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Ownership Structure and Financial Stability of Selected Listed Companies in Nigeria

Adekola Adeola Adebayo
Senior Lecturer, Department of Accounting, The Polytechnic, Ibadan, Nigeria
Dr. Adegbie Folajinmi Festus
Associate Professor, Department of Accounting, Babcock University, Nigeria
Salawu Rafiu Oyesola
Professor, Department of Management and Accounting, Obafemi Awolowo University, Nigeria

Abstract:
Financial stability of firms is a topical issue that is attracting global attention. High profile corporate failures in recent decades have heightened concern for corporate financial stability. The study investigated ownership structure (foreign ownership, managerial ownership and institutional ownership) and financial stability of selected listed companies in Nigeria. This study adopted ex-post facto research design. The population comprised 170 listed companies on Nigerian Stock Exchange (NSE) as at December 2018. Foreign ownership had positive and significant effect on asset turnover (R^2= 51.6%, β_1= 22.58, $t_{(124)}$ = 3.243, P<0.05); and Managerial Ownership had positive significant effect on Working Capital (R^2=76.5%, β_1=42.67, $t_{(124)}$ = 2.912, P<0.05). In addition, there was substantial evidence of a positive and significant relationship between Institutional Ownership and Return on Asset (R^2=8.52%, β_1=25.57, $t_{(124)}$= 3.793, P<0.05). The study concluded that ownership structure affected financial stability of selected listed companies in Nigeria. The study therefore recommended that government should make a policy that will encourage a balanced ownership structure of listed companies that will enhance financial stability and create value for stakeholders.

Keywords: *Foreign ownership, financial stability, Managerial ownership, Institutional ownership*

1. Introduction

Financial stability is one of the most topical issues in today's economic literature owing to the need for firms to continue to fulfill both short term and long term financial commitment on one hand and the need to salvage firms from the monstrous tendencies of distress and collapse on the other hand. Also, the ownership structure is a formidable driver of financial stability (Salehi, Abdoli and Eskandari, 2017). Lupu (2015) in Adegbie, Akintoye and Ashaolu (2019) posited that financial stability has relative or absolute size that cannot be neglected in profit making organizations. This study brings into reminiscence the previous scenarios of corporate scandals like Enron (2001) an energy company where directors and executives fraudulently concealed large losses in Enron's projects (Shaughnessy, 2011). Another was WorldCom (2001) a telecommunication firm in which after falling share prices and a failed share redemption scheme, it was discovered that the directors had used fraudulent accounting methods to push up the stock price (Verizon, 2004). Also is Parmalat (2003) of Italy.

Others according to Shaughnessy (2011) includes waste management scandal (1998), Tyco scandal (2002), Health south scandal (2003), Freddie mac scandal (2003), American insurance group scandal (2005), Lehman brothers scandal (2008), Bernie madoff scandal (2008), Saytam scandal (2009).The collapse of most of the companies bothers on corporate governance and ethical breach (Shaughnessy, 2011). The Nigerian firms are not insulated from the quagmire of scandals where this study established cases like Cadbury Nigeria (2006), Unilever Nigeria (2002) Stanbic IBTC (2018), Skye Bank (2018) and Theranos (2018).The relevance of analysis on financial stability was underscored during the international financial crunch at the end of the 1990s (Nemzeti, 2018). These developments prompted the need for a continuous provision to the professional public opinion with an up-to-date and reliable picture of the condition of a given country's financial sector (Nemzeti, 2018).

Central Bank of Nigeria (2018) defines financial stability as the resiliency of the financial system to unanticipated adverse shocks while enabling the continuing smooth functioning of the financial system intermediation process. She further stressed that a stable financial system contributes to broader economic growth and rising living standards and that the financial system performs one of the most important functions in the welfare of its citizens by supporting the ability of households and firms to hold and transfer financial assets with confidence.

Conceptually financial stability entails the ability to pay overhead expenses, settle debts as and when due and pay returns on capital to investors (Salawu, 2017). Salawu (2017) further stressed that though it goes beyond the financial aspect (e.g. retaining relevant employees and customer assenting the production process for cost saving etc. Thus it is the review of cash flows statement which some financial ratios can do. Financial stability according to Salawu (2017), includes paying overhead cost, settling debt, return on capital and retain for growth. There is just a thin line between financial

stability and financial risk. A concern with a high financial risk will most likely experience a low financial stability while the firms with a low financial risk will most likely have a high financial stability. The solvency state of a firm has a lot to do with the financial risk cum financial stability of the firm. A firm that is solvent is perceived to be more responsible in settling debt obligation as they fall due as such could be adjudged to have high financial stability compared to another firm that is distant away from solvency. The solvency position of a firm has a lot to do with its liquidity which is so much tied to the methods and durations of collections from the debtors average collection period.

Firms are established and continuously governed and monitored to enable them achieve their objectives (Cronqvist & Nilsson, 2003; Hu & Izumida, 2008; & Al-Najjar, 2015). Fama and Jensen (1983) stated that organizations compete for survival, and the form of organization that survives in an activity is the one that delivers the product demanded by customers at an acceptable price while covering costs. The concept financial stability is perceived to depend so much on the ownership structure upon which the future affairs of the business rest. There is a simplistic believe that where business, institution, family or foreign owners of firms are directly or indirectly involved in the affair of piloting or paddling the activities of the day to day running of their businesses, there is an appreciable tendency that they would ensure a significant proportion of the financial stability of the firm that is tailored towards the attainment of the goals and objectives of the business. Many studies have delved more on managerial ownership, institutional ownership and foreign ownership which by category could be termed primary ownership. For instance, Karimi, Abdoli and Eskandari (2017) studied the relationship between private ownership and debt cost. Their research investigated private ownership companies and the relationship with the created debt cost for understudied company. The results demonstrated that private ownership, in understudied companies was significantly related to decreased debt cost.

Salehi, Abdoli and Eskandari, (2017)in their work observed that institutional and corporate owners may perform better for stronger incentives to profit and initiate access to information. Also Bargezar and Babu (2008) investigated the relationship between ownership structure in terms of institutional and non-institutional ownership and performance in terms of return on asset, return on equity, and Tobin's Q. The study established a positive relationship between institutional ownership and firm performance. Kordlor, Moradi and Skandar (2010) in similar study established positive relationship between institutional ownership and the company's performance. Chen, Blenman and Chen (2008) indicated that a positive relationship subsist between institutional ownership and firm performance where performance was surrogated by return on equity (ROE). This study also considered ownership from the perspective of gearing which the study termed secondary ownership in addition to managerial, foreign and institutional ownership. Equity is a kind of secondary ownership where shareholders are entitled to compensation in the form of dividend whenever it is declared. Equity ownership is more pronounced when the fortune of a firm comes to the fore and their ownership is translated to rewards, also where the firm is experiencing a down turn or misfortune the ownership stake of the firm will be evident in form of deficit. Debt holders equally command ownership via fund made available and this must be compensated adequately by way of return on investment. The fundamentality of the study of debt is predicated on the position that managers sometimes use excess debt as a transitory device to signal a covenant to sell assets, thereby preventing takeover attempts from outside investors. In addition, with high debt, managers have more cash to pursue suboptimum investments for their own interests (Phuong & Tannous, 2017)

According to Alawode and Al-sadek (2008), the definition of financial stability will be more meaningful by the attempt to define financial instability. At this juncture it is ideal we acquaint ourselves with the performance of a financial statement and so according to Salawu (2017) the income and expense elements of performance are measured in terms of assets and liabilities. Income is measured by increases in assets or decreases in liabilities, other than those relating to contributions from equity participants. Expenses, on the other hand, are measured by increases in liabilities or decreases in assets. Many firms exist with set objectives that should be tailored towards taking them to a lofty and enviable feat. Many of these concerns undertake one business or the other for its sustenance and continued existence. Business could be viewed as any venture that is engaged in so as to satisfy defined goals and objectives. Stephenson (2011) defined business as the regular production or purchase and sale of goods undertaken with an objective of earning profit and acquiring wealth through the satisfaction of human wants.

