceptionally fundamental in financial dynamic, and the financial supervisor centers around these points any choice they are making in any deals. This is on the grounds that it serves to progress the financial exhibition of any firm that understands the standard of the game. Financial structure is the blend of long haul and transient assets utilized by the firms to get the assets which are needed for everyday business exercises. Financial structure hypothesis recommends that dependent on different compromise between the expenses and advantages of debt versus equity, firms figure out what is frequently alluded to as an objective debt ratio. As indicated by Egwurube, Lateef and Onipe, (2020). The organization of the financial structure addresses the entire equity and liabilities side of the Balance Sheet, for example it incorporates equity capital, inclination capital, held income, debentures, transient borrowings, creditor liability, stores arrangements, and so on the accompanying factors are considered at the hour of planning the financial structure. In this manner, amplifying return on assets and shareholders' assets is moored on the firm's effectiveness. The examination ratio between the equity and the debt is typically known as the leverage. The pioneers of the determinants of corporate capital structure are Modigliani and Miller (1958), Since the original work of Modigliani and Miller (1958), the essential inquiry of whether a novel mix of debt and equity capital augments the firm worth, and provided that this is true, what factors could impact a firm's ideal capital structure has been stayed the subject of continuous discussion in the writing corporate financial administration. In view of exceptionally prohibitive suspicions of wonderful capital markets, homogenous assumptions, no expenses and no exchange expenses, Modigliani and Miller reasoned that capital structure doesn't influence the firm's market esteem. Financial structure as a combination of an organization's debts (long haul and present moment), normal equity and favored equity. The majority of the work of the financial dynamic interaction is focused on the assurance of an even financial structure; where the expense of capital is limited and firms' worth is boosted. The equity market has been of huge premium to financial chiefs because of its capacity to give admittance to money to organizations and gets back to investors with least danger (Gatua, 2013). Financial administrators' puts forth attempt that best fit the usage of debt financing to expand the worth of the firm share price. A firm has the opportunity of picking the capital structure that would be best in improving the worth of its share price. Regardless, the choice of financing utilizing debt has central focuses and downsides (Helen A. A, Stephen Y. W, 2018), Equity markets are likewise significant in supporting development in an industry and a country's economy overall and fills in as an estimation tool for future development (Nirmala, Sanju and Ramachandran, 2011). It is qualified to take note of that equity ventures offer impressive re-visitations of investors and is viewed as a significant wellspring of capital for most huge firms. Stock prices address a significant worry of practically all investors everywhere. The investors by and large lean toward expanding prices of their stocks to bring in their cash (capital additions). The connection between major factors (for example debt to asset ratio, debt to equity ratio, market capitalization and firm size) and stock price changes has consistently stayed as the center space of revenue for market investigators, reserve administrators, and investors. Notwithstanding, various observational examinations have been directed on the firm financial structure and stock prices. A portion of these examinations checked out the connections between stock prices and the factors that could affect it. The inability to understand the issues encompassing share price and firm financial structure has been the most despicable aspect of the financial demeanor of various association in this regulation. Consequently, this review will endeavor to inspect the connection between firm financing structure and share price, utilizing factors like debt to asset ratio, debt to equity ratio, market capitalization and firm size, on the share price of non-financial firms in Nigeria.

1.2 Statement of the Problem

Financial administration in business entities plans to boost the organization market esteem or to expand stock worth in the market Achievement of to this objective relies upon various factors that fluctuate in its effect on organization's worth starting with one variable then onto the next and starting with one market then onto the next and starting with one sector then onto the next Therefore, the issue of the review is to address the accompanying inquiries: Does organization capital structure of non-financial firms in Nigeria, in the financial market on its share price in the market? is there any impact of leverage degree in mechanical organizations recorded on the Nigeria financial market on their stock prices in the market? Is there any impact of productivity of non-financial firms recorded in Nigeria stock trade restricted on their stock prices in the market?

Omole and Falokun (2020) states that, there is no question a hypothetical connection exists between loan fees and the financial structure of firms. Loan fees work through their impact on the expense of money to the investor, just as on gets back to different gatherings of savers. An adjustment of the loan fees influences the debt-equity decision

of a firm, the general expense of capital and genuine financing costs, and subsequently gets under way a chain of reactions affecting the ideal level of the capital stock and its efficiency just as the accessibility of investment funds and resulting rate of change of the real capital stock to its ideal level. The debt-equity ratio is significant on the grounds that the general expense of cash-flow to investors, which impacts fixed ventures, their proficiency, and benefits can be communicated as a weighted amount of the chance expense of bank debt and of equity, with the loads relying on the debt-equity ratio. Thusly, the multiplier impacts of changes in the expense of bank debt, on the general expense of capital, depend on addition to other things on the share of debt in venture financing and on the initiated change in this share and in the expense of equity.

