

Effects of Ownership Structure on Asset Utilization of Firms: Evidence from Nigeria 2014-2019

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Abstracts

The comity of investors and shareholders (owners) is generally made up of individuals, groups and institutions whose interests, goals, investment horizons and capabilities may vary considerably. The main objective of the study is to examine the effects of ownership structure on asset utilization of firms: Evidence from Nigeria. The specific objectives are to; examine the effect of ordinary share on asset utilization on firms; determine the effect of retained earnings on asset utilization on firms; ascertain the effect of short term debt ratio on asset utilization on firms and to investigate the effect of long term debt ratio on asset utilization on firms. The study used secondary data which were sourced from financial publications of Nigeria Stock Exchange (NSE) Fact Book and Daily Official List and Annual Reports of the six quoted firms for five years which makes it up to thirty observations. Econometric technique involving Unit Root Tests and Ordinary Least Square (OLS), were used to determine the effect of the explanatory variables on the dependent variable. The result of the study indicates that ordinary share, retained earnings, short term debt ratio and long term debt ratio has positive and significant effect on return on asset (ROA). The study therefore concludes that ownership structure has positive effect on asset utilization on firm within the period under study. Amongst the recommendations is that, the management of Nigerian quoted firms should work very hard to optimize the ownership structure of their quoted firms in order to increase the returns on asset and investment. They can do that through ensuring that their capital structure is optimal. The Management of Nigerian quoted firms must caution against the apparent benefits of greater leverage simply as a device for controlling managerial opportunistic behavior. First, debt and equity represent different constituencies with their own competing, and often mutually exclusive, goals. Second, as the level of debt increases, the capital structure can change from one of internal control to one of external control and the investors and stakeholders of quoted firms in Nigeria should also consider the leverage level of any firm before committing their hard earned money as the strength of a firm financing mix determine the quantum of their returns.

Key Words: *Ownership Structure and Asset Utilization of Firms: Evidence from Nigeria*

INTRODUCTION

Every firm has several ways of building its ownership. Normally the type of ownership structure a firm decides to adopt is engineered by the vision of the company. The ownership structure is defined by the distribution of equity with regard to votes and capital as well as the identity of the equity owners. These structures are of major importance in corporate governance because they determine the incentives of managers and thereby the economic efficiency of the corporations they manage (Abdel-Jalil, 2014). The corporate governance framework according to Imam and Malik (2007) is the widest control mechanism (both internal and external) since it encourages the efficient use of corporate resources and ensures accountability for the stewardship of those resources utilized. Adeyemi and Oboh, (2011) further contend that

corporate governance could help to align the interests of individuals, corporations and society through a fundamental ethical basis and it will fulfill the long-term strategic goal of the owners, building shareholder value and establishing a dominant market share.

According to Hossain and Akram (2015) ownership can also be formed through capitalization which can be obtained through retained earnings, loans from banks, venture capital or going public. Each of these possibilities has its own advantages and disadvantages. In finance, capital structure refers to the way a corporation finances its assets through some combination of equity, debt, or hybrid securities. A firm's capital structure is then the composition or 'structure' of its liabilities and assets. The capital structure of a firm is actually a specific mixture of debt and equity a firm employs in financing its operation (Khan, 2012)

Every business organization has an important decision of making returns. This decision is important since the ability of a firm to make returns in this competitive environment determines to a larger extent its ability to survive in the future. This decision also affects its capital base and the decision of either going for equity financing or debt financing. In debt financing, companies borrow money or capital and resources from external sources that are to be repaid over a period of time, usually with interest. Other factors identified by Memon, and Ghulam (2012), with regard to firms ownership structure included volatility in earnings, asset tangibility, dividend payout ratio and profitability are determinants of corporate capital structure decisions on the GSE. More equity ownership by the manager may increase corporate performance because it means better alignment of the monetary incentives between the manager and other equity owners (Memon&Ghulam, 2012). More equity ownership by the manager may increase corporate performance because the managers are more capable of opposing a takeover threat from the market for corporate control and as a result, the raiders in this market will have to pay higher takeover premiums (Stulz 2001). On the other hand, Fama and Jensen (2000) content that increased ownership concentration (any kind of owner) decreases financial performance because it raises the firm's cost of capital as a result of decreased market liquidity or decreased diversification opportunities on behalf of the investor. The core problem of this study is to understand whether the incorporation of ordinary share, retained earnings, debenture stock and mortgage bond all in one model could reveal the true effect of ownership structure on asset utilization on firms