1.1. Statement of the Problem

Financial stability demands the ability of a firm to meet short and long term financial commitment like bills payable and debenture as and when due. The statement of the problem stems from the inability of the firm in meeting with the overheads and other running cost and this poses a threat to the solvency and going concern concept of the concern. Even where managers are involved in the ownership status of the business, it is the quality of their involvement in credibility and stewardship that might help to sustain the business from the shackles and stronghold of bankruptcy. The nexus of ownership structure and performance has received considerable attention by researchers all over the world (Chung, Firth & Kim 2002; Kumar, 2003; Bjuggren, Eklund & Wiberg2007; Hu & Izumida, 2008; and Samiloglu & Ulas, 2010). Ownership structure has received much attention because it is part of the agency theory and corporate governance. Jiang (2004) investigated the effect of ownership structure on the performance of listed companies in Heilongjiang Province. The results of the study showed that the different forms of ownership may have implications for corporate governance and performance of firms.

Therefore, the statement of the problem which arises directly involves the structure of ownership that is more efficient in improving company's performance to propel financial stability? When extended to this study the statement of the problem of the kind of ownership structure (measured via Debt, Equity, Institutional, Managerial, State, Private and Foreign Ownership) that will significantly drive financial stability (measured via Return on Capital Employed, Return on Asset, Dividend Growth, Asset Turnover and Working Capital) leaves much to be desired.

The possibility of using corporate fund to ascertain asset turnover might also be probabilistic while institutional ownership influence on return on asset and equity holders' influence on dividend growth remain a huge question that cannot be directly answered. Akintoye (2016) shared his concern on how to arrive at a cost -efficient mix of capital structure that the real capital structure challenge is one of balancing the array of funds sources in a proper manner.

1.2. Objective of the Study

The main objective was to evaluate the effect of ownership structure on the financial stability of selected listed companies in Nigeria. To achieve this objective, the following specific objectives were stated, to:

- Ascertain the impact of foreign ownership on asset turnover of selected listed companies in Nigeria
- Assess the impact of managerial ownership on working capital of selected listed companies in Nigeria
- Determine the effect of institutional ownership on return on asset (roa) of selected listed companies in Nigeria

1.3. Hypotheses of the Study

- $H_0$1: There is no significant impact of Foreign Ownership on Asset Turnover of Selected Listed Companies in Nigeria
- $H_0$2: There is no significant impact of Managerial Ownership on Working Capital of selected listed companies in Nigeria
- $H_0$3: Institutional Ownership does not have significant effect on Return on Asset (ROA) of selected listed companies in Nigeria

2. Literature Review

2.1. Conceptual Review

2.1.1. Ownership Structure

According to Al-Thuneibat (2018), Ownership structure is defined as the allocation of ownership according to the voting rights and corporate capital. To measure the ownership structure, the researcher explored four variables including foreign, institutional, managerial and concentrated ownership. The capital structure was measured by using leverage and performance was measured by using the return on assets (ROA).The results of the study showed that the relationship between ownership structure in general, and performance was positive and statistically significant, however, the results showed that the various types of ownership structure have different types of relationships with performance.

Ownership structure is also viewed as the identity of shareholders (Jensen & Meckling, 1976). Ownership structure plays an important role in corporate governance as being one of the basic control mechanisms over agency costs (Kumar, 2003). According to Shahzad, Nazir and Amin (2017), Ownership structure differs from firm to firm. Some firms are family owned business while we may also have the public limited companies. According to Cheema, Bari, and Saddique (2003) and Ikram and Naqvi (2005), the separation between ownership and controlling rights is greater at Pakistani firms than at East Asian corporations, and the reason for this may be the presence of a higher number of echelon and control paths in the pyramid's structure, which can increase the gap between ownership and controlling rights.

Ownership structure is considered to be an important mechanism of corporate governance. Separation of ownership form control result into various agency problems in publicly owned firms which ultimately lead to conflicts between the interest of managers and shareholders (Bansal, 2015). The researcher further stressed that corporate governance structure varies according to ownership structure of the concern and that corporate governance role was intended to propel ownership structures and corporate governance structure for the companies to ensure managers behave ethically and make decisions that benefits the shareholders.

Some researches carried out in the area of ownership type, showed performance improvements of the institutions have already changed ownership type, or initiated privatization. Differences in managerial and regulatory motivations, political objectives, as well as social obligations of governmental units largely lead to expected lower performance of the aforementioned units than other similar institutions (Salehi, Abdoli & Eskandari, 2017). On the other side, institutional and corporate owners may perform better for stronger incentives to profit and initiate access to information. Besides, the institutions administered and controlled by family foundations must be more efficient than governmental firms as they pay lower representation expenses (Mohammadi, Ghalibafasl, & Meshki2009).

At one end of spectrum, there are companies where ownership is dispersed among small shareholders while control is concentrated in the hand of managers. Ownership structure may have a strong impact on the firm's capital structure decision, as evident from the previous study performed in this field (Shahzad, Nazir& Amin 2017). Ownership structure, in Iran, is mainly composed of investment firms, foundations, institutions, and government organizations. According to the philosophy of establishing investment companies in Iran that collects micro savings and engineer them in macro plans, and regarding to their share percentage, these companies are less inclined to speculation and short-term buying and selling. According to Friend, Irwin and Lang (1988) in their work, negative relationship exists between the managerial own shareholding and leverage ratio which means in the presence of managerial shareholding the leverage ratio will be low because leverage means high risk for business and manager when part of ownership less goes for risky financing. Ownership structure is considered to be an important mechanism of corporate governance (Bansal, 2015). Separation of ownership form control leads to various agency problems in publicly owned firms which ultimately lead to conflicts between the interest of managers and shareholders (Bansal, 2015).

Managers sometimes use excess debt as a transitory device to signal a covenant to sell assets, thereby preventing takeover attempts from outside investors. In addition, with high debt, managers have more cash to pursue suboptimum investments for their own interests (Phuong & Tannous, 2017). Mollah, Al Farooque and Karim (2012) further reveals in their study that all major ownership concentration groups namely Sponsor, institutional, government and foreign are destructive to the firm's financial performance indicating the high agency problems.

Tsaia and Gu (2007) defined the ownership structure and institutional ownership as 'the institutional ownership is equal to the hold dividend by governmental corporate out of whole capital and these corporate include insurance companies, financial institutions, banks, governmental corporate and other governmental elements. According to Bushee (1998), the institutional shareholders are big shareholders like banks, insurance companies, investing companies. The researcher further said that the institutional shareholders supervise on the corporate by collecting the information explicitly and via governing the manner of corporate performance explicitly.

According to Yousefi, Farajzadeh and Nasirpour (2015), ownership structure has two dimensions which are ownership concentration and identity of shareholders. The shareholders are the main owners of company and empower the managers who act more like an agent for performing the trading operations to their behalf which leads to conflict of interest. In England and America, the ownership of stock companies is dispersed widely and the shareholders have weak effect on the company's management and in countries like Japan and Germany, where the origin of civil law, the ownership structure has was concentrated (Yousefi, Farajzadeh & Nasirpour, 2015).

