



## BUSINESS RESTRUCTURING AND ITS IMPACT ON THE FINANCIAL OUTCOMES OF MANUFACTURING COMPANIES IN NIGERIA

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### ABSTRACT

This study scrutinizes the effect of business restructuring on the financial performance of manufacturing companies in Nigeria. Specifically, it explores the impact of financial, portfolio, operational, and capital restructuring on these firms' financial performance. Utilizing an exploratory research design, the study uses secondary data sources from the annual reports of the chosen manufacturing companies covering the period 2013 to 2022. The analysis employs regression methods to investigate the relationships between types of restructuring and financial performance indicators. The findings reveal significant relationships between various types of restructuring and financial performance indicators in Nigerian manufacturing companies. Financial restructuring positively influences return on equity (ROE) with a statistically significant relationship ( $p < 0.05$ ), indicating enhanced profitability through efficient capital allocation and risk mitigation. Conversely, higher current ratios (CURR) are linked with decreased ROE ( $p < 0.05$ ), suggesting potential missed investment opportunities due to excess liquidity. Portfolio and operational restructuring exhibit positive effects on financial performance, with increases in portfolio restructuring (PR) and operational restructuring (OR) leading to improved financial performance with statistically significant relationships ( $p < 0.05$ ). However, capital restructuring (CUR) shows a negative impact with a statistically significant relationship ( $p < 0.05$ ), implying potential financial distress from increased leverage. These results highlight the importance of strategic restructuring in optimizing financial performance and resource management in Nigerian manufacturing companies. The study recommends that manufacturing companies carefully consider the implications of different restructuring strategies and adopt approaches that align with their long-term financial goals and objectives.

**Keywords:** ROA, ROE, Business restructuring, financial performance, financial policy.

**JEL:** G30, G34, M10, M11

### INTRODUCTION

Capital restructuring is a strategic approach primarily utilized to address changes that impact a company's financial stability. It involves reconfiguring the capital assets of a business to leverage growth opportunities and enhance its appeal to potential investors. As per Narang, M. (2018), it involves the modification of the firm's asset register to restructure its financial performance. Deliberate efforts to change the structure and operation of the firm have emerged as a feasible solution for firm survival, achieved through the realignment of financial structure, assets, and ownership to enhance future cash flows.

Capital restructuring involves the modification of a company's capital structure, which refers to the mix of debt and equity, in achieving an optimal position that maximizes the firm's value, promotes an increase in the Company's earnings per share, and achieves a balance between short-



term and long-term borrowing. This involves replacing short-term debt, along with long-term debts, with longer-term debt, as highlighted by Kanakriyah (2020).

According to Kaur & Srivastava (2017), capital restructuring has emerged as a global concern, with even highly profitable manufacturing firms, service firms, commercial banks, and retail supermarket chains experiencing collapses due to their inability to withstand intense competition, which forces them to consider restructuring their operations. Unfortunately, the timing of such restructuring efforts may be too late, resulting in the lack of improvement in the firms' conditions and ultimately leading to liquidation. Capital restructuring becomes relevant where a company faces financial distress, and despite having a viable business model, it incurs losses, rendering the company insolvent.

Numerous firms encounter challenges arising from undercapitalization and excessive investment in unproductive fixed assets. Despite their efforts to sell unproductive assets and convert debt into equity shares, they continue to encounter issues related to insufficient financing. In this context, financial restructuring can play a crucial role by adjusting the asset structure, disassociating from underperforming investments, or divesting from business divisions that are not part of the core business, all aimed at achieving enhanced financial performance (Ajibola, Wisdom, & Qudus, 2018).

As per Koh, Durand, Dai, & Chang (2015), manufacturing firms, being capital-intensive entities, require substantial liquidity to invest in state-of-the-art infrastructure necessitating the need to publicly list shares to achieve financing with equity, without repayment obligations as opposed to debt financing. Consequently, capital restructuring becomes a crucial requirement for achieving optimal performance and survival, especially when the existing structures are no longer suitable for the firm's needs.

