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CASH HOLDING STRATEGIES AND FINANCIAL STRUCTURES: EVIDENCE FROM NIGERIAN CONSUMER GOODS COMPANIES

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Abstract: *One of the issues that firms in Nigeria grapple with, is the challenge of striking a healthy and dynamic balance between the implicit cost of holding excess cash and the consequences of illiquidity due to inadequate cash holding. This study was conducted to examine the influence of financial structure on the cash holding levels of listed consumer goods companies in Nigeria. Ex-post-facto research design was adopted involving the use of secondary data as published by ten (10) companies selected from the population of 21 consumer goods companies listed on the floor of the Nigerian Exchange Group (NGX) for the period of 11 years (2012-2022). Descriptive statistics, simple linear regressions were used to analyze data collected. Cash and cash equivalent was used as the proxy for cash holding while firm size, leverage and debt-equity ratio were the proxy for financial structure. The result of the study indicated that firm size (β = .080, t = 13.342, p = .000) had a positive and significant influence on cash holding; leverage (β = -.009, t = -.166, p = .869) and debt-equity ratio (β = -.056, t = -.937, p-value = .351) had a negative and insignificant influence on cash holding level of consumer goods companies in Nigeria. Hence, it was concluded that of the three attributes considered, firm size exerts the most significant influence on the cash holding level of listed consumer goods companies in Nigeria. It was recommended that larger companies should assess their financial structure and consider the trade-offs between debt and cash holdings.*

Keywords: *Cash holding; Financial structure; Firm size; Leverage; Cash management*

1. INTRODUCTION

Cash holdings play an important role at the heart of firms' policies. This is because holding cash is one of the common ways through which companies ensure their liquidity and the ability to respond to unexpected changes in cash flows, fund daily operations, finance long-term investments, and hedge risk (Nkem & Ursula, 2017; Aliyu, Nakazalle & Yusuf, 2020). According to Abebaw (2014), cash holdings, also referred to as cash hoardings, is the level of highly liquid assets (cash and cash equivalents) held by a firm, and which it can convert into cash in a short period. It is also defined as cash held by a company and accessible for physical assets, investments, and distribution to shareholders (Lawal, Abdulkarim, & Nurudeen, 2020). According to Al-Najjar (2013), ensuring continuity in a company's financial performance is an important decision for financial managers. It is also important to note that cash and cash equivalents are considered the most important part of the current asset. Therefore, managers hold a significant portion of their assets as cash for reinvestment or other purposes. Determining the level of cash to hold in a firm is crucial for managers because when a firm holds little or an insignificant amount of cash, it leads to difficulties in meeting their short-term needs

(obligations). At the same time, when a company holds too much cash, it can lead to several negative effects such as missed investment opportunities, and decreased overall returns on investment. Additionally, excessive cash-holdings can indicate inefficiency in capital allocation.

The Board of Directors is in charge of formulating cash management policy in the company, so therefore, they are faced with the responsibility of determining the amount of cash that should be retained or withheld by the firm within a financial period. However, the managers are also responsible for making appropriate decisions when there is an inflow of cash into the company; they decide whether the cash should be paid as dividends to shareholders or whether it should be used for investment or to be kept for other purposes. These responsibilities and decisions are key in ensuring stability and smooth flow of operations.

The decision on how much to hold as cash, and how long to keep cash, is predicated on a number of issues and considerations. This implies that there are different considerations that motivate companies to hold cash. For any given company, the preeminence of any of these motivations depends on the kind and nature of the company's activities. According to Ozordi, Adetula, Eluyela, Aina, and Ogabi (2014), manufacturing companies hold cash to meet their transitionary, precautionary and speculative motives.

Transitionary motive refers to the act of holding money for day-to-day operations or everyday transactions to pay for goods and services. Simply put, it is held for the organization's smooth running of day-to-day activities. (Nizamettin & Mirgul, 2016). Precautionary motive, on the other hand, is when cash is held to meet certain contingencies that may arise in the course of the business or can be seen as holding cash for unforeseen circumstances that might arise. In other words, under precautionary motive, cash balances are held by companies for safety reasons. In contrast, the speculative motive for holding cash refers to a situation where firms hold cash to make the best out of any investment opportunity that may arise later in the course of business. Hameed and Iliyasu (2022), indicates that corporations hold cash balances to take advantage of any potential bargain purchases.