Financial stability from an ordinary perspective is the ability of an organization to meet both short term and long term goal of the business. Financial stability was enunciated by Glautier, Underdown and Morris (2016) as solvency. They defined solvency as the ability to meet current liabilities as they fall due for payment. The long-term financial stability is considered as dependent upon its ability to meet all liabilities, including those not currently payable.

Rajan and Zingales (1995) on investigating the relationship between leverage and firms characteristics for a set of country described leverage as the debt proportion to equity that firms ensured in the running of the operation of a business. All organizations must exist with goals and objectives that are intended to be pursued and actualized from time to time (Jeleel & Olayiwola, 2017).The financial needs of a business, its sources of funds and methods of raising capital depend largely on the form of ownership and indeed on its policies (Babarinde & Ajibike, 2013). The fulfillment of the objectives should be seen as a means to an end rather than an end in itself, which therefore means that firms or organizations must judiciously explore all the ethical values and principles in ensuring the continuous operation of the business.

Capital being a fundamental ingredient of running the business is scarce and unlimited so this has prompt management in most instances to consider alternative source of financing the business. According to Akintoye (2016) there are three sources of finance which are Formality of funds, Ownership and Duration. It is only reasonable that companies consider a pecking order pattern of financing the business by firstly exploiting the internal sources of funding before giving recourse to the external source of which borrowing is inclusive.

2.1.2. Types of Ownerships

The industrial revolution in 18th century and advent of stock companies and introducing the isolation of ownership from management at the end of 19th century are considered as important revolutions. The Ownership isolation and corporation control was introduced at the second half of 19th century in the United States of America which led to the conflict of interest between owners and manager named as agency problem (John & Senbet, 1998).

According to Yousefi, Farajzadeh and Nasirpour (2015) regarding the studies on the type of ownership, they studied the role of different types of ownership such as governmental ownership, institutional ownership, corporate ownership, individual ownership, and family ownership, foreign ownership, management ownership and other types of ownership on company's output.

2.1.3. Managerial Ownership

This is defined as the companies with their biggest ownership for real non-state people. Capital structure decision is affected not only by firm characteristics or contextual factors but also by managers' views, goals and desires, which are influenced by managerial ownership structure (Brailsford, Oliver &Pua, 2002).The rationale for explaining the positive influence of managerial ownership on capital structure relates to the issue of control (Kim & Sorensen, 1986; Ghaddar, 2003).A major concern for managers is retaining or increasing their control because it provides them with discretion in making decisions and access to private benefits (Phuong & Tannous, 2017).

According to Jelinek and Stuerke (2009) as the ownership level increases the ability of managerial ownership to reduce agency cost decrease. Their finding also indicate that in some industries managerial equity ownership proves less successful after certain level even proves worse on another higher levels. According to the Friend, Irwin and Lang (1988) negative relationship existed between the managerial own shareholding and leverage ratio which means in the presence of managerial shareholding the leverage ratio will be low because leverage means high risk for business and manager when part of ownership less go for risky financing

According to Huang and Boateng (2013), the academic literature documents well that separation of ownership and control are the prime sources of conflict between management and shareholders. By virtue of the fact that managers can derive substantial private benefits without actually bearing costs is incentive for them to indulge in self-serving and non-value-adding behaviour that affects firm performance. They established that management share ownership has a positive influence on performance and the effect of ownership concentration on performance is also positive in general. Therefore, Jensen and Meckling (1976) advocate managerial ownership to resolve agency problems and encourage better

performance. Kim, Kitsabunnarat, and Nofsinger (2004), agreed and emphasized the importance of managerial ownership in emerging economies because of the severe information asymmetry between insiders and outsiders in the absence of strong legal protection and other governance mechanisms. Cross-sectional analyses produced mixed results regarding the positive correlation between managerial ownership and performance. Moreover, the incentive effect appears to vary across ownership levels and performance. McConnell and Servaes (1990) suggest that managerial ownership is positively associated with firm performance at low levels of management ownership.

However, performance tends to decrease at higher levels of ownership. Morck, Shleifer, & Vishny(1988), document that managers become entrenched at intermediate levels of managerial ownership, which generates a negative relationship between ownership and performance. Gong et al. (2008) show that management shareholding percentages in the range of 22.19–54.83% have a positive effect on company performance; however, outside this interval, the relationship between performance and management shareholding is negative. Li, Moshirian, Nguyen, & Tan (2007) concluded that even when positive managerial ownership and performance can be detected, the direction of causality remains unclear.

Ownership concentration has been suggested as an effective way to mitigate the agency problem. Shleifer and Vishny (1997), La Porta*et al*. (1999), Edwards and Nibler (2000) argue that ownership concentration gives large shareholders concentrated control rights and the incentives to monitor management, thereby compelling managers to maximize shareholder wealth and enhance performance. A number of studies have rendered support for this argument. For example, Kang and Shivdasani (1995) find that concentrated ownership increases the possibility of non-routine management turnover, which tends to have a positive influence on a company's stock price performance.

Yafeh and Yosha (2003) reported that concentrated ownership lowers expenditures on management's activities and managerial moral hazard. In the context of China, Xu and Wang (1999) arrived at a similar conclusion, indicating that ownership concentration has positive effects on a company's performance when measured using the market-to-book value ratio, ROE and ROA. However, the effect is stronger in legal person-dominated companies compared with state-dominated companies. Firth et al. (2008) show that higher ownership concentration leads to lower agency costs when performance is measured using operating, general, and administration expenses to sales ratio. Several studies have rendered some support in the context of Chinese real estate firms regarding the positive relationship between ownership concentration and corporate performance. On the other hand, the concentrated nature of ownership and the primary goal of different shareholder groups (state, legal, tradable A-shares) raise agency problems and monitoring issues. For example, the primary interest of the state may be political, such as maintaining employment levels or control over strategic industries (Wei, Xie, & Zhang, 2005) In this regard, large shareholders with substantial control may arguably take actions that benefit themselves to the detriment of minority shareholders (Naughton, & Tian, 2010).

On the other hand,Wei, Xie, and Zhang (2005) argued that legal person shares owned by Chinese domestic legal entities, such as domestic mutual funds, insurance companies, government agencies, and other enterprises, are more profit-oriented and have more incentives to monitor the firm. To summarize, the concentrated nature of ownership and the primary goal of different share holder groups raise agency problems and monitoring issues. For example, the primary interest of the state may be political such as maintaining employment levels or control over strategic industries (Wei et al., 2005).

2.1.4. Foreign Ownership

According to Boddin, Raff and Trofimenko (2017) Foreign ownership is viewed as helping firms with the intermediation of international trade. This means that in foreign-owned firms the activities associated with exporting and importing, including finding buyers or sellers, negotiating contracts, providing financing and insurance, are likely to be internalized, that is carried out within the firm and therefore not directly discernible. They however expected foreign-owned firms not only to have a higher overall export or import propensity, but also to rely more on direct and less on indirect trade through independent intermediaries than local firms

Furthermore Boddin, Raff and Trofimenko (2017) established that a role for foreign ownership arises when a firm cannot leverage potential export proceeds to finance the fixed cost of direct or indirect exporting. In other words, we assume that a firm has to finance the fixed cost of direct or indirect exports from the profit it earns in the domestic market. Less productive firms with small domestic profits may thus not be able to afford the fixed cost of exporting, even if, ex post, export operating profits were greater than the fixed cost. Foreign ownership may help such firms to afford the fixed exporting costs. A simple and very useful way to formally model the effect of foreign ownership is to assume that it allows a firm to draw a random endowment of an ability, A, that it can combine with the profit it earns in the domestic market to bear the fixed cost of direct or indirect exporting.