Kipelian (2020) highlighted that financial restructuring has been extensively employed as a means to achieve improved performance and ensure survival. The dynamic Nigerian business environment is characterized by increased competition, strategic alliances such as mergers, acquisitions, privatization, and economic liberalization. These changes have presented imminent threats to businesses in terms of insolvency and survival. As a response, businesses have adopted financial structures that aim to minimize risks and ensure their firms' viability and profitability through the restructuring of their portfolios, capital, operations, and financial arrangements.

Narang (2018) advocates that companies recognize the need to proactively modify their organizational structure and operations as a strategy to ensure their survival. This entails reorienting their financial structure, assets, and ownership to optimize future cash flows and enhance overall performance.

Financial reorganization aims to achieve an optimal capital configuration, ensuring a steady inflow of funds available for investment in diversified portfolios that maximize returns. This, consequently, adds value for shareholders, thereby optimizing the overall financial health of companies. Despite adopting various approaches to improve financial structures, manufacturing firms have witnessed a decline in their financial performance.



Studies are focused on corporate restructuring, with limited attention given to financial reorganization within Nigerian financial institutions. Furthermore, research pertaining to financial restructuring in manufacturing firms has mostly been conducted on a global scale, overlooking local nuances. Additionally, prior research findings on the effect of financial restructuring components on the financial performance of companies have brought about results, indicating both positive and negative associations which questions the ideal relationship between financial restructuring components and financial performance.

Corporate restructuring has far-reaching benefits for society. For instance, as firms pay their corporate taxes to the government, those funds are utilized for the betterment of the citizenry through various public services and initiatives. The improved goods and services resulting from corporate restructuring are made available to customers at more competitive prices. This enhances accessibility and affordability for consumers. Additionally, findings of the research will provide insights to policymakers, aiding them in formulating and implementing policies that support corporate organizations during the restructuring process ensuring that companies adhere to approved legal frameworks, safeguarding the interests of all stakeholders.

## LITERATURE REVIEW

Theoretical framework

Pecking Order Theory

Myers & Majluf (1984) noted that companies generally favor internal funds over external funds when supporting new investments. However, if internal funds are inadequate for a specific investment opportunity, companies may resort to external funding options. In such instances, they meticulously choose among various external funding sources to minimize additional costs associated with information asymmetry. Furthermore, Myers (1984) indicated that the safest securities will be given top priority when the need for external financing arises, companies will most likely follow an order to achieve this by safest security which will be debt, then possibly convertible debt and then equity. Myer's proposition was that businesses follow a hierarchy to determine the financing sources and internal financing is the preferred choice and should external financing be needed; debt would be at the top in comparison to equity. (Pandey,2005).

This theory is significant as it clarifies how firms shape their capital structure by choosing to retain their earnings rather than resorting to debt to finance their operations.

Agency theory

As per Jensen and Meckling (1976), agency costs significantly influence financing decisions due to potential conflicts between shareholders and debt holders. In situations approaching financial distress, shareholders might incentivize management to make decisions that favor equity holders over debt holders, effectively expropriating funds from the latter to the former. The Agency Cost Theory, which bases a firm's capital structure on agency costs. These costs include monitoring expenses for equity holders (principals), bonding charges for managers (agents), and potential welfare reduction for principals when agents' decisions deviate from maximizing their welfare.

Life cycle theory

A firm progresses through various stages during its corporate lifecycle, evolving from growth to maturity and possibly decline (Miller & Friesen, 1984). Each stage is marked by distinct characteristics and structural attributes. The Life Cycle theory outlines the stages of birth, growth,



maturity, and decline, and clarifies how these phases influence a firm's decision-making processes, particularly in scenarios involving financial distress and the specter of bankruptcy (Koh, Dai, & Chang, 2012). The Life Cycle theory posits that firms progress through distinct stages during their corporate lifecycle, encompassing birth, growth, maturity, and decline. This progression influences the financing decisions firms undertake, particularly during periods of financial distress or the looming threat of bankruptcy (Jensen & Meckling, 1976).