Researches have been conducted in the past on related issues. However, despite numerous studies examining the relationship between financial structure and cash holding levels, the findings have been inconclusive and, in some cases, contradictory. While some studies have suggested a positive relationship between leverage and cash holdings, indicating that highly leveraged firms tend to hold more cash as a precautionary measure against financial distress, others found a negative or insignificant relationship. Similarly, the influence of firm size and debt-equity ratio on cash holding levels has yielded mixed results in literature.

The primary objective of this study is to investigate the influence of financial structure on the cash holding levels of consumer goods companies in Nigeria. Specifically, the study aims to analyze how variations in firm size, leverage, and debt-equity ratio affect the cash holding practices of consumer goods firms. This would contribute to a deeper understanding of the relationship between financial structure and liquidity management in this sector. In the course of this, the study seeks to provide valuable insights for practitioners, policy makers and researchers interested in optimizing cash holding strategies and enhancing the performance of consumer goods firms. In other to guide the study, the researchers hypothesize that:

Ho_1: Firm size does not significantly influence the cash holding level of listed consumer goods firms in Nigeria.

Ho_2: Leverage does not significantly influence the cash holding level of listed consumer goods firms in Nigeria.

Ho_3: Debt to equity ratio does not significantly influence the cash holding level of listed consumer goods firms in Nigeria.

2. REVIEW OF RELATED LITERATURE

2.1 Concept of Cash Holdings

Hassan and Ibrahim (2014) define cash holdings as cash on hand or readily available for investment in physical assets or distribution to investors. Gao, Harford, and Li (2013) research on the effects of macroeconomic fluctuations on cash holdings found that firms' cash holdings increased in unstable macroeconomic conditions as management became more conservative, and vice versa. They, therefore, explain the negative interaction between economic uncertainty and cash holdings. However, it is not yet clear what factors influence companies' cash holdings. Therefore, it is essential to consider the determinants of a company's cash holdings. The amount of corporate cash held by a company is determined by various variables such as company size, leverage, growth opportunities, cash flow, and cash flow volatility.

2.2 Reasons for Holding Cash

Every firm needs cash to carry out different activities and meet obligations as they fall due. These activities or obligations could be to pay salaries, wages, repayment of loans, purchase of materials, such that they sustain a certain level of cash to face the unpredictable fluctuation in cash flows in the future and hold cash to take advantage of market price movement. Therefore, there are mainly three motives for holding cash.

Transitionary Motive

The transitionary motive of holding cash can be defined as the cash a company needs to meet its daily operational needs (Nizamettin & Mirgul, 2016). Businesses typically need cash to make payments in the form of salaries, wages, interest, dividends and purchased goods. Similarly, we receive cash from sales, liabilities, and investments. Often, a company's cash inflows and outflows are different and hence, the cash is held up to meet its routine commitments. Precautionary Motive

Precautionary motive on the other hand According to Keynes are those cash balances which are held "to provide for contingencies requiring sudden expenditure and for unforeseen opportunities of advantageous purchases, and also to hold an asset of which the value is fixed in terms of money, to meet a subsequent liability in terms of money" Precautionary motive of holding cash in firms also refers to the need to hold cash as a safety measure as a financial reserve which may be required for the settlement of unexpected events in the future (Nkem & Ursula, 2017). For instance, employee strikes and lock-ups increase the cost of raw materials, funds, and labour, and fall in market demand. These emergencies also restrict a firm to hold a certain level of cash. Speculative Motive

The speculative motive of holding cash refers to the process by which firms hold cash to avail themselves of the benefit of bargain purchases that may arise (Hameed and Iliyasu, 2022). For instance, if the firm feels the prices of raw materials are likely to decrease, it will hold cash and wait until the prices decrease. Therefore, a firm holds cash to exploit the possible opportunities that are out of the normal course of business, where these opportunities could be in the form of the low-interest rate charged on the borrowed funds, expected fall in the raw material prices, or a favourable change in the government policies. Thus, cash is the most important and liquid asset that the firm holds. It is important as it pays off the firm's obligations and helps expand business operations.