In addition Hoang, Abeysekera and Ma (2019) investigated the effect of earnings quality (EQ) on corporate social disclosure (CSD) in the realm of Vietnam and the study tests whether firms uphold managerial opportunism based on the agency theory or social responsibility based on stakeholder theory. It also tests the moderating effect of state and foreign ownership on the relationship between earnings quality and corporate social disclosure. This study discovered that the long-term perspective argument dominates in the relationship between EQ and CSD, indicating that EQ is positively and significantly associated with CSD. The study also finds that the increasing proportion of shares held by the government in firms weakens the relationship between EQ and CSD.

Analyses of controlling foreign ownership Foreign Direct Investment [(FDI) have consistently documented a positive average wage premium in the raw data (Lipsey, 2002) and (Moran,2011). A crucial question is the extent to which this premium reflects selection, as foreign investors engage in cream-skimming or cherry-picking the best areas and industries for Greenfield start-ups and targeting the best domestic firms for acquisition (Earle, Telegdy & Antel, 2018). They further stressed that Some studies at the firm level have addressed this problem using matching methods or fixed

effects, usually finding a significant wage gap in favor of foreign ownership even after these adjustments. Their study implies a strong cross-firm correlation of FDI wage and productivity differentials, and an inverse relationship between FDI effects and economic development level of the sending country relative to Hungary.

2.1.5. Institutional Ownership

According to Garel, Europe and Refi (2017), there is a rationale for treating institutional investor as a specific group as opposed to individual investors. They further underscored that in most cases, institutional investors are agents of their clients' money. Yet, because of the lack of discretion over the choice of investment agent, the costs associated with switching managers, and information asymmetry, their clients can only imperfectly monitor their investment choices.
They tend to follow investment strategies different from individuals because they are relatively more diversified. The paper's first contribution provided an up-to-date review of theoretical and empirical findings. Their paper introduces the groups of long-term and short-term investors and the related classification methodologies and investor horizon proxies used to form them.

2.2. Theoretical Review

2.2.1. Pecking Order Theory (POT)

Pecking order theory was developed by Myers (1994).It states that organizations prioritize their sources of financing according to the law of least effort or of least resistance preferring to raise equity as a financing means 'of last resort'. To this end internal funds are used first and when that is fully utilized, debt is issued and when it is not sensible to issue any more debt, equity is issued. This theory maintains that businesses adhere to a hierarchy of financing sources and prefer internal financing when available and debt is preferred over equity if external financing is required. This theory has been supported by many authors like Asquith and Mullins (1986) and Eckbo (1986) where they showed evidence of adverse selection relating to equity issues.

The work by Cadsby, Frank and Maksimovic (1990) posited on similar evidence on experimental bases regarding the financial requirement of firms. Also, Jibran, Wajid, Waheed and Masood (2012) tests the POT for the capital structure of listed firms. They established that POT in its strong form sustains that equity issues would never occur, whereas in its weak form limited amounts of issues are tolerable. The relevance of pecking order theory to this work is that the proportion of debt to equity cum the ownership structure that organizations should adopt will not pose a threat to the going concern concept of such concern but rather it would enable firms to prioritize whether more of borrowings to equity should be employed to run the business or to have more equity holders than debt to run the business. The business may also decide on equal proportion of debt and equity that will be to the betterment of all stakeholders. The implication is that Perking Order Theory (POT) will also be a litmus test into how managerial, institutional, family or foreign ownership will drive the financial stability of a firm. By so doing the order of ownership structure in terms of viability and potency will be known and as such management could be judiciously guided on how the ordering can be improvised.

2.2.2. The Lending Credibility Theory

The Lending Credibility Theory was propounded by Randall Stone (1992). James (2003) discovered that lenders perceive internal auditors who report both functionally and as proxied by reporting relationships that will affect investors' perceptions of disclosure. This theory is anchored on another public perception that the primary function of auditing is to add credibility to the financial statements presented by management (Nwaobia, 2017). The service that the auditors are adding to the financial statement bothers on credibility. In the same vein managerial ownership is a value added in a way by ensuring total quality management of the affair of the concern in a professional manner will go a long way in engendering the credibility of the financial statement. If stakeholders such as investors, government, creditors etc must make economic decisions based on the financial reports, they must have faith that the reports are a fair representation of the economic value of the entity. It is believed that auditing will reduce the information asymmetry to a bare minimum. Elster (1999) also supported the lending credibility theory from a psychological perspective where the character and behavioural capability of people would add credibility to a report.

Credibility of a report is a function of not only the quality and integrity of the audit exercise but also of the management effort at producing a report which to the best of their knowledgeshowed the true picture of the state of affairs of the firm. Debt and equity providers must have confidence in the ability of the management of the business organization to manage and propel the concern to an 'utopian height or Eldorado' so that in the end the appropriate returns and rewards to these fund providers would not be denied them. Also the kind of ownership structure that is prevalent in a concern will go a long way in restoring the confidence of current and potential stakeholders. The implication would then be that some stakeholders will be more favourably disposed to managerial ownership while some may believe more in institutional ownership and of course some may tilt towards foreign ownership.

2.3. Empirical Review

Driffield, Mahambare and Sarmisthap (2007), examined the effects of ownership structures on capital structure and firm valuation. The study debated that the effects of separation of control from cash flow rights on capital structure and firm value also depend on the separation of control from management as well as on legal rules and enforcement defining investors' protection. The study did more to obtain firm level panel data estimates from four of the East Asian countries worst affected by financial crisis. They concluded that evidence revealed that the general wisdom that higher control than cash flow rights may lower firm value may be reversed among owner-managed family firms in the sample

countries. Similar study was performed by Kaushik and Chauhan (2019) where they did investigated the relationship between working capital management and firm performance of Indian firms for the period 2008 to 2016. They shared some of the concept being posited in the work of Driffield, Mahambare and Sarmisthap (2007) in terms of separation of control of the management and the board. The study also incorporated the role of financial constraints in defining the aforementioned relationship. The result indicates a significant negative association of net trade cycle, number of accounts receivables in days and number of inventory days on the financial performance of Indian firms while apositive relationship was found with number of accounts payables in days. Further conclusion revealed that the inclusion of financial constraints for studying the relation between working capital and firm performance gives mixed results.

Another version of the study was propelled by Bhatia and Gupta (2018) where the study investigated the efficiency of manufacturing companies in India in managing their day to day requirements for capital which may have an impact on the profitability of a concern. The conversions of sale into cash and profit margins were captured in the study. Using Panel data regression analysis in STATA, results have been interpreted showing significant impact of efficiency in management of operating capital vis-a-vis profits in the firm. A replica to the study of Bhatia and Gupta (2018) in concept and idea was Sharpe (2011) where the study investigated whether the nature of building society ownership influences capital management of societies. It was found that mutually-owned societies in Victoria, Australia, exhibit significantly different behaviour with respect to capital management than stock-holder-owned societies. The results have implications for prudential regulation and capital management of societies.

A Nigerian perspective to the study by Bhatia and Gupta (2018) and Sharpe (2011) was that of Oke and Afolabi (2011) where they investigated the impact of capital structure on industrial performance in Nigeria. They took a sample of five quoted firms into consideration. Debt financing, equity financing and debt/equity financing were used as proxy for capital structure while profit efficiency a surrogate for performance. For equity and debt/equity on performance, a positive relationship existed but a negative relationship between debt financing and performance was discovered. Jeremy (2012) in the paper 'Monetary policy as financial stability regulation' developed a model that dealt with the goals and methods of financial stability policies. .The normative dimension of the model explained the fundamental market distress to be considered, namely, that unregulated private money creation could lead to an externality in which intermediaries issue too much short-term debt and leave the system excessively susceptible to costly financial crisis. He concluded that banks and other financial institutions desire to fund themselves with short term debt and with collateral security backing it the short term debt could be transform into a less risky fund as such remains a cheap source of finance for banks.