REVIEW OF RELATED LITERATURE

Ownership Structure

Bansal (2005), indicated that the comity of investors and shareholders (owners) is generally made up of individuals, groups and institutions whose interests, goals, investment horizons and capabilities may vary considerably. As general shareholders, they have the right and capacity to influence company's fundamental issues including election of directors, amendments in company's organic documents, approval of extraordinary transactions, modifications in company's internal status and appointment of auditors. Jensen and Meckling (1976) classify ownership structure in terms of capital contributions, comprising inside investors (managers), and outside investors (debt holder and equity holder). Abel and Okafor (2010) defines ownership structure as the percentage of shares held by managers (managerial ownership), institutions (institutional ownership), government (state ownership), foreign investors (foreign ownership), family (family ownership) and etc.

Jensen (1986 cited in Said, 2013) points to the preference of managers to increase firm size through excessive investment for private benefit. To Jensen, this brings to fore the disciplinary role of debt which limits the opportunistic behavior of managers. Said (2013) posits that the choice of the leverage itself raises an agency problem between shareholders and managers. This led Zwiebel (1996) to suggest that free cash flow left in the business requires disciplinary

systems that lead managers to use more leverage. The decision of funding depends on firm's ownership structure since decisions are taken by those that run the affairs of the company. Said (2013) posit that given these arguments, debt is associated with the ownership structure.

Bonds

A bond is a debt obligation, like an IOU. Investors who buy corporate bonds are lending money to the company issuing the bond. In return, the company makes a legal commitment to pay interest on the principal and, in most cases, to return the principal when the bond comes due, or matures (Afolabi, 2015). To understand bonds, it is helpful to compare them with stocks. When you buy a share of common stock, you own equity in the company and will receive any dividends declared and paid by the company. When you buy a corporate bond, you do not own equity in the company. You will receive only the interest and principal on the bond, no matter how profitable the company becomes or how high its stock price climbs. But if the company runs into financial difficulties, it still has a legal obligation to make timely payments of interest and principal. The company has no similar obligation to pay dividends to shareholders. In a bankruptcy, bond investors have priority over shareholders in claims on the company's assets. Like all investments, bonds carry risks. One key risk to a bondholder is that the company may fail to make timely payments of interest or principal. If that happens, the company will default on its bonds. This "default risk" makes the creditworthiness of the company—that is, its ability to pay its debt obligations on time—an important concern to bondholders (Afolabi, 2015).

Equity

Equity is a share in the ownership of a company. Equity represents a claim on the company's assets and earnings. As you acquire more equity, your ownership stake in the company becomes greater. Whether you say shares, equity, it all means the same thing. Equity is a part of a company, also known as stock or share. When you buy shares of a company, you basically own a part of that company. A company's stockholders or shareholders all have equity in the company, or own a fractional portion of the whole company. They buy the shares because they expect to profit by rising share prices when the company profits. There are two basic types of shares that any company issues: equity shares and preference shares (Aiguh, 2013).

Common Stock

Common stock is, well, common. When people talk about stocks they are usually referring to this type. In fact, the majority of stock is issued in this form. Common shares represent ownership in a company and a claim (dividends) on a portion of profits. Investors get one vote per share to elect the board members, who oversee the major decisions made by management. Over the long term, common stock, by means of capital growth, yields higher returns than almost every other investment. This higher return comes at a cost since common stocks entail the most risk. If a company goes bankrupt and liquidates, the common shareholders will not receive money until the creditors, bondholders and preferred shareholders are paid.