#### Empirical literature

Maimako and Oladele (2012) carried out a study investigating the influence of corporate restructuring on shareholder value enhancement within the Nigerian banking sector, with a focus on listed commercial banks. Their research utilized a blend of primary and secondary data sources. Primary data was collected from a sample of 372 management personnel of the banks, chosen randomly, while relevant secondary data on the banks were sourced from their published accounts. The study employed an analytical method based on the difference of means to evaluate the performance of banks during the pre- and post-consolidation periods of 2000–2004 and 2005–2009. This analysis aimed to ascertain whether there were significant disparities in bank performance between these periods. The findings revealed a significant impact of corporate restructuring, including mergers, acquisitions, and capital restructuring, on shareholder value enhancement.

Maina et al., (2013) examined the effect of the debt equity ratio on the performance of firms listed on the Nairobi Securities Exchange. The study period was from 2002 to 2011. The research found a significant negative correlation between the debt-equity ratio and all performance measures. It was also discovered that companies tend to use more short-term debts than long-term ones. In a separate study, Javed and Akhtar (2012) investigated the link between capital structure and financial performance. They concluded that there is a positive correlation between financial leverage, financial performance, and the growth and size of the companies. The study, which was focused on the Stock Exchange, found results that are in line with the agency theory. However, this study only focused on financial leverage, excluding other financing decisions. Abolfazl et al. (2013) found a significant negative correlation between the total debt to total assets ratio and financial performance, a finding that aligns with the results of Heydar, Elham, Vahid, and Mohsen (2012). Similarly, Gholamreg et al. (2013) identified a significant negative correlation between total debt to total assets and financial performance in Iranian companies listed on the Tehran Stock Exchange.

Roanne (2013) discovered a significant negative correlation between total debt to total assets and firm financial performance. Maniagi et al. (2013) noted that the total debt to total assets ratio significantly affects the return on assets of listed firms in Nairobi. Khalaf (2013) found an insignificant negative correlation between long-term debt to total assets and financial performance among Jordanian manufacturing firms. In addition, Maniagi et al. (2013) discovered that the long-term debt to total assets ratio significantly affects the financial performance of listed firms in Nairobi. Maniagi et al. (2013) reported an insignificant positive correlation between long-term debt to total assets and financial performance among companies listed on the Nigeria Stock Exchange. Amara and Bilal (2014) found no strong correlation between long-term debt to total assets and financial performance among food companies listed on the Karachi Stock Exchange.



Gholamreg et al. (2013) found an insignificant correlation between long-term debt to total assets and financial performance among companies listed on the Tehran Stock Exchange. Abdullah (2014) identified a significant correlation between long-term debt to total assets and financial performance among Saudi Arabian companies. Cengiz et al. (2013) studied the effect of capital structure decisions on the profitability of manufacturing firms in Turkey, revealing a negative correlation between long-term debt to total assets and financial performance. Mustafa and Osama (2013) discovered an insignificant negative correlation between long-term debt to total assets and firm performance, while Zaitun and Tian (2007) had previously identified a significant negative correlation. Almustapha (2014) examined the correlation between capital structure and firm performance among Malaysian listed companies during and after the global financial crisis, revealing a significant negative correlation between long-term debt to total assets and financial performance. Saeed et al. (2013) investigated the impact of capital structure on the performance of listed banks in Pakistan, finding a strong positive correlation between total debt to total assets and financial performance.

Akinyomi (2013) studied the effect of capital structure in Nigeria, revealing a significant positive impact of total debt to total assets on financial performance. Jude (2013) researched the impact of capital structure on financial performance of listed manufacturing firms in Sri Lanka, finding no significant correlation between total debt to total assets and financial performance. Aransiola and Oluwadetan (2015) conducted a study on the correlation between capital structure and profitability of manufacturing companies in Nigeria. They found a negative correlation between the total debt to total assets ratio and financial performance. Mathanika, Virginia, and Paviththira (2015) examined the effect of capital structure on the value of listed manufacturing companies in Sri Lanka. They found an insignificant correlation between total debt to total assets and financial performance.