2.4. Justification for the Study

There is no gainsaying the fact that there are many studies on financial stability due to the sensitive momentum it connotes, as such the need for multinationals and other organizations to continue to gauge their financial stability is borne out of rationality. However more studies could still be exercised in the aspect of a nexus between ownership structure and financial stability most especially as it relate to the Nigerian environment. For instance Oke and Afolabi (2011) investigated the impact of capital structure on industrial performance in Nigeria. Debt/equity and equity financing were used as proxy for capital structure while profit efficiency a surrogate for performance. For equity and debt/equity on performance, a positive relationship existed but a negative relationship between debt financing and performance was discovered. Methodology used is perceived as a gap for the discordance result.

Gregory (2013) in the study on 'private equity and financial stability' investigated the implications of the gearing associated with private equity tailored towards the stability of the United Kingdom financial system. The study concluded by establishing a significant relationship between the variables measured. The fundamentals of the study of debt is predicated on the position that managers sometimes use excess debt as a transitory device to signal a covenant to sell assets, thereby preventing takeover attempts from outside investors. In addition, with high debt, managers have more cash to pursue suboptimum investments for their own interests (Phuong & Tannous, 2017). Also, Muradoglu, Bakke and Vernes (2005) in their study investigated the 'predictive ability of gearing in the long term of firms. Their study considered a long-term investment strategy based on gearing ratios. The need to exhaustively localize the study on ownership structure and financial stability to the Nigerian environment where researches are demanding to be conducted prompted the urge for our study.

The need for a robust study, the result of which will be beneficial to numerous stakeholders which would also suffice as policy document that researchers and government of the world could make recourse to when the need arise.
For instance stakeholders such as potential and current investors, shareholders, general public would be better acquainted with modern trends in gearing and financial stability with greater emphasis on debt/equity and Return on Capital Employed (ROCE) of selected companies on the Nigeria Stock Exchange (NSE). By so doing these stakeholders would be able to base most of their opinion on objective rather than subjective parameter because the result of the study is no doubt a reliable and valid source that could orchestrate any rational decision.

3. Methodology

This research design for this study was an *ex post facto* design considering that secondary source of data was explored. The study exploited secondary data collected from the audited annual report and accounts of selected quoted companies sampled for the study and to examine causal relationships between the relevant variables of the study. In line with Torabi, Eshraghi and Nagheti (2017), the *ex post facto* research design was adopted as it was found sufficient in achieving the research objectives of the study. The data input was predicated on secondary data because it investigated the extent of relationship between the relevant variables to be used.

3.1. Population of the Study

The population size for this study comprised selected companies that were quoted on the Nigerian Stock Exchange (NSE). Effort was also instituted towards integrating almost all the sectors so that objective findings could ensue from the research exercise. One hundred and seventy (170) companies listed on the NSE as at 2017 were considered as population comprising eleven sectors. The justification for our proposed adoption of the publicly quoted companies was anchored on the reliability of data gathered for the study since most of these concerns usually have both abridged and comprehensive picture of their state of affairs at particular periods. The Nigerian Stock Exchange sub-divisions of the listed companies are as follows:

3.2. Data Analysis

3.2.1. Test of Hypothesis One ($H0_1$)

Research Objective 1: Ascertain the impact of Foreign Ownership on Asset Turnover of selected listed companies in Nigeria

- Research Question 1: How does Foreign Ownership impact Asset Turnover of selected listed companies in Nigeria?
- Research Hypothesis 1: There is no significant impact of Foreign Ownership on Asset Turnover of Selected Listed Companies in Nigeria

3.3. Regression Estimate for Objective 1

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
VARIABLES	**POOLED**	**REM**	**FEM**	**POOLED**	**REM**	**FEM**	**POOLED**	**REM**	**FEM**
DT	-2.5592	8.2047**	8.4046**	30.4252***	11.2382	5.5871	25.7540***	13.0625*	11.1153
	(5.9273)	(4.0235)	(3.8516)	(7.2491)	(9.5003)	(9.2782)	(5.9144)	(7.4445)	(7.1561)
EQ	0.0029	0.0266***	0.0237*	-0.3543***	0.1304	0.3051*	-0.1417***	0.0906***	0.1333***
	(0.0103)	(0.0078)	(0.0134)	(0.0779)	(0.1587)	(0.1802)	(0.0261)	(0.0341)	(0.0395)
FO	-0.1718**	-0.0498	-0.0765	0.4305***	0.4287*	0.2311	0.6581***	0.4052**	0.2813
	(0.0842)	(0.0642)	(0.0593)	(0.0979)	(0.2325)	(0.2629)	(0.0917)	(0.1906)	(0.2055)
MO	-0.1382**	-0.0591	-0.0687	-0.3010**	-0.2587**	-0.0838	-0.4603***	-0.1196	0.0412
	(0.0633)	(0.0601)	(0.0612)	(0.1397)	(0.1276)	(0.1196)	(0.1174)	(0.0860)	(0.0862)
IO	-0.3764***	-0.0716	-0.0238	0.2918*	-0.2305	-0.2308	0.2235*	-0.1428	-0.0913
	(0.0860)	(0.0793)	(0.0491)	(0.1681)	(0.1869)	(0.1792)	(0.1316)	(0.1302)	(0.1375)
FZ	-4.7286	-17.1265***	-21.4913***	-25.1547***	-35.1907**	-53.0068**	-28.6176***	-36.1393***	-48.0900***
	(7.0084)	(4.7163)	(6.1869)	(7.9691)	(14.9646)	(20.8522)	(6.5304)	(11.9076)	(17.1416)
FA	0.0081	0.1339	0.8707	-0.0409	-0.8507*	-0.2197	0.0830	-0.5447	-0.2426
	(0.0683)	(0.2221)	(0.8163)	(0.1613)	(0.5014)	(1.3664)	(0.1275)	(0.3837)	(1.2027)
Constant	174.0867***	191.7967***	237.2139***	25.1116	535.0499***	889.4881***	131.9972***	495.5289***	713.4888***
	(27.3357)	(31.7958)	(49.2198)	(39.6158)	(143.1925)	(233.8819)	(30.1560)	(108.6818)	(183.3981)
Observations	150	150	150	450	450	450	600	600	600
R-squared	0.516	0.109	0.122	0.150		0.315	0.217		0.266
F-test	39.54		6.651	11.36		3.293	40.97		3.243
Prob> F	0.000		0.001	0.000		0.007	0.000		0.006
Wald-chi2		54.23			20.86			22.58	
Prob> chi2		0.000			0.004			0.002	
LM		191.71			854.40			1396.80	
Hausman		[0.000] 18.40 [0.010]			[0.000] 82.22 [0.000]			[0.000] 116.91 [0.000]	

Table 1

*Source: Author's Computation, underlying data from annual reports of firms listed on NSE. Dependent variable is the Asset Turnover (AT). Explanatory variables are; Debt (DT), Equity (EQ), Foreign Ownership (FO), Managerial Ownership (MO), Institutional Ownership (IO), Firm Size (FZ), Firm Age (FA) *** p<0.01, ** p<0.05, * p<0.1*