As a rule, the financial structure of an organization can likewise be alluded to as the capital structure. Financial administrators are given the autonomy of picking the parts of their capital structure as long as they help the value of the share price simultaneously achieving a portion of the center destinations and objectives of firms. A portion of these incorporate expansion of the organization's worth or share price. Around the world, chiefs put forth attempt to find a mix of capital structure with the fitting outfitting ratio or extent. Sometimes, assessing the financial structure may likewise incorporate the choice between dealing with a private or public business and the capital open doors that accompany each. Also, numerous earlier investigations utilized large scale monetary factors, for example, loan fee, conversion standard, expansion rates to gauge determinants of share price however this current review focuses on inside factors and firm financial structure qualities, for example, debt to asset ratio, debt to equity ratio, firm size, and market capitalization to assess share price across various sectors in Nigeria. Once more, this review produced four distinctive explanatory informational collections (debt to asset ratio, debt to equity ratio, market capitalization and firm size) attempting to discover some significant miniature monetary (inner) factors, for example, (debt to asset ratio, debt to equity ratio, market capitalization and firm size) which straightforwardly set up connection between firm financing structure on market price of shares in the Nigeria stock trade market, likewise to inspect the degree of their utilitarian associations with the equivalent. It was against this backdrop that the following objectives below were raised to guide this study.

1.3 Objectives of the Studies

The main objective of this study is to examine the relationship between firm financing structure and share price of quoted non-financial firms in Nigeria. the specific objectives were to:

- i. Assess the relationship of debt to asset ratio and share price of quoted non-financial firms in Nigeria.
- ii. Determine the relationship of debt to equity ratio and share price of quoted non-financial firms in Nigeria.
- iii. Ascertain the relationship of market capitalization and share price of quoted non-financial firms in Nigeria.
- iv. Investigate the relationship of firm size and share price of quoted non-financial firms in Nigeria.

1.4 Research Questions

To help achieve the above stated objectives, the following research questions were raised as follows:

- i. To what extent does debt to asset ratio relate to share price of quoted non-financial firms in Nigeria?
- ii. How does debt to equity ratio relate to share price of quoted non-financial firms in Nigeria?
- iii. To what extent dose market capitalization relate to share price of quoted non-financial firms in Nigeria?
- iv. How does firm size relate to share price of quoted non-financial firms in Nigeria?

1.5 Research Hypotheses

The research hypotheses for this study were formulated as a tentative answer to the research questions above and were stated in null forms:

- i. Debt to asset ratio has no significant relationship to share price of quoted non-financial firms in Nigeria.
- ii. Debt to equity ratio has no significant relationship to share price of quoted non-financial firms in Nigeria.
- iii. Market capitalization has no significant relationship to share price of quoted non-financial firms in Nigeria.
- iv. Firm size has no significant relationship to share price of quoted non-financial firms in Nigeria.

2. Review of Related Literature

2.1 Conceptual Framework

Stock Market

As shown by Nwude (2004) the capital market is a business opportunity for securities, where business attempts and governments can raise long stretch stores. The capital market, which fuses the financial exchange and the security market, expects a significant part in money related flourishing that energizes capital game plan and supports monetary turn of events. Financial exchanges are more than a spot to trade insurances; they function as a facilitator among savers and customers of capital through pooling of resources, sharing risk, and moving bounty. A stock exchange market is the point of convergence of an association of trades where buyers and shippers of insurances meet at a predefined cost. Financial exchange expects a basic part in the gathering of capital in emerging and made countries, inciting the advancement of industry and business of the country, as a result of changed and globalized techniques took on by and large emerging and made government. The financial exchange is one of the most critical pieces of an unlimited economy, as it helps with regulating capital for the associations from investors as a trade-off for shares in ownership to the financial backers. Stock exchange outfits business with the workplace to raise capital by offering offers to the financial backers (Rackhal, 2015). Stock is the verification of ownership after financial backer has taken care of certain proportion of money to an association. With respect to securities exchanges, undeniable monetary business examiners have encouraged different thoughts which are known to be central necessities for fulfilling their financial positions. The work of securities exchange is by and large apparent in the overall economy as a marker of monetary turn of events. Securities exchange in Nigeria like other non-mechanical countries of the world is expecting a splendid part in the improvement of industry and exchange which turns extends hypothesis similarly as sets out work open entryways. Thusly, financial exchange is critical as per the business' point of view similarly as the financial backer's viewpoint.