Kanhuna and Waweru (2015) carried out a descriptive research study on 49 firms from 2009 to 2013, under the title 'Does Capital Structure Matter?' Their findings were in line with those of Ajibola, Wisdom, and Qudus (2018), who discovered that firms using equity finance could improve performance due to the direct control equity holders have over resource allocation. In another study titled "Capital structure and firm financial performance in Nigeria", Akeem et al. (2014) explored the correlation between capital structure and financial performance from 2010 to 2014 using a panel research design. They analyzed data from 75 firms listed on the Nigerian stock exchange. The study employed the SLS method. They discovered that CULEQ had a causal relationship with RETOA, indicating a concurrent relationship. They recommended an optimal mix of loan usage, high expansionary desire, and higher institutional and insider shareholdings to further enhance financial performance.

In his research titled, "Comparison of impact from capital structure to corporate performance between Chinese and European listed firms," He (2013) examined data from over 1200 listed firms in Germany and Sweden, as well as more than 100 listed firms in China from 2003 to 2012. He found that capital structure had a significant negative impact on firm performance in China, while it had a significant positive impact in the two European countries studied prior to the 2008 financial crisis. Hassan et al. (2014) investigated the influence of capital structure on firm performance in Bangladesh, using various metrics such as EPS, ROE, ROA, and Tobin's Q, and scrutinizing the effects of short-term and long-term debt. They discovered a positive correlation between EPS and



short-term debt but a negative one with long-term debt, and identified a significant inverse correlation between ROA and capital structure. However, no statistically significant correlation was found between capital structure and firm performance measured by ROE and Tobin's Q. This is consistent with the pecking order theory, suggesting a negative influence of capital structure on business performance.

**METHODOLOGY**

This research employs an exploratory research methodology. The research design will utilize secondary data sources. Information was gathered from the annual reports of 30 selected manufacturing firms over a decade (2013 - 2022). The model outlined captures the influence of corporate restructuring on the financial performance of manufacturing firms in Nigeria by creating a functional link between the variables. The dependent variable (Y) is the financial performance, while the independent variable (X) is corporate restructuring, with indicators such as financial restructuring, portfolio restructuring, operational restructuring, and capital restructuring.

Operationalization of variables

The proxies and regression models will be adopted to assess impact of corporate restructuring on financial performance of manufacturing firms in Nigeria

Y = f (X)  
Y = y<sub>1</sub> (Dependent Variables)  
X = x<sub>1</sub>, x<sub>2</sub>, x<sub>3</sub>, x<sub>4</sub> (Independent Variables)

Where Y = Financial Performance  
(FPE) y<sub>1</sub> = Return on Equity (roe) and

- X = Corporate Restructuring (CRG)
- x<sub>1</sub> = Financial Re-structuring (frg)
- x<sub>2</sub> = Portfolio Re-structuring (prg)
- x<sub>3</sub> = Operational Re-structuring (org)
- x<sub>4</sub> = Capital Re-structuring(crg)

Functional relationship

FPE = f<sub>1</sub>(CRG).....(1)  
ROE = f<sub>2</sub>(frg, prg, org, crg) .....(2)

f<sub>1</sub>, f<sub>2</sub>, f<sub>3</sub>, and f<sub>4</sub> are the working functional relationships to be used in examining the impact of corporate re-structuring on financial performance of manufacturing firms in Nigeria.