Long-term debt

Long-term debt covers purchases that usually take more than one year to repay, such as real estate, equipment and leasehold improvements. By using long term financing to fund long-term asset investments, you can preserve your cash and liquid business assets to fund day to- day expenses. Unlike short-term debt, long-term debt is typically paid off according to well defined repayment terms. You will likely have a fixed-payment date every month. Leland and Toft (1991) states that, the value of a firm is the value of its assets plus the value of tax benefits enjoyed as a result of debt minus the value of bankruptcy cost associated with debt. Modigliani (1980) points out that, the value of the firm is the sum of its debt and equity and this depends

only on the income stream generated by its assets. The value of the firm's equity is the discounted value of its shareholders earnings called net income. That is, the net income divided by the equity capitalization rate or expected rate of return on equity. The net income is obtained by subtracting interest on debt from net operating income. On the other hand, the value of debt is the discounted value of interest on debt. Jensen (1986) suggests that, when firms have more internally generated funds than positive net present value (NPV) projects, debt forces the managers to pay out funds that might otherwise have been invested in negative net present value projects. This over-investment problem can be lessened if managers are forced to pay out excess funds for servicing debt, therefore enhancing the firms' value. Myers (1993) suggests that, a firm with outstanding debt may have the incentive to reject projects that have positive NPV if the benefits from accepting the project accrue to the bondholders without also increasing shareholders wealth. McConnell and Servas (1995) posit that, seeds of under-investment problem lie in the solution of over-investment of U.S firms. They discovered that for firms with high P/E ratios or for high-growth firms, value is negatively related to leverage and those firms with low P/E ratios or for low-growth firms, value is positively related to leverage. Their evidence supports the contentions that for low-growth firms, leverage acts as a monitoring mechanism to enhance firm value. Whereas for high-growth firms, leverage cause under investment and destroys the value of the firm. The above empirical studies show that there is a relationship between debt and firms' value.

Short Term Debt

Short-term debt (also called "revolving debt") is used to fund short-term financial commitments, such as funding payroll and managing regular, recurring expenses like utilities and rent.

According to the matching principle of finance, short-term assets should be financed with short-term liabilities and long-term assets should be financed with long-term liabilities (Guin (2011). Short-term assets and liabilities are generally defined to be those items that will be used, liquidated, mature or paid off within one year (Guin (2011). A firm's current assets (including cash, inventories, accounts receivable, etc.) are generally considered short-term assets while plant and equipment are generally considered long-term assets. Nevertheless, current assets can be long-term if they are not completely used or liquidated during the year. Accordingly, the matching principle implies that a firm should adjust its short-term debt financing until the amount of the firm's current liabilities equals the amount of its current assets. Defining other current liabilities (OCL) to be all current liabilities except short-term debt (STD), then the amount of a firm's short-term debt should be equal to the amount of its current assets less other current liabilities ($STD = CA - OCL$). The matching principle thus implies that a firm's short-term debt financing should vary over time as the amount of the firm's current assets and other current liabilities change. This implies that there are at least two ways that a firm's short-term debt financing can change.

Return on Asset: Return on assets is a measure of performance widely used in the corporate governance literature for accounting-based measures. Rouf, and Abdur. (2015) defined return on assets as a function of how profitable a firm is in totality of its entire assets. It shows the efficacy of the board and executives in terms of deploying all the assets of the firm to its maximum use and proper utilization. It is a measure which assesses the effectiveness of assets deployed and shows investors the earnings the company has realized from its investment in capital assets. Efficient use of a company's assets is best reflected by its rate of return on its assets by total assets. The return on assets shows the shareholders how much the managers are committing the fund of the firm into net income. It is a profitability ratio for net income of a company.