Share Price

Skillfully, share cost suggests a change of stock costs after some time. A stock cost in a useful (value) market outfits financial backers with a fair extent of any company's show and its value. As demonstrated by Taiwo P. F., and Afolabi E. O. (2016) states that Market cost or financial cost is the aggregate for which a nice or organization is introduced in the commercial center; it is only the total at which work and items are sold or exchange the market. Furthermore, cost could be seen as a monetary enunciation of the worth of the thing and this is the explanation setting the right cost is huge. The market cost of an offer is a key factor that effects adventure decision of financial exchange financial backers. The offer cost is maybe the fundamental pointer open to the financial backers for their decision to place assets into or not a particular offer. (Gill et al, 2012). The stock cost in the market isn't static rather it changes every day. The most clear factors that affect are interest and supply factors. The cost of any item is impacted by both smaller than usual monetary and enormous scope financial variables. The market cost of the offer is essentially constrained by the forces of interest and supply of a particular security on the lookout. Offer Price is the dependent variable in the backslide model not really settled ward on the yearly extent of stock cost in the wake of adjusting to stock parts and stock benefits. Head inspector chooses the inalienable potential gains of the association and differences it and the current market cost.

Financial Structure

Filipovic and Demirovic (2016) says that monetary design of the association suggests the construction of financing of business resources and concerns the association between their own and procured wellsprings of financing. One of the association's monetary goals is to give ideal monetary design that has the justification for boosting business execution in the sensation of increasing efficiency and return on value Company's monetary construction has a fantastic importance in adventure and financing decisions, due with its impact on advantage, similarly as risk degree looked by the association due to its dependence and developing obligation. Abdallah and Hussein (2021) states that Financial design decisions Affect Company's monetary peril assessed by influence which is a proportion of obtained to had cash Financial Leverage: Financial risks are associated with sponsoring decisions; this suggests that it is associated with association assurance of a mix of its monetary construction. Monetary influence prompts genuine degree of risk looked by investors, so it works on the likelihood of its feebleness to help the obligation. Thusly, monetary methodology endeavors to harmonization between the impact of getting and the benefit from value, similarly as the degree of danger looked by investors. So, it could be said that harmonization among obligation and

value to close the ideal mix of monetary construction that prompts decrease holds cost. Nwude, Itiri, Agbadua and Udeh (2016) in Helen and Stephen (2018) broke down the effect of obligation responsibility structure on the introduction of Nigerian recorded firms. The appraisal actuates that obligation responsibility structure contribute on the other hand to execution of Nigerian recorded firms; that concur with chain of importance theory. This audit is prodded by or fueled by the need or absence of investigation that assess the effect of capital construction on share cost of recorded DMB in Nigeria. This assessment, as needs be, is an endeavor to address this opening of information on recorded DMB in Nigeria. By then, at that point, the target of this survey is to assess or measure the effect of capital construction on share cost of recorded DMB in Nigeria.

Debt to Asset Ratio

Pachori and Tatala (2012), influence as the sponsoring of a component with obligation completely expectation on chipping away at the association's monetary show. A component achieved ideal obligation level when the cost of the obligation is comparable to the benefit got from the use of the obligation. The use of ideal obligation level changes the benefits of obligation against the costs of obligation, this shows that the use of obligation partially can achieves higher value regard. After the ideal level of obligation is reached, the upside of obligation would be lower than the cost, after this point, the more an association uses obligation, the less yearly obligation the association pays, but the more conspicuous its monetary risk. Monetary influence of a firm is the proportion of its somewhat long obligation to the absolute resources. It is portrayed as the proportion of complete obligation to add up to resources, conveyed as a decimal or rate. It might be unraveled as the degree of an association's resources that are financed by obligation. It is an extent of monetary risk on the resources of an association, and higher monetary peril will impact the benefits and subsequently cost of a stock. Again, it gives a respectable gauge to measure and assess the monetary risk of a firm. Influence levels can be portrayed in preparing terms. Influence is a theory system of using gained cash expressly, the use of various monetary instruments or obtained income to construct the probable return of an endeavor. Influence can in like manner imply the proportion of obligation a firm uses to back resources. Monetary influence insinuates the utilization of gained resources for secure new resources which are relied upon to deliver a higher capital expansion or pay when stood out from the cost of getting. That is, with monetary influence: an augmentation in the value of the resources will achieve a greater expansion on the owner's cash, when the development credit expense isn't actually the speed of extension in the resource's worth and a decrease in the value of the resources will achieve a greater adversity on the owner's cash.