The model

ROE = β<sub>0</sub> + β<sub>1</sub> FRG + β<sub>2</sub> PRG + β<sub>3</sub> ORG + β<sub>4</sub> CRG + e ..... (3)

Where 0 = constant  
β<sub>1</sub>, β<sub>2</sub>... = model coefficients  
e = error term

## RESULTS AND ANALYSIS

Table 1: Descriptive Statistics

Variables	Mean	Std. Dev.	Minimum	Maximum
<i>CORR</i>	2.4316	3.2479	0.3917	13.5119
<i>CURR</i>	0.8711	0.3028	0.4390	1.9996
<i>DTA</i>	0.5697	0.1926	0.2814	0.9311
<i>FR</i>	0.1831	0.0956	0.0270	0.4025
<i>OR</i>	0.6821	0.2197	0.2967	1.0500
<i>PR</i>	0.6694	0.1692	0.300	0.8608
<i>ROA</i>	0.1390	0.0794	-0.0589	0.2649
<i>ROE</i>	0.4571	0.4712	-0.2204	1.8728

Source: Authors computation (2023)

Table 1 presents the descriptive statistics of the underlying variables of this study. It is revealed that the average corporate restructuring (CORR) is 2.43, while its minimum and maximum values are 0.39 and 13.51 respectively in Nigeria. This observation suggests that Nigerian manufacturing enterprises, burdened with a significant amount of debt, will be needed to allocate considerable funds towards servicing the interest on their existing loans. This has the potential to exert pressure on the business's financial standing, thereby impacting its capacity to allocate resources towards innovation, research, and other avenues for expansion. The high standard deviation statistic of 3.2479 reveals that the distribution has high variability level.

The current ratio (CUR) exhibits a mean of 0.8711 and a standard deviation of 0.3028. This observation suggests that the aforementioned companies may possess insufficient liquid assets to meet their immediate financial obligations. This may indicate challenges in fulfilling financial obligations to suppliers, ensuring timely salary disbursements, and managing other immediate financial requirements. In addition, it may be necessary for them to depend on costly forms of short-term financing or credit lines in order to address the disparity between their existing assets and liabilities.

The debit-to-asset ratio (DTA) of these company depicts a mean value of 0.5697, and a standard deviation of 0.1926. The ratio ranges from 0.2814 to 0.9311, going by their maximum and minimum values respectively. The implication of this is that substantial debt-to-asset ratio signifies that a considerable proportion of the manufacturing firms' assets are funded through debt as opposed to equity. The aforementioned factors can potentially have various ramifications on the financial well-being, risk exposure, and overall functioning of the organization.

Financial restructuring (FR) has its mean value to be 0.5697, and a standard deviation of 0.1831. The implication of this low value affirms that financial restructuring encompasses the implementation of alterations to a corporation's capital structure, typically with the objective of ameliorating its financial standing, diminishing its debt burden, or augmenting shareholder value.



The impact on a manufacturing business's daily operations as well as financial health can vary depending on whether it chooses to avoid or engage in a limited degree of financial restructuring. Similar to the process of financial restructuring, operational restructuring (OR) exhibits a mean value of 0.6821 and a standard deviation of 0.2197. This observation suggests that in the absence of substantial operational reorganization, a corporation may persist in functioning with ineffective procedures and workflows. This phenomenon has the potential to result in increased manufacturing expenses, extended timeframes for completion, and the squandering of valuable resources. Ineffectual operational practices may lead to escalated expenditures in terms of labor, materials, and other essential resources. Consequently, this might lead to a decrease in profit margins and a decline in the company's competitive advantage.

The data in Table 1 indicates that portfolio restructuring (PR) exhibits a comparatively high mean value of 0.6821, accompanied by a standard deviation of 0.1692. The range of values spans from 0.3000 to 0.8608. This suggests that the process of extensively reorganizing a portfolio frequently incurs various expenses, including as transaction charges, fees related to the buying or selling of assets, legal including advisory fees, and possibly tax obligations. The aforementioned charges have the potential to influence the company's near-term financial performance.