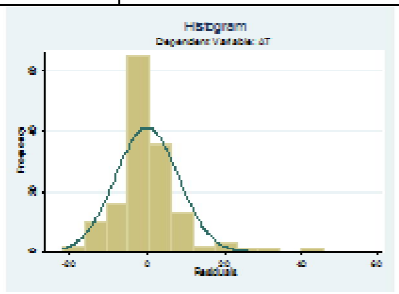
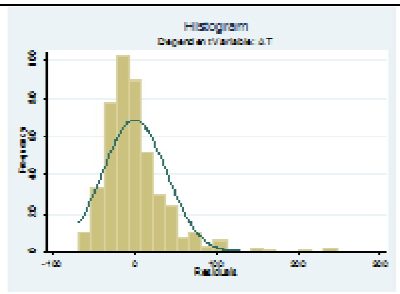
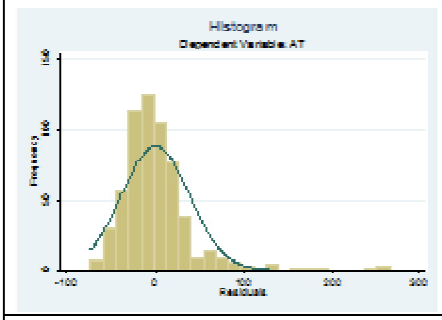
Test	Model	Breusch-Pagan / Cook-Weisberg test	
		Chi2	P – Value
Heteroskedasticity	Model 1	35.24	0.0000
	Model 2	108.51	0.0000
	Model 3	244.67	0.0000
Normality	Model 1		
	Model 2		
	Model 3		

Figure 1: Heteroskedasticity and Normality Tests for Foreign Ownership and Asset Turnover Models
Source: Author's Computation, underlying data from annual reports of firms listed on NSE

3.3.1. Test of Hypothesis Two ($H0_2$)

- Research Objective 2: Assess the impact of Managerial Ownership on Working Capital of selected listed companies in Nigeria
- Research Question 2: How does Managerial Ownership impact Working Capital of selected listed companies in Nigeria?
- Research Hypothesis 2: There is no significant impact of Managerial Ownership on Working Capital of Selected listed companies in Nigeria

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
VARIABLES	**POOLED**	**REM**	**FEM**	**POOLED**	**REM**	**FEM**	**POOLED**	**REM**	**FEM**
DT	-18.4484	-33.0060	-26.3691	-101.9871***	-101.0244***	-93.7903**	-86.8438***	-92.9339***	-100.2721***
	(54.8810)	(55.5916)	(68.1069)	(27.1541)	(35.8563)	(40.3672)	(15.9208)	(27.2807)	(35.1181)
EQ_	-2.0325***	-2.0617**	-2.0021**	-2.9862***	-2.6911**	-2.2438**	-2.4993***	-2.3717***	-2.3253***

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
VARIABLES	**POOLED**	**REM**	**FEM**	**POOLED**	**REM**	**FEM**	**POOLED**	**REM**	**FEM**
	(0.4612)	(0.8390)	(0.8439)	(0.9129)	(1.0512)	(1.1073)	(0.2720)	(0.5718)	(0.7348)
FO	0.8197	0.9855	1.2549	0.2560	1.0680	3.2619	0.8377**	1.4770	2.4418
	(0.5004)	(0.7249)	(1.4737)	(0.4004)	(0.1214)	(2.3540)	(0.3312)	(0.1122)	(1.8732)
MO	0.2094	0.9164*	1.2806	0.1784	0.1517	0.3038	-0.2414*	0.1105	0.3628
	(0.4049)	(0.5434)	(0.9277)	(0.1451)	(0.4041)	(0.6982)	(0.1406)	(0.3287)	(0.4363)
IO	0.5073	-0.9673	-0.9025	1.0985**	1.5484	0.8676	0.8733**	0.8966	0.0771
	(0.9248)	(1.4266)	(1.8912)	(0.4923)	(1.0779)	(1.6411)	(0.3539)	(0.9197)	(1.1915)
FZ	-9.7231	-6.6052	-156.4010	134.5900***	126.2878***	94.1979**	100.5991***	102.1144***	71.2291*
	(85.9023)	(95.1652)	(176.2868)	(30.8718)	(37.5213)	(35.9291)	(19.1325)	(33.5105)	(40.9418)
FA	-5.8446***	-6.4784	7.5416	0.2234	0.0176	3.6841	-1.1138**	-1.1875	3.6102

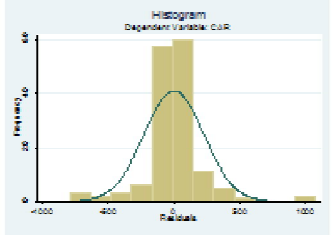
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
VARIABLES	**POOLED**	**REM**	**FEM**	**POOLED**	**REM**	**FEM**	**POOLED**	**REM**	**FEM**
	(1.1760)	(3.9826)	(11.2627)	(0.5195)	(0.9596)	(4.0756)	(0.5121)	(1.1960)	(3.4538)
Constant	676.8286	925.6939	2,933.2726	-584.6093***	-494.4420***	-336.9081	-228.5675*	-180.7682	217.5572
	(592.7593)	(850.5403)	(2,121.6001)	(131.3140)	(156.9614)	(351.9359)	(137.5280)	(265.6061)	(431.1022)
Observations	150	150	150	450	450	450	600	600	600
R-squared	0.765	0.474	0.486	0.180	0.104	0.127	0.607	0.266	0.274
F-test	30.33		1.792	6.150		1.660	28.63		2.912
Prob> F	0		0.167	0.000		0.144	0		0.011
Wald-chi2		54.01			15.46			42.67	
Prob> chi2		0.000			0.031			0.000	
LM Hausman		92.00 [0.000] 4.46			47.02 [0.000] 17.06 [0.017]			242.15 [0.000] 8.94	

Table 2: Managerial Ownership and Working Capital (WC)

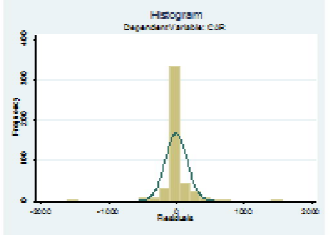
*Source: Author's Computation, Underlying Data from Annual Reports of Firms Listed on NSE. Dependent Variable Is the Working Capital (WC) Explanatory Variables Are; Debt (DT), Equity (EQ), Foreign Ownership (FO), Managerial Ownership (MO), Institutional Ownership (IO), Firm Size (FZ), Firm Age (FA) *** P<0.01, ** P<0.05, * P<0.1.*

Test	Model	Breusch-Pagan / Cook-Weisberg test	
		Chi2	P – Value
Heteroskedasticity	Model 1	153.69	0.000
	Model 2	1087.57	0.000
	Model 3	857.78	0.000

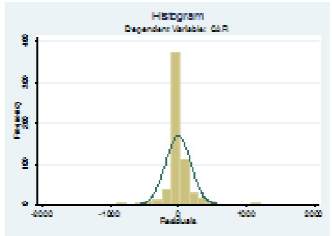
Normality



Model 1



Model 2



Model 3

Figure 2: Heteroskedasticity and Normality Tests for Ownership Structure and Working Capital Models
Source: Author's Computation, underlying data from annual reports of firms listed on NSE