Debt to Equity Ratio

Munyua (2012) said that financial backers supported associations with less obligation because an extended being utilized of obligation could reduce pay for financial backers and associations causing share costs to diminish. Obligation to value proportion is a monetary proportion that shows the degree of value and obligation used to support association resources (Gill, Biger and Tibrewala; 2010). Obligation to value proportion is the proportion used to review obligation with value. Financial backers should zero in on the obligation to value proportion since this variable offers information about the proportion of obligation or responsibilities borne by the association (Sanjaya, Dwiatmanto and Endang; 2015). Abdullah, Parvez, Karim and Toohen (2015) reason that an association's obligation to value proportion is surveyed by a couple of perspectives, first is an identical corporate obligation value proportion, second is the business stage where new associations will overall have more obligation and third is an association procedure that considers ideal level of obligation financing. As demonstrated by M-M, the obligation to-value proportion no influences the all-out worth of a firm. It is able to observe that the organizations' capital design broadly contains value and obligation with those unable to raise sufficient value picking obligation. Ibhagui and Olokoyo's (2018) assessment of the Nigerian market shows that obligation just antagonistically impacts little firms, but its effect diminishes as the business creates, finally evaporating. In this manner, incredibly utilized associations could lose potential arrangements from useful endeavor openings when unable to contribute. On the opposite side, significantly utilized firms can redesign their show since banks and various loan bosses reliably screen their activities, preventing inefficient organization (Tsuruta, 2015).

Firm size

Firm size has been distinctively described in the composition to suggest the complete resources, size of tasks and number of delegates among others. With this definition, greater firms are relied upon to have more resources accessible to them and can be used for useful endeavor openings. Furthermore, Brown (2009) portrayed firm size by making reference to the market regard. In same vein, Vieira (2010), agreeing with the past definition deduced

that the size of an association is better reflected by its all-out resource, arrangements, or market capitalization. Haugen (2001) accepted that firm size portrays how gigantic or minimal an association is and can be assessed by its absolute resources or by its all-out capitalization. Firm size has been perceived as maybe the most convincing properties of a firm in precise concentrate lately. According to Collins and Kothari (1989) as itemized in Dang, Hoang, and Tran (2017) firm size is for the most part assessed by the normal logarithm of complete resources. Firm size has been portrayed as one of the most solid qualities of a firm in making convincing execution, Anthanasoglou, Brissimis and Delis (2015) support the view and acknowledged that firm size can impact the piece of the pie decidedly. Firm size has been contrastingly described in the composition to insinuate the all-out resources, size of tasks and number of delegates among others. With this definition, greater firms are relied upon to have more resources accessible to them and can be used for useful endeavor openings. Firm size portrays how colossal or minimal an association is and can be assessed by its absolute resources or by its all-out capitalization. Various financial backers take their endeavor decision by association size as more noteworthy associations are all the more consistent regarding advantage and are moreover less leaned to the business cycle. Size of the firm expects a huge part in an endeavor standard. Colossal associations generally offer favored endeavor opportunities to financial backers over the more humble ones. The associations by nobility of their higher creation all around include a more grounded and winning circumstance in the securities exchange. The portions of immense associations are successfully traded the stock exchange; they give more noteworthy liquidity and attractiveness to the financial backers. Subsequently the impulse to purchase portions of huge organizations prompts increment its market cost of offer. The size of the firm can be estimated in numerous ways, for example through turnover, settled up-capital, capital utilized, complete resources, net deals, and so forth.

Market Capitalization

Market capitalization is the all-out valuation of the association subject to its current offer cost and the absolute number of extraordinary stocks. It is dictated by copying the current market cost of the association's offer with the absolute extraordinary portions of the association. It is the value of an association that is traded on the financial exchange, controlled by copying the absolute number of offers by the current offer cost. Market capitalization gauges what an association is worth on the open market, similarly as the market's perspective on its future prospects, since it reflects what financial backers will pay for its stock. The pondering on the effect of an affiliation's capital construction on the value of the firm has been basic since the 1950s. In 1958, the Miller and Modigliani (MM) speculation suggested that the monetary influence degree has no impact at all on the value of a firm given that firm works in an optimal market (Huber, 2011). Market capitalization is one of the fundamental ways to deal with regard public partnerships. Market cap gauges an association's complete market regard and is controlled by expanding an association's stock cost by the amount of offers extraordinary. Market specialists ordinarily use this figure to dole out an association's size, as many securities exchange records are weighted by market capitalization. Since market capitalization is dependent upon share value, it can change exceptionally starting with one month then onto the next, or even from regular. Market capitalization doesn't measure the value worth of an association. Simply a cautious assessment of an association's essentials can do that. Offers are often overstated or thought little of by the market, which implies the market cost chooses exactly how much the market will pay for its offers. Notwithstanding the way that it appraises the cost of buying an association's offers as a rule, the market capitalization doesn't choose the aggregate the association would cost to get in a combination trade.