2.3 Financial Structure Financial structure refers to the composition of a company's liabilities and equity, including the proportion of debt to equity, the types of debt (such as long-term loans or short

term credit), and the distribution of earnings to shareholders through dividends. It essentially describes how a company finances its operations and investments, reflecting its capital mix and funding sources. Financial structure encompasses firm size, leverage, and debt-equity ratio. These are integral aspects of a company's financial structure as they collectively influence how a company manages its finances and allocates its resources.

Firm Size

Studies on the consequences of firm size can be traced back to a seminal article, by Dang, Li, and Yang (2018), which brings up the question of how firm boundaries affect the allocation of resources and what determines firm boundaries. Both questions have received much recognition in past studies in economics and finance. Empirical researchers in corporate finance also consider firm size significant and a significant firm characteristic, and in many situations, observe a side effect. Leverage

According to Anjum and Malik (2013), leverage is the ratio of net returns on shareholders' equity and the net rate of return on capitalization. Leverage can also be defined as the employment of an asset or funds for which the firm pays a fixed cost or fixed return. Leverage is an investment strategy of using borrowed money, specifically various financial instruments or capital, to increase an investment's potential return. Leverage results from using borrowed capital as a source of funding when investing in expanding the firm's asset base and generating returns on risk capital. Furthermore, leverage can also refer to the amount of debt a firm uses to finance assets. When one refers to a company, property, or investment as "highly leveraged," it means that the item has more debt than equity.

Therefore, leverage can be classified into three types: operating leverage, financial leverage, and combined leverage.

Al-Najjar (2013) defined operating leverage as the extent of the use of fixed costs in the operation of the firm. Operating leverage also refers to the process of using fixed operating costs such as depreciation, insurance of assets, repairs and maintenance, property taxes, etc., in a firm's operations; this excludes interest on debt capital. The higher the proportion of fixed operating cost compared to variable cost, the higher the operating leverage, and the lesser the proportion of fixed operating cost compared to variable cost, the lesser the operating leverage.

Operating leverage plays a critical role in these theories, but little supporting empirical evidence exists. Ali and Yousaf (2013) provide indirect evidence of operating leverage's importance. Sagi and Seashores (2007) show theoretically that operating leverage reduces asset return autocorrelation and identifies firm-specific attributes that improve the empirical performance of momentum strategies. Operating leverage is therefore used to measure the effect of variation in sales volume on the level of EBIT (Earnings before interest and taxes).

Financial leverage, on the other hand, is primarily concerned with financial activities which involve raising funds from sources for which a firm has to bear fixed charges such as interest, expenses, loan fees, etc., where these sources include bonds, preference share capital, and debentures (long-term debts). Dudley and Zhang (2016) defined financial leverage as using fixed-charge sources of funds, such as debt and preference capital, along with the owner's equity in a firm's capital structure. Financial leverage is simply a measure of changes in operating profit or earnings before interest and taxes (EBIT) on the level of earnings per share.

Furthermore, operating leverage is seen to be different from financial leverage as operating leverage is associated with the firm's operating cost structure, while financial leverage is related to the firm's capital structure. Also, operating leverage is determined by the relationship between sales revenue and

earnings before interest and tax (EBIT) of the firm, while financial leverage is determined by the relationship between earnings before interest and tax (EBIT) and EPS (Earning Per Share) of the firm. It is also very important to note that operating leverage helps measure the firm's business risk, while financial leverage helps measure the firm's financial risk.

Combined leverage, therefore, comprises both operating leverage and financing leverage, where operating leverage measures the percentage change in operating profit due to a percentage change in sales. It describes the degree of operating risk while financial leverage measures the percentage change in taxable profit on account of the percentage change in operating profit, thus, it describes the degree of financial risk. These leverages are closely concerned with the firm's capacity to meet its fixed costs. If both leverages are combined, the result obtained will disclose the effect of a change in sales over a change in taxable profit. In short, combined leverage expresses the relationship between revenue on account of sales and taxable income. It helps to discover the resulting percentage change in taxable income due to a change in sales.