Theoretical Framework

This research paper anchored upon the agency theory which was initially developed by Berle and Means (1932) who argued that due to a continuous dilution of equity ownership of large corporations, ownership and control become more separated. This situation gives professional managers an opportunity to pursue their interest instead of that of shareholders (Jensen and Ruback, 2003). In the theory, shareholders are the only owners of a company, and the task of its directors is merely to ensure that shareholders' interests are maximized. More specifically, the duty of directors is to run the company in a way which maximizes the long term return to the shareholders, and thus maximizes the company's profit and cash flow (Elliot & Elliot, 2002).

The problem is that the interest of the principal and the agent are never exactly the same, thus the agent, who is the decision-making part, tends always to pursue his own interests instead of those of the principal. It means that the agent will always tend to spend the free cash flow available to fulfill his need for self-aggrandisement and prestige instead of returning it to shareholders (Jensen & Ruback, 2003). Hence, the main problem faced by shareholders is to ensure that managers will return excess cash flow to them (e.g. through dividend payouts), instead of having it invested in unprofitable projects (Jensen, 2006). If the principal wants to make sure that the agent acts in his interests he must undertake some Agency costs (e.g. the cost of monitoring managers). The more the principals want to control manager decisions the higher their agency costs will be.

Empirical review

Julius, Barine and Adesina (2015) analyzed Capital Structure and Financial Performance in Nigeria between 2005 to 2012 employing the correlation and regression model. The study indicates that capital structure has a significant positive relationship with the financial performance of Nigeria quoted banks

Nwaolisa and Ananwude (2016) examined the Effect of equity Finances in the Performance of manufacturing firms in Nigeria within the period of 1993 to 2013. This study indicates that financial structure has negative effect on financial Performance of Nigeria consumer goods firms. The suggested that firm's management should established a debt-equity mix capable of improving financial performance notwithstanding the proxy adopted for assessing performance. Nikoo (2015) employing the data of 17 banks over a period of 2009–2014, observed a significant positive effect of capital structure choice on the performance of the sampled banks.

Foyeke, Olusola & Adeyemo (2016) studied the financial structure and the profitability of manufacturing companies in Nigeria using the Spearman's Rank correlation and regression techniques between 2008 to 2012. The study showed that equity has a significant positive relationship with the profitability of manufacturing companies in Nigeria. The study recommends that managers should place greater emphasis on the facilitation of equity capital and policy makers should encourage manufacturing companies by reducing the cost of debt

Benson, Oluwafolakemi & Onisola (2013) accessed the Nigeria Ailing Industries and the Capital Structure Theory: A Need for Concern. Using the multiple regression analysis, the study indicate that the direction of the explanatory variables such as tangibility, profitability, firm size and non-debt tax shields with total debt largely consistent with the explanations of trade-off theory and prove past empirical findings. The study thus, recommends that top management should maximize market value and not book value because capital structure theory is developed only in market value context.

Ramadan (2015) analyzed the data over the period of 2008–2012, with an aim to explore the impacts of capital structure variables, TDTA, LTDTA and STDTA, on the performance of

Jordanian firms. They used the data of 72 companies over the period of 2005–2013 and by applying the pooled OLS observed the significant negative effect of capital structure on ROA. Abel- Jalil (2014) by employing multiple regression analysis documented a significant inverse influence of debt ratio and the proportion of debt to equity on the rate of return generated from investment activities, ROI.

Kakanda, Mohammed & Abba(2016) investigate the effect of Capital Structure on Performance of Listed Consumer Goods Companies in Nigeria using the Descriptive statistics, correlation, and hierarchical multiple regression analysis. The study indicates that short-term debt (STD) has no significance positive effect on return on equity (ROE) while Long-term debt (LTD) has positive relation and significant effect on ROE. The study recommends that firms should consider the mixture of equity and debt since they are major determinants of corporate performance

Safiudin (2015) applied descriptive statistics to trace the influence of financial structure on the financial and non-financial firms operating in Bangladesh. They employed the data for 40 firms for a period of 2008–2012 and concluded that leverage plays a critical role in the performance of a firm. The major drawback of their study was that it used only descriptive statistics rather than an econometric model to explain the relationship.