2.2 Theoretical Framework

Essentially, there are three crucial theories which include the association among obligation and usefulness, to be explicit: hailing speculation, the association costs theory and appraisal theory (Kebewar, 2012). According to hailing theory, obligation, inside seeing unequal information, should be connected unequivocally to efficiency of the association. According to the workplace costs theory, there are two incongruous effects of obligation on advantage of associations: most importantly, it is positive by virtue of office costs of value among investors and administrators; moreover, its effect is negative, coming about due to the workplace costs of obligation among investors and moneylenders. Finally, the evaluation speculation shows its unpredictability as in the proportion of obligation and advantage depends upon the obligation treatment of interest and pay (interest and yearly cost).

2.3 Empirical review

Al-Shubiri (2010) investigated the relationship of microeconomic elements with the stock cost by using Simple and Multiple backslide assessment. 14 business banks of Amman Stock Exchange, for the hour of 2005 - 2008, were picked for the survey. The survey found especially sure basic association between market cost of stock and net resource regard per share; market cost of stock benefit rate, GDP. It also found negative basic relationship on

development and advancing financing cost. He found that Amman Stock Exchange in Jordan is inefficient in feeble construction.

Faris AL-Shubiri (2011) Analyses on the determinants of Market Stock Price Movements: An Empirical Study of Jordanian Commercial Banks Amman Stock Exchange in Jordan. (2005-2009) dependent and free factors. Influence, Institutional Ownership, Profitability, Business Risk, Asset Structure, Growth Opportunities, and Firm Size and benefit payout. Tobit backslide assessment and Logit backslide examination. An enormous effect of Leverage, Institutional Ownership, Profitability, Business Risk, Asset Structure, Growth Opportunities, and Firm Size on the benefit payout in recorded firms.

Akhtar and Sadaqat (2011) examine the repercussions of capital design on Pakistan business banks. They took on OLS and showed confirmation on basic association of bank's size, efficiency, significant quality and liquidity is found with the influence. Also, that non-charge defend is found to have positive anyway immaterial relationship with the influence of the monetary area. Additionally, it is found that the monetary area of Pakistan is likely going to follow compromise theory.

Ahmed (2013) investigated capital design sway on execution of Malaysian Consumer and Industrial areas. The survey used benefit from resource (ROA) and return on value (ROE) as mediators for execution; and transient obligation (STD), long stretch obligation (LTD) and absolute obligation (TD) as middle people for capital construction. Four elements found by writing to affect firm working execution, explicitly, size, resource create, bargains create and viability, were used as control factors. 58 firms were perceived as the model firms and monetary data from the year 2005 through 2010 were used as insights for this audit, achieving a complete number of impressions of 348. A movement of backslide assessment were executed for the models. Slack characteristics for the middle people were moreover used to supersede the non-slack characteristics to ensure that any extended effect of capital design on firm execution was in like manner reviewed. The result uncovered that primary STD and TD have basic relationship with ROA while ROE has enormous on all of obligation.

Raza, Jawaid, Afshan, and Karim (2015), The impact of new capital inflows and money related advancement on the securities exchange capitalization. Remittances, monetary turn of events, and financial exchange capitalization Pakistan (1976 to 2011). Time series data, the autoregressive, flowed slack bound testing co-combination. Results showed that settlements and monetary advancement have the basic positive relationship with financial exchange capitalization in a really long-time back run, similarly as in short run.

Ude (2015) determined the effect of obligation financing on organization's productivity, most extreme resources usage, income per-offer, and worth of Nigerian firms. The quantity of populace in this examination is 200 and 76 (276) recorded firms; however, thirty (30) firms were picked through defined inspecting strategy method (notwithstanding monetary help industry) which filled in as the example gauge. The overall finding of this assessment will in general hold up the compromise hypothesis of association's monetary design, which suggests that the tradeoff between obligation commitment and value esteem should be with the ultimate objective that the ideal monetary construction should make esteem on an exceptionally essential level for the firm and moreover the proprietors of the firm.

Buferna (2015), analyze the determinants of capital construction in Libyan business climate. The consequences of cross-sectional OLS relapse show that both the static compromise hypothesis and the organization cost hypothesis are appropriate speculations to the Libyan organizations' capital construction though there was little proof to help the uneven data hypothesis. The absence of an auxiliary market might affect organization costs, as investors who can't offload their offers may apply strain on administration to act to their greatest advantage.