Combined leverage also has various advantages to firms as it indicates the effect that changes in sales will have on EPS; it also shows the combined effect of operating leverage and financial leverage. Having discussed the various types of leverages, it is imperative to note that it is important to do a timely and accurate leverage analysis for a firm's success.

Debt-Equity Ratio

The debt-equity ratio compares a firm's total debt to its total equity, reflecting the proportion of financing provided by creditors versus shareholders. It is calculated by dividing total debt by total equity. This ratio is quite informative of the risk and sustainability and risk profile of the firm. A higher debt-to-equity ratio indicates greater financial leverage and potential risk associated with high levels of debt (Akpanuko, Jeremiah & Eteyen, 2024). The lower the value of debt equity ratio means the s higher the number of assets financed by the owner of the firm relative to those financed through debt. In essence, It shows the ability of a firm’s own capital to meet its obligations (Nasution, Putri & Dungga, 2019).

2.4 Theoretical Review

The Pecking order theory and trade off theory of capital structure provide the theoretical foundation of this study. The Pecking order theory was proposed by Myers and Majluf in 1984. The theory suggests that although firms have a hierarchy of preferred financing sources, internal funds (such as retained earnings) is mostly preferred, followed by debt, and then equity as a last resort. The main premise of the pecking order theory is that firms prefer to use internal funds which could include their cash and cash equivalents first before external financing and can signal negative information to investors and lead to adverse selection problems.

The trade-off theory was proposed by Franco Modigliani and Merton Miller in 1958. The theory suggests that firms have a target capital structure, balancing the benefits of debt tax shields with the costs of financial distress. According to this theory, firms choose their optimal debt level by considering factors such as the tax advantages of debt, bankruptcy costs, agency costs, and information asymmetry. The trade-off theory could provide valuable insights with respect to this study. This is because Consumer goods companies often operate in competitive environments with relatively stable cash flows, which may lead them to adopt a moderate level of debt to benefit from tax shields while avoiding excessive financial risk (Kariuki, Namusonge & Orwa, 2015).

It is expected that by examining the financial structure of consumer goods companies in Nigeria, it is possible to analyze how debt levels impact their cash holding levels. Companies with higher debt may have lower cash holdings due to obligations such as interest payments and debt servicing, while companies with lower debt may have higher cash reserves for investment opportunities or as a buffer against financial distress.

2.5 Empirical Review

Saputra and Yuniarwati (2023) studied on factors affecting cash holding in Manufacturing Companies in the Consumer Goods Sector. The purpose of this study was to examine the effect of leverage, net working capital, and capital expenditure on cash holding in manufacturing companies in the consumer goods sector listed on the IDX for the period between 2019 and 2021. The determination of sample was done using the purposive sampling method and this resulted in the selection of a total sample of 32 companies met the study criteria. The secondary data collected were analyzed using EViews (Econometric Views) while multiple regression analysis was used to test the study hypotheses. The results of this study indicate that leverage has a negative effect on cash holding. While net working capital has no effect on cash holding and capital expenditure has no effect on cash holding

Nnubia, Ofoegbu, and Nnubia (2021) conducted a study on firm's characteristics and cash holdings. The study examined the relationship between firm's characteristics and cash holdings of listed consumer and industrial goods firms in Nigeria, South Africa and Kenya. Out of 35, 23 and 15 listed consumer and industrial goods firms in Nigeria, South Africa and Kenya respectively, sample of fifty-two (33 for Nigeria, 12 for South Africa and 7 for Kenya) firms for a period of 8 years (from 2011-2018). The secondary data collected were analyzed using Pearson product-moment correlation matrix. The results revealed that, firm size was statistically significant in South Africa while in Nigeria and Kenya, it was statistically insignificant. In Kenya, leverage was statistically significant while in both Nigeria and South Africa, it was statistically insignificant. In Nigeria and Kenya, profitability as well as dividend policy was also statistically significant.