Hossain (2015) explored the antecedents of capital structure in Bangladesh. By using the data of 74 manufacturing firms for the period, 2002–2011. The authors applied a panel corrected standard regression model and observed a negative relationship between most of the variables and then concluded that, in Bangladesh, most firms follow pecking order theory and static trade-off theory.

Rouf (2015) considering the data for a period of 2008–2011 for 106 manufacturing companies, investigated the impacts of capital structure on the performance of non-financial companies, where the performance, measured by ROA and ROS, showed a significant negative influence. Hasan (2014) excluded the performance of bank sector and inspected the effects of capital structure choice on the performance of Bangladeshi firms over the period of 2007–2012. The authors used ROA, ROE, EPS and Tobin's Q as the measures of performance. Applying pooled OLS, they observed negative impacts.

Chowdhury (2010) checked the influence of capital structure on the goal of maximizing a firm's value. They, excluding the banking sector, considered the data of 77 non-financial firms for a period of 1994–2003 and observed a positive influence.

METHODOLOGY

Research Design

The study used secondary data which were sourced from financial publications of Nigeria Stock Exchange(NSE) Fact Book and Daily Official List and annual reports of the six quoted firms for five years which makes it up to thirty observations. The six quoted firms includes Okomu Oil Plc, NESTLE Nigeria Plc, Paints and Coatings Plc, UAC-Nig. Plc. Dangote Sugar Refinery and Total Nig. Plc

Variables of the Study

The model aims to regress ordinary share, retained earnings, long term debt ratio and short term debt ratio on asset utilization of the quoted firms which will be peroxide by return on asset (ROA) which is the dependent variable (Y) while ordinary share, retained earnings, long term debt ratio and short term debt ratio are the independent variables(X).

Model Specification

The model used for the study was the adaption and modifications from the work of Nwaolisa and Ananwude (2016) who analyzed impact of ownership structure on asset utilization on firms of selected quoted firms in Nigeria:

The model is stated thus:

$$ROA = a + \beta_1EQ + \beta_2DB + \mu \text{----- } 1)$$

Where:

ROA = Return on Asset

EQ= Equity finance

DB= Debt finance

μ = stochastic term (error term)

The model was adopted and modified.

$$ROA=f(ODS, RTE, LTR, STR)$$

$$ROA=b_0 + b_1 ODS + b_2RTE+ b_3LTR + b_4STR + Ut \quad - \quad - \quad - \quad -1$$

Where:

$$ROA=f(ODS, RTE, LTR, STR)$$

ROA= Return on Asset

ODS= Ordinary Share

RTE= Retained Earnings

LTR= Long Term Debt Ratio

STR=Short Term Debt Ratio

b0 = the constant

B1- b3 = the coefficients of the explanatory variables

Ut = Error term

Method of Analyses

The data was analyzed with econometric techniques involving Augmented Dickey Fuller tests for Unit Roots and the Ordinary Least Square (OLS).

DATA ANALYSIS

Unit Root Test

The unit root test is conducted using the Augmented Dickey Fuller (ADF) test proposed by Dickey and Fuller (1979). The result of ADF statistics is presented below.

Table 1 Augmented Dickey Fuller Test

Variables	ADF Statistic	Order Of Integration	Level Of Significance
ROA	-4.190751	1(0)	5%
ODS	-5.494642	1(0)	5%
RTE	-3.023468	1(0)	5%
STR	-4.254952	1(0)	5%
LTR	-1.667913	1(0)	5%

Source: e-View Version 9.0

The result of the unit root test confirmed that return on asset, ordinary share, retained earnings, long term debt ratio and short term debt ratio attained stationary at levels. All the variables were significant at 5% level of significance.