Muchiri (2016) researched the connection between momentary obligation and monetary execution of recorded firms at the East Africa Securities Exchanges. The review utilized logical examination plan with auxiliary board information from the fiscal reports of 61 firms recovered from the protection's trades hand books for the period December 2006-2014. Plausible Generalized Least Squares technique, irregular impact for models without arbitrator and fixed impact for models with mediator, in light of Hausman determination test were utilized. The review discovered that in disengagement, momentary obligation, long haul obligation, held income and outside value had immaterial negative relationship with return on resources however unimportant positive relationship with return on value. While joined, monetary design had a critical positive and negative relationship with return on value and return on resources individually.

Zeitun and Tian (2017) assessed the connection of execution and capital construction of organizations in Jordan. The information has gathered from auxiliary sources and acquired from Amman stock trade and exchanging organizations' budget summaries. The outcomes utilizing relapse model showed that there was backwards

connection among obligation and association's presentation. Size of the organization has additionally constructive outcome on execution of organization since huge firms have low liquidation costs.

Abor (2017) likewise did a review on connection between Long-term obligation and execution of little and medium-sized undertakings in Ghana and South Africa from 1998 to 2003. The review utilized an example of 92 SMEs firms from Ghana and 68 firms from South Africa. The review estimated monetary execution by return on resources and Long-term obligation by transient obligation proportion, long haul obligation proportion and absolute obligation proportion. The review utilized Generalized Least Square (GLS) board model for the assessment. Utilizing return on resource as the presentation measure, on the example on Ghana, the outcome uncovered a huge negative connection between every one of the proportions of capital construction and firm execution. On the South Africa test, the outcome showed a critical positive connection between momentary obligation and return on resource. Hence, it uncovered that transient obligation appeared to be moderately less expensive, subsequently expanding the momentary obligation will incite significant degree of benefit. For long haul obligation and complete obligation, the outcome uncovered a huge negative relationship with firm execution. Consequently, it showed that the expense of long-haul obligation is high and this will prompt low degree of firm execution. The concentrate likewise affirmed that firm size has positive and critical impact on return on resource.

Kayhan and Titman (2017) analyze firms' accounts and their capital designs in Pakistan. They discovered utilizing OLS that these factors affect changes in capital design. In particular, stock value changes and monetary deficiencies (i.e., the measure of outer capital raised) have solid impacts on capital design changes. They likewise find that their belongings are therefore undoubtedly somewhat turned around. These outcomes show that albeit a company's set of experiences emphatically impact their capital designs, that over the long haul, financing decisions will in general move firms towards target obligation proportions that are predictable with the tradeoff hypotheses of capital construction.

Gropp and Heider (2018) utilized 200 biggest recorded banks (100 from the US and 100 from the EU). They track down that standard cross-sectional determinants of firm influence likewise apply to the capital construction of huge banks in the United States and Europe. And furthermore, a wonderful consistency in sign, importance and monetary size. Like non-monetary firms, banks seem to have stable capital constructions at levels that are explicit to every individual bank. The outcomes propose that capital prerequisites may just be of second-request significance for banks' capital constructions and affirm the heartiness of current corporate money discoveries in a holdout test of banks.

Abdullah and Tursoy (2019) considered to determine the connection between the monetary exhibition of non-monetary firms working in Germany and its capital construction. Also, it covers a long time from 1993 – 2016. Utilizing relapse examination, they tracked down a huge positive connection between capital design and firm monetary execution. It was seen that more than about 60% of all proper resources of German firms were financed through obligation sources. They likewise clarified that this relationship results from the expense safeguard advantage of obligation and the lower cost of giving obligation value.

Jarallah et al. (2019) study to decide capital construction rehearses in west African district. This model required relapsing the determinants of capital construction on influence. The review utilized Tangibility, ROA, ROE, Size, Growth, and Dividend Payout proportion as capital construction determinants. They viewed the model to be measurably huge in deciding capital construction. The outcomes recommended that Tangibility Dividend Payout Ratio were measurably immaterial in deciding the capital construction of firms in the West African district. The correlational examination additionally affirmed the immaterial connection between Tangibility, Growth, ROE, and DPR with capital construction. This current review will look at the accompanying microeconomic components and its relationship to firm financing design and offer costs as follows.

3. Methodology

The research design adopted was ex-post facto design. Numerical data used for the study was secondary sourced data obtained from annual accounts and financial reports of the target non-financial firms in Nigeria. Sample period covered was 2010-2019. However, analytical methods employed were correlation statistics and Eigen and Granger causality mechanisms. The granger causality test assumes that the information relevant to the prediction of the respective variables is contained in the time series data on these variables.