Relying on the average and deviation from the mean values, the returns on assets (ROA) figures of 0.1390 and 0.0794 suggest that a lower return on assets signifies suboptimal use of corporate assets in generating profits. Within the realm of manufacturing enterprises, this suggests that the operational activities of the company are not yielding adequate profits in comparison to assets being employed. This implies that the organization is not effectively leveraging its assets to produce money due to suboptimal operational efficiency, inadequate utilization of available capacity, or improper allocation of resources.

On the contrary, returns on equity have a mean value of 0.4571 and a standard deviation of 0.4712, indicating that a company is making substantial profits in relation to its shareholder equity. Investors are often more inclined to be attracted to companies that exhibit a high return on equity (ROE). Investors tend to exhibit a higher level of interest in companies that continuously provide robust returns on their investments.



Table 2: Correlation Matrix

	<i>CORR</i>	<i>CUR</i>	<i>DTA</i>	<i>FR</i>	<i>OR</i>	<i>PR</i>	<i>ROA</i>	<i>ROE</i>
<i>CORR</i>	1.0000							
<i>CUR</i>	0.1927 (0.3077)	1.0000						
<i>DTA</i>	0.7844* (0.0000)	-0.0050 (0.9793)	1.0000					
<i>FR</i>	0.4986* (0.0050)	0.2114 (0.2620)	0.5339* (0.0024)	1.0000				
<i>OR</i>	0.3164* (0.0885)	0.0906 (0.6340)	0.3415* (0.0647)	0.1666 (0.3789)	1.0000			
<i>PR</i>	-0.7372* (0.0000)	-0.5364* (0.0022)	-0.7466* (0.0000)	-0.2405 (0.2004)	-0.2732 (0.1440)	1.0000		
<i>ROA</i>	-0.0869 (0.6478)	0.4412* (0.0147)	-0.1021 (0.5915)	-0.1060 (0.5771)	-0.2960 (0.1123)	-0.2868 (0.1244)	1.0000	
<i>ROE</i>	0.8373* (0.000)	0.4038* (0.0269)	0.6459* (0.0001)	0.3530* (0.0557)	0.1392 (0.4632)	-0.8380* (0.0000)	0.4374* (0.0156)	1.0000

Source: Authors' computation (2023)

Table 2 presents the results of the correlation matrix analysis, demonstrating the extent of relationships among variables. A scrutiny of the correlation between the study's independent factors and the dependent variable, return on equity (ROE), reveals a positive link between ROE and the variables CORR, CUR, DTA, FR, OR, and ROA. On the other hand, ROE and the variable PR share a negative correlation. To determine the strength of these relationships, it is observed that a strong correlation exists exclusively between this specific measure and CORR, DTA, and PR, while other variables show a relatively weak correlation with ROE.

Table 3: Unit Root Test

<i>LEVIN, LIN AND CHU T* TEST</i>					
	<i>LEVEL</i>		<i>FIRST DIFFERENCE</i>		<i>REMARKS</i>
<i>Variables</i>	INTERCEPTS	TREND	INTERCEPTS	TREND	
<i>CORR</i>	-1.0594	0.5086	-5.8784***	1.6892	<i>I(1)</i>
<i>CUR</i>	0.1307	-1.2774	-1.2987*	- 3.1836***	<i>I(1)</i>
<i>DTA</i>	-2.6426	1.8832	-0.4054***	- 1.2638***	<i>I(1)</i>
<i>FR</i>	-1.7408**	2.3858	-3.3313***	- 1.3198***	<i>I(0)</i>
<i>OR</i>	-1.3199*	-1.4062*	-4.2190***	- 2.8197***	<i>I(0)</i>
<i>PR</i>	-1.3086*	- 2.1539**	-1.6364**	- 2.9320***	<i>I(0)</i>
<i>ROA</i>	-0.2988	-1.1762*	-1.0693***	- 2.6310***	<i>I(0)</i>
<i>ROE</i>	-2.8726	-3.0188*	-4.0852***	- 3.0193***	<i>I(0)</i>

Source: Authors' computation (2023)

Table 3 showcases the results of the applied unit-root tests. The initial generation unit-root test, developed by Levin, Lin, and Chu, reveals that all variables, with the exception of CORR, CUR, and DTA, exhibit stationarity at their base level with a statistical significance level of 1%. Given the evidence at hand, the notion of a unit root's absence can be dismissed. Essentially, the provided variables display a steady level. This implies that, excluding the variables CORR, CUR, and DTA, none of the aforementioned variables show a unit-root when converted to their first difference form. It can be inferred that the variables used in the analysis display different levels of integration, with some variables showing stationarity at their initial levels and others at their first differences.