The Ordinary Least Square Regressions

In this section, we provide the benchmark test of the significance of the independent variables in explaining the effects of ownership structure on asset utilization on firms

Table 2. Regression Result for the Model

Dependent Variable: ROA

Method: Least Squares

Date: 04/22/20 Time: 10:05

Sample: 2014 2019

Included observations: 30

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	10.19959	0.473190	2.535498	0.0000
ODS	5.379378	0.031406	2.527495	0.0042
RTE	7.023766	0.063750	2.372804	0.0024
STR	3.053499	0.058387	2.416286	0.0036
LTR	3.267337	0.385615	2.362468	0.0012
R-squared	0.757334			
Adjusted R-squared	0.725801			
F-statistic	4.788675	Durbin-Watson stat	2.487265	
5Prob(F-statistic)	0.00021			

Sources: Computation from the E-view 9.0

From the regression result obtained the regression equation can be presented thus:

$$ROA = 10.19959 + ODS=5.379378 + RTE= 07.023766 + STR=3.053499 + LTR=3.267337 + U$$

From the results of the OLS, it is obvious that the constant parameter (Bo) is positive at 10.19959. This means that if all the independent variables are held constant, ROA as a dependent variable will grow by 10.19959 units in annual-wide basis.

Ordinary Share: The coefficient of ordinary share (ODS) is positive at 5.379378 with t-Statistic of 2.527495 and probability value of 0.0042 which means that ordinary share (ODS) has positive and significant effect on return on asset (ROA). A unit increase in ordinary share (ODS) will cause (ROA) to increase by 5.379378 units.

Retained Earnings: The coefficient of retained earnings (RTE) is positive at 7.023766 with t-Statistic of 2.372804 and probability value of 0.0024 which means that, retained earnings (RTE) have positive and significant effect on (ROA). A unit increase in retained earnings (RTE) will lead to a unit increase in (ROA) by 7.023766

Short Term Debt Ratio: The coefficient of short term debt ratio (STR) is positive at 3.053499 with t-Statistic of 2.267337 and probability value of 0.0036 which means that, short term debt ratio (STR) has positive and significant effect on return on asset (ROA). A unit increase in short term debt ratio will cause return on asset (ROA) to increase by 3.053499 units.

Long Term Debt Ratio (LTR): The coefficient of long term debt ratio (LTR) is positive at 3.267337 with t-Statistic of 2.362468 and probability value of 0.0012 which means that, long term debt ratio (LTR) has positive and significant effect on return on asset (ROA). A unit increase in long term debt ratio (LTR) will cause return on asset (ROA) to increase by 3.267337 units

The Adjusted R-squared is 0.725801 which means that 73% of total variation in return on asset (ROA) can be explained by the variables, namely ODS, RTE, STR and LTR while the

remaining 32% is due to other stochastic variables. The Durbin-Watson statistics at (2.487265) which means the model is free from autocorrelation. The F-statistic is 4.788675 which imply that all the explanatory variables in the study have significant effect in return on asset (ROA) within the period under study.

Test of Hypotheses

To test the hypotheses, the statistical significance of the individual parameters was used to test the hypotheses. These test were conducted at 5% level of significance

Test of Hypothesis One

Stage One

Restatement of hypothesis in null and alternate form:

Ho₁: Ordinary share has no significant effect in return on asset in Nigeria

Hi: Ordinary share has significant effect in return on asset in Nigeria

Stage Two

Analysis of the regression results,

Table 3: OLS on the effect of ownership structure on asset utilization on firms; evidence in Nigeria

Variable	Coefficient	t-Statistic	Probability	Conclusion
Constant	10.19959	2.535498	0.0000	Statistically Positive and Significance
ODS	5.379378	2.372804	0.0042	Statistically Positive and Significance
RTE	7.023766	2.372804	0.0024	Statistically Positive and Significance
STR	3.053499	2.416286	0.0036	Statistically Positive and Significance
LTR	3.267337	2.362468	0.0012	Statistically Positive and Significant

Source: e- view 9.0

Stage Three: Decision

From table 5 above, since the probability value is less than 5% ($0.0051 < 0.05$) with coefficient value of 5.379378 and t-Statistic of 2.372804, the study rejects the null hypothesis and accepts the alternative hypothesis: which imply that ordinary share has positive and significant effect on return on asset in Nigeria