Yun, Ahmad, Jebran, and Muhammad (2021) conducted a study to show how the relationship between cash holdings and firm performance is moderated by several firm-specific factors such as state-ownership, corporate governance attributes, family ownership, and ownership concentration. By considering a sample of Chinese firms, this study provided strong evidence that the cash holdings and performance association is significantly moderated by firm-specific attributes. Specifically, this study documented that cash holdings improve the performance of firms having strong corporate governance. Further, family ownership and ownership concentration negatively affect the relationship between cash and performance, while state-ownership positively moderates this relationship. Overall, the findings elaborate that firm-specific attributes are important factors influencing the association between cash holdings and firm performance.

Virginus (2020) did a study on moderating firm characteristics on cash holdings of companies Listed in Nigeria Stock Exchange. The study drew sample from companies listed on Nigeria Stock Exchange (now Nigeria Exchange Group). Secondary data were extracted from the annual reports of the companies, for the period of 12 years from 2008 to 2019. The data were analyzed using descriptive statistics, correlation and regression analysis. The result showed that firm size has a positive and insignificant moderating relationship with cash holding while leverage and profitability had a negative and insignificant moderating relationship with cash holding of listed companies in Nigerian. It was therefore recommended that in making decisions, management should be guided to know that firm size

is positive but is not statistically significant in moderating cash holding whereas leverage and profitability are insignificant in moderating cash holding such that their decrease does not significantly affect cash holding of listed companies in Nigeria.

Amahalu (2020) examined the effect of cash holding on financial performance of selected Quoted Insurance Firms in Nigeria. This study assessed the extent to which cash holding affects financial performance of quoted insurance firms in Nigeria. Ex-post facto research design and time-series data were adopted and the data for the study were obtained from fact books, annual reports and account of the quoted insurance companies under study. Pearson coefficient of correlation and multiple regressions were applied for the test of the three hypotheses formulated with aid of STATA 13 statistical software. Findings showed that cash holding (proxy by cash to total book value of assets and cash) has a positive and statistically significant effect on financial performance (proxy by Return on Asset, Return on Equity and Tobin's Q). Based on these findings, the study recommended, among others, that insurance companies should adequately manage how they re-invest their resource so as to prevent any form of mismanagement of resource.

Subranmaniam, Tang, Yue, and Zhou (2011) examined the effect of firm structure on cash holdings using Compustat firm level and segment level data for the period of 19 years, spanning between 1988 and 2006, it was discovered that diversified firms hold significantly less cash than their focused counterparts. That is, the more diversified a firm is, the less will be its cash holdings.

Nwakaego, Ikechukwu, and Benedict (2009) studied the effect of firm characteristics on corporate cash holding of quoted consumer goods firms in Nigeria. The population of the study was twenty (20) consumer goods firms listed on the Nigerian Stock Exchange (now Nigeria Exchange Group). Five (5) consumer goods firms were judgmentally selected based on the availability of data pertaining to the variables for the period under study. The firm characteristics considered for the purpose of this study are; profitability, capital expenditure, firm size and leverage. Data were sourced from the annual reports of the sampled firms and the 2017 Industry Report of Lagos Business School. The study used panel data regression analysis. The result of the study revealed that profitability, capital expenditure and firm size has effect on cash holding of quoted consumer goods firms on the Nigerian Stock Exchange while leverage had no effect on cash holding of quoted consumer goods firms on the Nigerian Stock Exchange. The study recommended that consumer goods firms in Nigeria should adopt changes in response to consumer taste and wants in order to attract a large market share and remain profitable. It also recommends increase the firm's capital base which can be achieved through capital expenditure.