Table 4: Westerlund Cointegration Test Result

	<i>T-Statistic</i>	<i>P-Value</i>
<i>Variance Ratio</i>	-1.9356	0.0086

Source: Authors' computation (2023)

Once the degree of stationarity for each series is established, it's crucial to evaluate the model's long-term collective importance. The current research employs the cointegration test introduced by Westerlund (2005) to assess the combined significance of variables. The findings are then displayed in Table 4. The data analysis in the table suggests that we can't support the null hypothesis, which assumes no cointegration, as the observed likelihood is less than the set significance level of 5%. Therefore, the model exhibits a long-term relationship. The Augmented Mean Group (AMG) estimation method can be used in this study.

#### Discussion of findings

Table 5: Impacts of Financial Restructuring on Financial Performance

<i>Variables</i>	<i>Coefficients</i>	<i>Std. Error</i>	<i>Z</i>	<i>P&gt; Z </i>
<i>FR</i>	1.3797	0.1702	8.11	0.000
<i>DTA</i>	0.4021	1.4115	0.28	0.776
<i>CURR</i>	-0.1769	0.0416	-4.26	0.000
<i>ROA</i>	2.6094	1.1270	2.32	0.021
<i>Constant</i>	-0.6398	0.9732	-0.66	0.511

Source: Authors' computation (2023)

#### Hypothesis 1: The Effect of Financial Restructuring on Financial Performance

Table 5 reveals that financial restructuring (FR) positively influences the returns on equity (ROE) of Nigerian manufacturing firms. The data implies that a slight 1% increase in financial restructuring positively affects the return on equity (ROE) of these firms, leading to an estimated increase of 1.3797%. The null hypothesis, which posits that financial restructuring (FR) has no significant effect on the returns on equity (ROE) of these firms, is dismissed. On the other hand, the alternative hypothesis is supported that financial restructuring has a positive effect on ROE is accepted. The FR coefficient is statistically significant at the 0.05 level, suggesting that a slight 1% increase in financial restructuring results in a significant estimated increase of 1.3797% in ROE. Other variables, such as DTA and CURR, do not demonstrate a statistically significant influence on ROE, as their p-values exceed the 0.05 threshold. Hence, the hypothesis that financial restructuring positively impacts financial performance is backed by the evidence provided.

#### Hypothesis 2: The Effect of Portfolio Restructuring on Financial Performance

The statistical analysis in Table 6 leads to the rejection of the null hypothesis, which assumes that portfolio restructuring (PR) has no significant effect on the financial performance of Nigerian manufacturing firms. The alternative hypothesis, which posits that portfolio restructuring positively impacts financial performance, is accepted. The PR coefficient is statistically significant at the 0.05 level, suggesting that a slight 1% increase in portfolio restructuring results in a significant estimated increase of 1.5404% in financial performance. It's important to note that the ROA (Return on Assets) variable has a p-value slightly above the standard 0.05 threshold, indicating marginal statistical significance. However, the evidence supports the hypothesis that portfolio restructuring contributes to improved financial performance in Nigeria.