3.4. Regression Estimate for Objective 3

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
VARIABLES	**POOLED**	**REM**	**FEM**	**POOLED**	**REM**	**FEM**	**POOLED**	**REM**	**FEM**
DT	-4.2000**	-1.8878	-1.1337	-9.2094***	-10.9515***	-10.9990***	-8.3483***	-8.1819***	-7.5760***
	(1.9694)	(2.5672)	(2.9449)	(1.8795)	(2.4719)	(2.5513)	(1.4790)	(2.1102)	(2.1933)
EQ_	-0.0020	0.0009	-0.0010	0.0326*	-0.0126	-0.0162	0.0028	0.0027	0.0088
	(0.0043)	(0.0038)	(0.0068)	(0.0169)	(0.0314)	(0.0361)	(0.0036)	(0.0059)	(0.0072)
FO	-0.0503	-0.0721*	-0.1210***	0.0539**	0.0810**	0.0594	0.0493***	0.0687**	0.0621*
	(0.0311)	(0.0372)	(0.0211)	(0.0219)	(0.0333)	(0.0405)	(0.0168)	(0.0294)	(0.0350)
MO	-0.0015	0.0311	0.0343	-0.1008***	-0.0539*	-0.0095	-0.0879***	-0.0080	0.0439
	(0.0258)	(0.0299)	(0.0312)	(0.0212)	(0.0321)	(0.0382)	(0.0184)	(0.0292)	(0.0364)
IO	-0.0419*	-0.0000	0.0409	0.0410	-0.0113	-0.0133	0.0232	0.0021	0.0133
	(0.0243)	(0.0293)	(0.0309)	(0.0333)	(0.0454)	(0.0412)	(0.0262)	(0.0360)	(0.0345)
FZ	4.7235**	2.1448	1.0746	9.1228***	10.7331***	12.6243***	8.5708***	8.2450***	9.5963***
	(2.3268)	(2.8532)	(5.7949)	(2.1476)	(2.9354)	(3.7674)	(1.7065)	(2.4680)	(3.1985)
FA	0.0233	0.0332	0.2127	-0.0552*	-0.2107***	-0.8338***	-0.0212	-0.1350**	-0.7460***
	(0.0325)	(0.0503)	(0.3245)	(0.0302)	(0.0752)	(0.2842)	(0.0231)	(0.0587)	(0.2609)
Constant	-9.1872	-5.1842	-6.5606	2.7202	11.4862	11.7962	-3.5253	3.2242	-1.9639
	(8.7925)	(9.0596)	(55.2151)	(8.6344)	(15.9447)	(28.1495)	(6.7645)	(12.0200)	(25.6908)
Observations	150	150	150	450	450	450	600	600	600
R-squared	0.0852		0.0880	0.1699		0.2321	0.1423		0.1571
F-test	1.913		14.40	15.17		6.582	13.58		3.793
Prob> F	0.072		0.000	0.000		0.000	0.000		0.002
Wald-chi2		8.405			50.15			25.57	
Prob> chi2		0.298			0.000			0.001	
LM		22.55 [0.000]			511.05 [0.000]			640.08 [0.000]	
Hausman		18.39 [0.010]			43.18 [0.000]			34.21 [0.000]	

Table 3: Institutional Ownership and Return on Asset (ROA)
*Source: Author's Computation, underlying data from annual reports of firms listed on NSE. Dependent variable is the Return on Asset (ROA). Explanatory variables are; Debt (DT), Equity (EQ), Foreign Ownership (FO), Managerial Ownership (MO), Institutional Ownership (IO), Firm Size (FZ), Firm Age (FA) *** p<0.01, ** p<0.05, * p<0.1.*

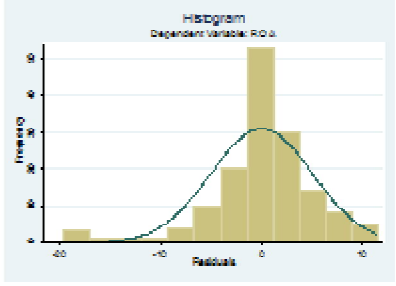
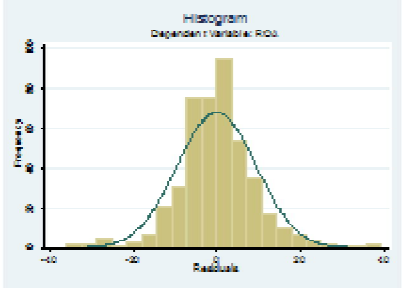
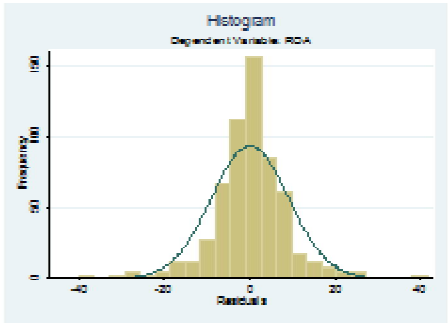
Test	Model	Breusch-Pagan / Cook-Weisberg test	
		Chi2	P – Value
Heteroskedasticity	Model 1	7.23	0.0072
	Model 2	9.23	0.0024
	Model 3	7.56	0.0060
Normality	Model 1		
	Model 2		
	Model 3		

Figure 3: Heteroskedasticity and Normality Tests for Institutional Ownership and Return on Asset Models
Source: Author's Computation, underlying data from annual reports of firms listed on NSE

4. Discussion of Findings

Onaolapo and Kajola (2010) studied the impact of capital structure on performance of Nigerian firms focusing on the non-financial sector with a sample of thirty listed firms for a period of seven years, 2001-2007 from agency cost theory point of view. The result revealed that capital structure surrogated by debt ratio has a significant negative impact on financial measures, return on assets and return on equity and therefore in support of the agency cost theory's position. According to Selling and Stickney (1989), the rate of return on assets is a measure of the success of a firm in using assets to generate earnings independent of the financing debt/equity of those assets. Their result did establish that a significant relationship subsists between ROA and ownership structure. A business' core operations are centered around its assets which are recorded on the statement of financial position statement.

According to Doherty, Chan and Easton (2010), given that the first investigation of the tangibility of assets as a factor in asset pricing, it is important to consider the different characteristics of firms that invest in tangible and intangible assets. It is shown that firms with a material proportion of intangible assets are, on average, larger than firms whose assets are predominantly tangible. Garcia (2016) in the study 'Can financial inclusion and financial stability go hand in hand?' addressed the relation between financial inclusion and financial stability and concluded that a positive relationship subsisted between the variables when tested.

5. Implications of Findings

5.1. To Regulators

The implication to regulators such as Security and Exchange Commission (SEC) and Central Bank of Nigeria (CBN) is that management structure that is devoid of one ownership type or the owner might lead into a disincentive or erosion of confidence of potential and current shareholders of companies. Shareholders might not be convinced of the financial stability prowess of concerns that lack ownership picture.

5.2. To Debt Owners

The debt owners will normally have assurance of the financial stability of firms with managerial ownership that this will eventually dovetailed into the firm's ability of fulfill its financial obligation to the various debenture and long term liability owners to the company.

5.3. To Equity Holders

The financial stability that is a result of the ownership structure is a signal of a significant risk management of equity finance. This means a constant assurance of returns on their investment will largely depend on the management composition in the daily administration to include one form of ownership structure or the other since this management will naturally want the progress of the firm.

5.4. To Potential Investors

The potential investors is equally convinced of the viability of the organization whose management have ownership stake or institutional cum foreign holders as owners. Return on capital employed via managerial ownership is a pointer to influence potential investors that hope of return on investment abounds in such a concern.

5.5. To Researchers

The result from correlation matrix in the explanatory variables considered in this study was subjected to multicollinearity test using variance inflation factor (VIF) and the result was conspicuously presented. The VIF (and tolerance) is based on the proportion of variance the *i*th independent variable shares with the other independent variables in the regression model. it is a measure of the *i*th independent variable's collinearity with the other independent variables in the analysis and is connected directly to the variance of the regression coefficient associated with this independent variable (O'brien, 2007).