3. METHODOLOGY

The study adopted ex-post facto research design. This research design is considered appropriate because it is a quasi-experimental design that focuses on how actions that have occurred can predict certain causes. The population of this study constitutes of 21 consumer goods companies listed on Nigeria Exchange Group (NGX) as at July 2023. The purposive sampling technique was used to select a sample of eleven (11) consumer goods companies for the study. These sampled companies were Nestle Nigeria Plc, Dangote Sugar Plc, Vitafoam Nigeria Plc, Guinness Nigeria Plc, Cadbury Nigeria Plc, Nigeria Flour Mills, Champion Breweries, Honey Well Flour Mill, PZ Cussons, Unilever Nigeria Plc and, Nigeria Breweries.

The Secondary data used for the study generated through a review of annual reports of the sampled companies for the 11-year period (2012-2022) were presented using numerical description and tabular

presentation. In order to empirically examine the relationship between the independent and dependent variables of the study (including their component), the regression analysis was employed, using the Statistical Package for Social Sciences (SPSS) version 25.0.

The dependent and independent variables of the study were cash holding levels and firms' attributes, respectively. The dependent variable, cash holding level was proxy by cash and cash equivalents while firm size, leverage and debt-equity ratio were adopted as proxies of the independent variable (corporate attributes). The description and measurement of the variables are presented in Table 1.

Table 1: Description and Measurement of Variables

Variables	Symbol	Type of Variable	Definition/ Measurement
Cash Holding Level	CHL	Dependent	Natural Log of Cash and cash Equivalent
Firm Size	FMS	Independent	Natural Log of Total Asset
Leverage	LEV	Independent	(Total Debt /Total Asset)
Debt to Equity ratio	DTE	Independent	(Total Debt /Total Equity)

Source: Researcher's compilation (2024)

3.1 Model Specification

The econometric model developed for the study is shown as follows;

$CHL_{it} = a_0 + a_1FMS_{it} + a_2LEV_{it} + a_3DTE_{it} + \mu$

Where;

CHL_{it} = Cash Holding Level of firm i in year t

FMS_{it}= Firm Size of firm i in year t

LEV_{it}= Leverage of firm i in year t DTE_{it} = Debt to Equity of firm i in year t a_0 = Regression Constant

$a_1 - a_3$ = Coefficient of independent variables μ = Stochastic Error

4. RESULTS AND DISCUSSION

4.1 Descriptive Statistics

Table 2 shows the descriptive statistics of the variables used in this study. The descriptive statistics were mean and standard deviation.

Table 2: Descriptive Statistics of the Variables

	Minimum	Maximum	Mean	Std. Deviation	N
CHL	10.19	18.98	15.86	1.57	121
FMS	15.73	20.32	18.27	1.19	121
LEV	.38	6.82	.80	.57	121
DTE	-2.98	306.60	13.64	49.41	121

Source: Researcher's Computation (2024)

The pooled data of the 11 sampled consumer goods companies which were collected over the study period of 11 years gave rise to the total of 121 observations indicated in Table 2. These 121 observations were subsequently analyzed. The minimum and maximum value of the variables are: CHL (10.19 and 18.98), FMS (15.73 and 20.32), LEV (0.38 and 6.82), and DTE (-2.98 and 306.60) respectively. Also in Table 2, cash holding level (CHL) had a mean of 15.86. Leverage (LEV) had the lowest mean (.80)

and standard deviation (.57) while firm size (FMS) which had a standard deviation of 1.19, had the highest mean value of 18.27. Debt equity ratio (DTE) with a mean of 13.64 had the highest standard deviation (49.41). This means that the deviation between the data set for DTE from the mean was relatively higher than the other variables, during the period of study.

4.2 Tests of Hypotheses

Ho_1: Firm size does not significantly influence the cash holding level of listed consumer goods firms in Nigeria.

Ho_2: Leverage does not significantly influence the cash holding level of listed consumer goods firms in Nigeria.

Ho_3: Debt to equity ratio does not significantly influence the cash holding level of listed consumer goods firms in Nigeria.

Table 3: Regression Output on the Influence of Financial Structure on Cash holding level

Variables	VIF	Beta coefficient	T	Sig.	R	R^2	Adj. R^2	Std. Error	F	Sig.
					.789[a]	.622	.613	.9770	64.308	.000[b]
(Constant)			-2.398	.018						
FMS	1.125	.080	13.342	.000						
LEV	1.020	-.009	-.166	.869						
DTE	1.121	-.056	-.937	.351						

Source: Researchers' Computation (2024).