Table 6: Impacts of Portfolio Restructuring on Financial Performance

<i>Variables</i>	<i>Coefficients</i>	<i>Std. Error</i>	<i>Z</i>	<i>P&gt; Z </i>
<b><i>PR</i></b>	1.5404	0.2296	6.71	0.000
<b><i>DTA</i></b>	2.1401	1.9342	1.11	0.269
<b><i>CURR</i></b>	0.3850	0.1350	2.85	0.004
<b><i>ROA</i></b>	3.0489	1.6012	1.90	0.057
<b><i>Constant</i></b>	-3.0808	1.6809	-1.83	0.067

Source: Authors’ computation (2023)

Based on the statistical analysis shown in Table 7, the null hypothesis, which assumes that operational restructuring (OR) has no significant effect on the financial performance of Nigerian businesses, is dismissed. The alternative hypothesis, which suggests that operational restructuring positively impacts financial performance, is accepted. The OR coefficient is statistically significant at the 0.05 level, implying that a slight 1% increase in operational restructuring results in a significant estimated increase of 0.9681% in financial performance. Although the ROA (Return on Assets) variable has a p-value slightly above the standard 0.05 threshold, indicating marginal statistical significance, the overall evidence supports the hypothesis that operational restructuring contributes to improved financial performance in Nigeria.

Table 7: Impacts of Operational Restructuring on Financial Performance

<i>Variables</i>	<i>Coefficients</i>	<i>Std. Error</i>	<i>Z</i>	<i>P&gt; Z </i>
<b><i>OR</i></b>	0.9681	0.2296	6.71	0.000
<b><i>DTA</i></b>	2.1021	1.9342	1.11	0.269
<b><i>CURR</i></b>	0.2840	0.1350	2.85	0.004
<b><i>ROA</i></b>	3.1239	1.6012	1.90	0.057
<b><i>Constant</i></b>	-2.0308	1.6809	-1.83	0.067

Source: Authors’ computation (2023)

The statistical analysis in Table 8 leads to the rejection of the null hypothesis, which assumes that capital restructuring (CUR) has no significant effect on the financial performance of Nigerian manufacturing firms. The alternative hypothesis, which posits that capital restructuring negatively impacts financial performance, is accepted. The CUR coefficient is statistically significant at the 0.05 level, suggesting that a slight 1% increase in capital restructuring results in a significant estimated decrease of 0.1652% in financial performance. Furthermore, other variables such as DTA and ROA show statistically significant effects on financial performance, as indicated by their p-values below the 0.05 threshold. Hence, the evidence supports the hypothesis that capital restructuring has negative impacts on financial performance.

Table 8: Impacts of Capital Restructuring on Financial Performance

<i>Variables</i>	<i>Coefficients</i>	<i>Std. Error</i>	<i>Z</i>	<i>P&gt; Z </i>
<i>Cur</i>	-0.1652	0.1431	-1.15	0.000
<i>DTA</i>	1.2391	0.1822	6.80	0.000
<i>CURR</i>	0.1034	0.4075	2.54	0.011
<i>ROA</i>	2.6436	0.9712	2.72	0.006
<i>Constant</i>	-0.7689	0.3171	-2.43	0.015

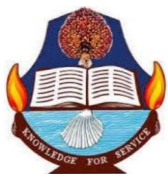
Source: Authors' computation (2023)

### CONCLUSION AND RECOMMENDATION

This research explored the influence of corporate restructuring on the financial performance of thirty chosen manufacturing firms in Nigeria. Operational restructuring (OR) promotes enhanced financial performance in Nigeria. A 1% increase in PR boosts financial performance by 0.9681%. This suggests that if a manufacturing firm opts to conduct an exhaustive review of its production processes and identifies areas rife with waste and inefficiencies, they could implement lean manufacturing principles, upgrade machinery, and provide staff retraining through operational restructuring. Consequently, production costs are reduced, and the company realizes higher profit margins on its products. Capital restructuring (CUR) negatively impacts the financial performance of Nigerian manufacturing firms by 0.01652% if it increases by 1%, particularly when firms decide to incur additional debt to finance a significant expansion project. While this could lead to increased production capacity and potential growth, it also escalates the firm's financial leverage. The study advises that manufacturing firms carefully consider the implications of various restructuring strategies and adopt methods that are in line with their long-term financial goals and objectives.

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