The Granger (1969) mechanism for causal or directional relationship between two variables can be specified thus:

$$y_t = \sum_{i=1}^k \alpha_1 y_{t-1} + \sum_{j=1}^p \beta_1 \mu_{t-1} + \varepsilon_t \quad (\text{Eq. 1})$$

y = the variable whose causation is being appraised

y_{t-1} = lagged values of the variable.

Localizing the model in equation 1 above to suit the study variables, we have that:

$$SP = f(\text{firm financing structure}) \quad (\text{Eq. 2})$$

Where,

SP = Share Price

f = Mathematical Functionality

Firm financing structure was measured by: debt-to-asset ratio, debt-to-equity ratio, market capitalization, and firm size.

The econometric relationship of the study variables is therefore presented below as:

$$SP_t = \alpha_0 + \beta_{1i} \sum_{i=1}^k DETA_{t-i} + \delta_{1i} \sum_{i=1}^k DETE_{t-i} + \pi_{1i} \sum_{i=1}^k MCAP_{t-i} + \theta_{1i} \sum_{i=1}^k FSIZE_{t-i} + \mu_t \quad (\text{Eq. 3})$$

$$DETA_t = \varphi_0 + \beta_{2i} \sum_{i=1}^k SP_{t-i} + \delta_{2i} \sum_{i=1}^k DETE_{t-i} + \pi_{2i} \sum_{i=1}^k MCAP_{t-i} + \theta_{2i} \sum_{i=1}^k FSIZE_{t-i} + \mu_t \quad (\text{Eq. 4})$$

$$DETE_t = \varphi_0 + \beta_{3i} \sum_{i=1}^k SP_{t-i} + \delta_{3i} \sum_{i=1}^k DETA_{t-i} + \pi_{3i} \sum_{i=1}^k MCAP_{t-i} + \theta_{3i} \sum_{i=1}^k FSIZE_{t-i} + \mu_t \quad (\text{Eq. 5})$$

$$MCAP_t = \varphi_0 + \beta_{4i} \sum_{i=1}^k SP_{t-i} + \delta_{4i} \sum_{i=1}^k DETA_{t-i} + \pi_{4i} \sum_{i=1}^k DETE_{t-i} + \theta_{4i} \sum_{i=1}^k FSIZE_{t-i} + \mu_t \quad (\text{Eq. 6})$$

$$FSIZE_t = \varphi_0 + \beta_{5i} \sum_{i=1}^k SP_{t-i} + \delta_{5i} \sum_{i=1}^k DETA_{t-i} + \pi_{5i} \sum_{i=1}^k DETE_{t-i} + \theta_{5i} \sum_{i=1}^k MCAP_{t-i} + \mu_t \quad (\text{Eq. 7})$$

μ_t = Error estimate associated with the model.

$\alpha_i, \varphi_0, \beta_i, \theta_i,$ and δ_i are the model parameters

The lag length is determined automatically by the modified Akaike Information Criterion (AIC).

However, based on the model specification, the hypothetical representation is presented thus:

$\beta_1=0; \lambda_1 \neq 0$ Unidirectional

$\beta_1 \neq 0; \lambda_1 = 0$Unidirectional

$\beta_1 \neq 0; \lambda_1 \neq 0$Bi-directional

$\beta_1 = 0$; $\lambda_1 = 0$Independence

Also, Pearson Product Moment Correlation Coefficient (PPMCC) was employed to measure the degree of linear association among the study variables. Here, we have that:

$$r = \frac{n \sum XY - \sum X \sum Y}{\sqrt{[(n \sum X^2 - (\sum X)^2)(n \sum Y^2 - (\sum Y)^2)]}} \quad (\text{Eq. 8})$$

Where, n = sample size; $\sum XY$ = Sum of cross products; $\sum X$ = Sum of X values; $\sum Y$ = Sum of Y values; $\sum X^2$ = Sum of squared X values; $\sum Y^2$ = Sum of squared Y values.

4. Results and Discussion

Results from the data analysis were presented in tables with accompanying interpretations.

Table 4.1 Correlation and Covariance Test Result

Covariance Analysis: Ordinary
 Date: 09/18/21 Time: 00:00
 Sample: 1 750
 Included observations: 747
 Balanced sample (listwise missing value deletion)

Correlation	SP	DETA	DETE	MCAP	FSIZE
SP	1.000000				
DETA	0.006700	1.000000			
DETE	0.011620	-0.037821	1.000000		
MCAP	0.440627**	-0.132469**	0.078346**	1.000000	
FSIZE	0.296246**	-0.039005	0.083636**	0.845199**	1.000000
t-Statistic	SP	DETA	DETE	MCAP	FSIZE
SP	-----				
DETA	0.182884	-----			
DETE	0.317193	-1.033042	-----		
MCAP	13.39747	-3.647857	2.145013	-----	
FSIZE	8.465972	-1.065439	2.290848	43.16471	-----
Probability	SP	DETA	DETE	MCAP	FSIZE
SP	-----				
DETA	0.8549	-----			
DETE	0.7512	0.3019	-----		
MCAP	0.0000	0.0003	0.0323	-----	
FSIZE	0.0000	0.2870	0.0223	0.0000	-----