The output of the regression analysis on the influence of financial structure on cash holding level of consumer goods companies in Nigeria is summarized in Table 3. According to the result, the R (.789) shows that a 78.9 % correlation exists between firm size (FMS), Leverage (LEV) and debt-equity ratio (DTE) and cash holding level (CHL). The p value of the F statistic (.000) is less than 0.05. This denotes that the model has a good fit and thus the results generated by it, can be relied upon as a basis for inference on the influence of financial structure on cash holding level of consumer goods companies in Nigeria. There are also no multicollinearity issues as the Variance Inflation Factors (VIF) of FMS (1.125), LEV (1.020), and DTE (1.121) are all below 10 and thus are within the acceptable range (Pallant, 2005).

From the results, the R^2 indicates that FMS, LEV and DTE explains 62.2% of the variation in cash holding level of consumer goods firms in Nigeria. This implies that only 37.8 % of variations in cash holding level of consumer goods firms in Nigeria are explained by other variables not included in the model but represented by the stochastic error term (μ). The beta coefficients of FMS (.804), LEV (-.009), and DTE (-.056) presented in Table 3 indicates that leverage and debt-equity ratio inversely (negatively) influence cash holding by consumer goods firms in Nigeria. The coefficients for leverage imply that a 1% increase in leverage would result in a 0.9% reduction in cash holding level. Similarly, a

1% increase in debt-equity ratio would bring about a 5.6% decrease in cash holding level. On the contrary, Table 3 suggests that firm size (FMS) has a positive (8%) influence on cash holding. Thus, 1% increase in firm size could induce up to 8% increase in level of cash held by consumer goods firms. This apparently suggests that in comparison to LEV and DTE, FMS makes a relatively stronger contribution to the variation in cash holding level of consumer goods companies in Nigeria.

The t value of FMS (13.342) in Table 3 is significant because the p value of the t (.000) is less than the 0.05 threshold. In view of this, the null hypothesis (Ho_1) is not supported because contrary to the hypothesis, this result indicates that firm size significantly influences cash holding level of consumer goods firms in Nigeria. This aligns with the stance of Nwakaego, Ikechukwu, and Benedict (2009) and, Yun, Ahmad, Jebran, and Muhammad, (2021) who similarly observed a significant positive effect of firm size on cash holding levels of firms.

However, the second hypothesis (Ho_2) and the third hypothesis (Ho_3) of the study are supported because Table 3 shows that the observed negative influence of LEV ($t_{0.05}$ = -.166, p =.869, p > 0.05) and DTE ($t_{0.05}$ = -.937, p =.351, p > 0.05) on CHL are not significant. This implies that leverage as well as debt - equity ratio do not significantly influence cash holding of consumer goods firms in Nigeria. This finding aligns with the finding of Nnubia, Ofoegbu, and Nnubia (2021) who indicated that in Nigeria and Kenya, leverage does not have a significant effect on cash holding.

5. CONCLUSION AND RECOMMENDATIONS

The main objective of this study was to examine the various firm's attributes and cash holding levels of listed consumer goods companies in Nigeria. It was concluded that, unlike firm size, increase in leverage and debt-equity ratio have negative influence on the cash holding level of consumer goods companies in Nigeria. However, the positive influence of firm size on cash holding of these firms is significant whereas the negative influence of leverage and debtequity ratio is insignificant.

The empirical findings premise our conclusion that of the three attributes considered, firm size exerts the most significant influence on the cash holding level of listed consumer goods companies in Nigeria. Based on the findings from this research, the following recommendations are made:

i. Larger firms should continue to monitor and manage their cash holdings effectively to optimize their cash resources.

ii. Firms should assess their capital structure and consider the trade-offs between debt and cash holdings, keeping in mind their specific financial circumstances.

iii. Firms should continue to evaluate their debt -equity ratio in light of their financial objectives and the impact on performance and sustainability.

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