Hypothesis Two

Stage One

Restatement of Hypothesis in Null and Alternate Form:

Ho₂: Retained earnings has no significant effect on return on asset in Nigeria

Hi: Retained earnings have significant effect on return on asset in Nigeria

Stage Two: Decision

Table 5 above reveals that the probability value is less than 5% ($0.0051 < 0.05$) with coefficient value of 7.023766 and t-Statistic of 2.372804, the study accept the null hypothesis and reject the alternative hypothesis and summit that retained earnings has significant effect in return on asset in Nigeria

Hypothesis Three

Stage One

Restatement of Hypothesis in Null and Alternate Form

Ho₃. Short term debt ratio has no significant effect on return on asset in Nigeria.

Hi. Short term debt ratio has significant effect on return on asset in Nigeria.

Stage Two: Decision

From table 5 above, since the probability value is less than 5% ($0.0036 < 0.05$) with coefficient value of 3.053499 and t-Statistic of 2.416286 the study reject the null hypothesis and accept the alternative hypothesis: which means that short term debt ratio has significant effect on return on asset in Nigeria

Hypothesis Four

Stage One

Restatement of Hypothesis in Null and Alternate Form:

Ho₄. Long term debt ratio has no significant effect on return on asset in Nigeria.

Hi. Long term debt ratio has significant effect on return on asset in Nigeria.

Stage Two: Decision

From table 5 above, since the probability value is less than 5% ($0.0012 < 0.05$) with coefficient value of 3.267337 and t-Statistic of 2.362468, the study rejects the null hypothesis and accepts the alternative hypothesis: which means that long term debt ratio has significant effect on return on asset in Nigeria

Discussion of Finding

The result of the ordinary least square (OLS) indicates that ordinary share has positive and significant effect on return on asset; the results of our findings are consistent with the work of Kumar, (2015). Posit that ordinary share has positive effect in return on asset in Nigeria,

Retained Earnings: The result indicates that retained earnings has positive and significant effect on return on asset in Nigeria

The result of our findings are consistent with the work Merugu, and Reddy (2016), they posit that retained earnings has positive effect in retained earnings in Nigeria

Gichangi, (2014).summit that retained earnings had positive effect on the performance of quoted firms in Nigeria

Short Term Debt Ratio: the result indicates that, short term debt ratio has significant effect on return on asset in Nigeria

The result of our findings is inconsistent with the work Bhushan, and Mohinder, (2016) they posit that short term debt ratio had positive and significant effect on return on asset of quoted firms in Nigeria.

Long Term Debt Ratio: The result indicates that, long term debt ratio has significant effect on return on asset in Nigeria

The result of our findings is inconsistent with the work Garry, (2015) who submits that long term debt ratio had positive relationship with return on asset of quoted firms in Nigeria.

Conclusion

The result of the study indicates that ordinary share, retained earnings, short term debt ratio and long term debt ratio has positive and significant effect on return on asset (ROA)

The study therefore concludes that ownership structure has positive effect on asset utilization on firm within the period under study.

Recommendations of the Study

Following our findings, the study recommends that,

1. The management of Nigerian quoted firms should work very hard to optimize the ownership structure of their quoted firms in order to increase the returns on asset and investment. They can do that through ensuring that their capital structure is optimal.
2. Quoted firms should increase their commitments into ownership structure in order to improve earnings from their business transaction.
3. The Management of Nigerian quoted firms must caution against the apparent benefits of greater leverage simply as a device for controlling managerial opportunistic behavior. First, debt and equity represent different constituencies with their own competing, and often mutually exclusive, goals. Second, as the level of debt increases, the capital structure can change from one of internal control to one of external control.
4. Investors and stakeholders of quoted firms in Nigeria should also consider the leverage level of any firm before committing their hard earned money as the strength of a firm financing mix determine the quantum of their returns.

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