Various authors has emphasized that a VIF that exceeds 10 and a tolerance value that is below 0.10 are interpreted as casting doubts on the results of the regression analysis. Judging from the result, the average VIF values are 3.53, 3.87 and 3.47 for financial, non-financial and full sample respectively. Additionally, all the tolerance values are less above 0.10. These indicate that the variables under consideration are not perfect linear combination of each other. Thus, concludes that there is no harmful effect of multicollinearity.

6. Conclusion

The study would deem it essential to reasonably stress some factors established earlier that incorporates other proxies for ownership structure more than the common ones that many scholars have often adopted in their study. There is no gainsaying the position that many authors often proxy financial stability with Return on Capital Employed (ROCE), the same nomenclature often used for performance. The need to institute varieties of drivers of financial stability remains sacrosanct so that at least the day to day operational affair of businesses could be carried on with minimal or bearable threat.

This study has been able to establish that with reasonable involvement of institutional owners in the affair of a concern they tend to positively contribute to engender a return on asset for the firm. Also is the fact that managerial ownership will not exhibit lethargy and apathy towards capital adequacy but would rather as a stakeholder encourage mechanism that will attract capital into the firm until capital adequacy is ascertained. Capital being wealth that is set aside for the production of further wealth means its adequacy would cumulate into greater fortune for the business.

Furthermore, foreign owners of companies were able to significantly affect asset tangibility in property, plant and equipment since they tend to identify with the position of Murillo and Erasmo (2013) asset tangibility as an item of value is capable of generating revenue for a company. It suffices to conclude that a positive relationship between foreign ownership and asset tangibility is hinge on the futuristic goal of sustainability for the firm.

In addition, the study observed the contribution of debt obligation on the overall return on capital employed of the business suggest that even as far away as debenture holders may appear to look, is not enough to impair return on capital. This consciousness could be buttressed by the study of Shin and Kim (2017) on 'Impacts of household loan regulation on financial stability'. Their result showed that housing loan regulations such a debt to income regulation contributed to a lower household debt delinquency ratio. This means a judicious debt management could propel the financial stability of a company. The study equally established equity holders as a veritable driver of dividend growth which means equity ownership was able to grow dividend because management were favourably disposed to retaining the equity holders.

It is crystal clear from the study that the different parameters of ownership structure will drive and significantly affect financial stability of firms as such boards of management of various firms in the country should engage in a robust discourse and consultation on the consequential tendencies of factoring the different kinds of ownership structure as one of the foundation of corporate governance that will form the policy thrust for the business. The study has considered ownership structure and financial stability of selected listed of sampled companies over the period of ten (10) years using the different aforementioned proxies for the endogenous (dependent) and exogenous (independent) variables. The study therefore concluded that a significant relationship subsisted between ownership structure and financial stability which is compatible with the status of the *a-priori* expectation and in harmony with statistical significance of 5% level. This implies that all measures of ownership structure earlier discussed are significant factor on all the measures of financial stability.

7. Recommendations

By virtue of the findings and conclusion drawn from this study, firms in Nigeria require potent policy that is grounded and founded on a sound corporate governance vision and ethical standard so that the beacon of hope, fortune and loft which has eluded organizations in Nigeria would be ushered back into the system. It is therefore incumbent on the government that as part of making virile policy that will positively engender the viability of firms in Nigeria, that following recommendations are vital:

- Existing firms in Nigeria should be mandated to leverage on any formidable kind of ownership structure in the affair of the business. It was evident from the study that these ownership stakes are capable of affecting financial stability in the affirmative, thus giving an assurance on the going concern convention of the company. The rationale for this could be attached to the fact that since ownership itself suffices as having interest in a firm; no sound mind will remain lukewarm over his interest but would rather strive to add value to sustain the business which will in turn protect their own interest too.

- All the newly established concerns should as part of corporate governance infuse one type of ownership structure in the team of those saddled with the day to day running of the affair of the business. For instance under managerial ownership, it is possible to have the managing director, finance director and chief accountant owning percentage block of shares as insider stakes as demonstrated in the study. There is no doubt that the progress and success of the business will be paramount to these persons that double as owners and management team of the firm. Furthermore there should be adequate encouragement that makes ownership stakes attainable by various companies so that their involvement could add substantial value to the organization since they would not normally appear lukewarm in the face of burning matters and exigency issues.
- The Government should as a matter of policy mandate the Boards of all public listed companies to involve as part of their composition those who have one kind of ownership or the other in the organization that they have been saddled to superintend.
- There should be a virile mechanism of timely and qualitative monitoring of concerns in ensuring that any attempt to jettison ownership stake for a non-ownership structure will be taken as fraudulent and criminal intent without any doctoring.
- Ownership stake should not be limited to the management alone but should also be extended to the rank and file or other lower level management as this synergy could go a long way in engendering the financial stability of firms. This means that the quality of ownership in terms of intellectual depth and other natural endowment would go a long way in adding value to the business as such training and retraining of all categories of workers are very fundamental
- Ownership of any kind should be structured to accommodate equity and debt holders so that the risk ingredient that most concerns are vulnerable to one way or the other would have been considered. The work of Jeleel and Olayiwola (2017) that where an organization continues to make profit while debt is kept constant or reduced, this will in turn result into huge returns to equity holders because account payable which normally deplete resources is reduced. The Federal Government of Nigeria could learn from this study in that although the nation continues to sell crude oil and realize return, as long as the service cost on loans keep increasing the government may be hamstrung to provide tangible infrastructure due to pressure the service cost fulfillment might put on revenue. As such all effort should be introduced towards reducing the interest on all loans to a bare minimum.

8. Contributions to Knowledge

This study has contributed to knowledge in the following areas:

8.1. To Policy

Impartation to education in Policy is in the growth and expansion of firms that is now possible and attainable. Since ownership structure and financial stability are statistically significant with significant relationship between the two variables, it means the financial stability status being effectively driven by the ownership structure position firms to meet their financial commitment in conformity with corporate governance as such unnecessary waste and profligacy will be eschewed placing such firms at a vantage position of having enough resources to radiate growth and expansion.

8.2. To Concept

This research study has contributed to knowledge via using a conceptual model that explored the proxy of ownership structure and financial stability as variable source of a robust discovery. This means that the mix of ownership structure adopted by a concern would reasonably drive the financial stability to a statistically significance vantage position.

8.3. To Literature

To ascertain that a significant level of return on capital employed is consistently realized by firms, the mix of debt and equity explored in the running of the business must be judiciously used taking into cognizance the cost/benefit analysis so that the project may not be counterproductive eventually.

8.4. To Theory

This study also contributes to theories by buttressing the legitimacy theory which professes a social contract between the organization and the society. Ownership structure is a medium to engender the social contract because as owners with blocks of shares they will pursue to the letter all strategies that will make management to act ethically and professionally in their service to the society. The fact that they would be enjoined to bring about information disclosure and accountability are essential ingredients that should impact financial stability to a reasonable extent. There is also a theoretical contribution to knowledge of lending credibility theory where ownership structure such as managerial and institutional ownership towards the financial stability of a firm will go a long way in restoring the confidence of current and potential stakeholders. Some stakeholders are more favourably disposed to managerial ownership while some believed more in institutional ownership and of course some may tilt towards foreign ownership in that as long as these aforementioned hold sway they will naturally support policy that generate returns back to the shareholders. The ownership structure will to the best of our knowledge go a long way in reducing agency losses or cost because if we consider managerial ownership as a case study and their interest in the firm, they would strive to ascertain the liquidity,

buoyancy and financial sustainability via total quality management, adherence to corporate governance and an uphold of ethics and professionalism.

8.5. To Empirics / Practice

Impartation to education in research reveals that institutional ownership was able to positively affect return on asset which could be pinned to the resilience, consistency and the principled manner of contributions in which the institutional owners have been dealing with the management.

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