Source: Author's EViews 10 Result

From the Pearson's correlation estimates as shown in table 3.1 above, there is an insignificant positive relationship between share price of non-financial firms and debt-to-asset ratio ($r_p=0.007$, $p=0.8549>0.05$), and between the share price and debt-to-equity ratio ($r_p=0.012$, $p=0.7512>0.05$). However, market capitalization (MCAP) and firm size (FSIZE) interact positively and significantly with share price of non-financial firms in Nigeria. As a result, appreciation in the share price of non-financial firms in Nigeria is fully supported by the selected financing structure.

Table 4.2 Granger Causality Test Result

Pairwise Granger Causality Tests
 Date: 09/18/21 Time: 00:05
 Sample: 1 750
 Lags: 2

Null Hypothesis:	Obs	F-Statistic	Prob.
DETA does not Granger Cause SP SP does not Granger Cause DETA	742	0.42084 0.05964	0.6567 0.9421
DETE does not Granger Cause SP SP does not Granger Cause DETE	742	0.00773 0.05157	0.9923 0.9497
MCAP does not Granger Cause SP SP does not Granger Cause MCAP	742	0.68378 1.81357	0.5050 0.1638
FSIZE does not Granger Cause SP SP does not Granger Cause FSIZE	742	0.10446 1.66572	0.9008 0.1898
DETE does not Granger Cause DETA DETA does not Granger Cause DETE	742	0.80718 4.86476	0.4465 0.0080**
MCAP does not Granger Cause DETA DETA does not Granger Cause MCAP	739	0.69976 3.28439	0.4970 0.0380**
FSIZE does not Granger Cause DETA DETA does not Granger Cause FSIZE	742	0.34821 2.11131	0.7061 0.1218
MCAP does not Granger Cause DETE DETE does not Granger Cause MCAP	739	6.97831 0.15716	0.0010** 0.8546
FSIZE does not Granger Cause DETE DETE does not Granger Cause FSIZE	742	7.60500 0.49238	0.0005** 0.6114
FSIZE does not Granger Cause MCAP MCAP does not Granger Cause FSIZE	739	0.07304 6.42322	0.9296 0.0017**

Source: Author's Eviews Result

The pairwise Granger causality estimate as presented in table 2 above shows that there is no causal relationship between DETA and SP ($p > 0.05$), between DETE and SP ($p > 0.05$), between MCAP and SP ($p > 0.05$), and between FSIZE and SP ($p > 0.05$). The implication is that, changes in the debt financing structure are independent of changes in share price of non-financial firms in Nigeria. Meanwhile, there is a unidirectional causality running from DETA to DETE ($p = 0.0080 < 0.05$), DETA to MCAP ($p = 0.0380 < 0.05$), MCAP to DETE ($p = 0.0010 < 0.05$), FSIZE to DETE ($p = 0.0005 < 0.05$) and from MCAP to FSIZE ($p = 0.0017 < 0.05$) without feedbacks.

5. Conclusion and Recommendations

The major role of the stock market in the economy is to raise capital and utilize such capital into the productive sectors and to ensure that the funds raised are utilized in the most profitable opportunities. This study empirically investigated the relationship between firm financing structure and share price of non-financial firms in Nigeria, using Pearson Product Moment Correlation (PPMC) and Pairwise Granger Causality mechanisms on a sample of 75 non-financial firms quoted on the floor of Nigeria Exchange Limited for ten years period (2010-2019), it was discovered that an insignificant positive relationship exist between firm financing structure and share price of non-financial firms in Nigeria. However, there was no causal relationship between firm financing structure and share price of non-financial firms, which implies that changes in the debt financing structure are independent of changes in share price of non-financial firms in Nigeria. On these backgrounds, the study recommended among other things that:

1. The non-financial firms in Nigeria should ensure a healthy firm size for appreciating share price. The investors should factor financial information relating to size of the firm in their investment decisions since it improves share price.

2. The firms should always monitor the ratio of debt-to-equity and ensure that it matches with the share price in the non-financial subsector.
3. Managers of non-financial firms can create value for their shareholders by increasing their debt structure even though it has no significant effect in improving share price of firms.
4. Management of non-financial firms in Nigeria should design policies that will favour the market capitalization for improved share price.

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