



Capital Structure and Firm Value in Nigeria (Evidence from selected quoted firms)

Marcel Chinemere OKEKE, (PhD); & Maria-Gorretti Ebere OKEKE

Faculty of Management Sciences Chukwuemeka Odumegwu Ojukwu University, Nigeria

ABSTRACT

The study examined the effect of capital structure on firm value of selected quoted firms in Nigeria. It adopted long term debt, equity capital, as independent (x) variables of capital structure while Tobin Q was used as proxy for firm value the dependent variable. It adopted ex-post facto research design. The statistical package used for the analysis was e-view version 8.0. The population of the study was firms drawn from conglomerate and consumer goods sectors of Nigeria Stock exchange for a period of nine (9) years 2007-2015. Descriptive statistics, correlation and ordinary least square (OLS) of multiple regression analysis were used to test the hypotheses formulated to guide the study. The coefficient of determination R^2 showed that 65% systematic variations in firm value could be explained by the independent variables. The F value (62.44647) was significant at 1% which means that the parameters estimated were statistically significant in explaining the effect of the independent variables on the dependent variable. The study therefore, concluded that capital structure with regard to long term debt was negatively but statistically significant to firm value, while equity capital was positively insignificant to firm value. The study recommended that firms should be more concerned with management of equity capital in business financing since it is more related to the value of the firm.

INTRODUCTION

Capital structure is the the method which a company adopts to finance its assets through the mixture of equity, debt or hybrid securities (Ubesie (2016). Chechet and Olayiwola (2014) observe that whether a business is newly established or is ongoing, it requires funds to carry out its activities. These funds are referred to as capital. Capital structure therefore refers to the means of funding a business. Two major sources available for firms willing to raise funds for their activities are internal and external (Chechet and Olayiwola, 2014). Internal sources refer to funds generated from within an enterprise; while external sources refer to funds generated from outside the entity. External funding may be by increasing the number of co-owners of a business or by outright borrowing in form of loan, or the, issuance of debentures, bonds or other forms of debt instruments (Ubesie2016). Financial managers are concerned with the determination of the best financing mix;

or the optimum combination of debts and equity available to the firm (Akeem; Terer; Kiyanjui, and Kayode, 2014). According to Akeem et al., (2014) one of the importances of capital structure is that it is tightly related to the ability of firms to fulfill the needs of various stakeholders. According to Alfred (2007) as cited in Akeem et al. (2014) a firm's capital structure implies the proportion of debt and equity in the total capital structure of the firm. According to Dare and Sola (2010) as cited in Akeem et al. (2014) there are various alternatives of debt-equity ratio. These include 100% equity, 0% debt; 0% equity, 100% debt and X% equity: Y% debt. From these three alternatives, option one is that of the unlevered firm, that is, the firm that shuns the advantage of leverage (if any). Option two is that of a firm that has no equity capital. This option may not actually be realistic or possible in the real life economic situation, because no provider of funds will invest his money in a firm without equity capital. This is what is referred to as 'trading on equity' because; it is the equity element that is present in capital structure that motivates the debt providers to give their scarce resources to the business (Chechet and Olayiwola, 2014). Option three is the most realistic one in that, it combines both a certain percentage of debt and equity in the capital structure and thus, the advantages of leverage (if any) are exploited.

Firms are financed by their Capital structure, which is the combination of total equity and long term debt (Ogbulu and Emeani 2012). Equity is owner's financial contribution to the firm without any obligation to pay back the cost of fund. Debt on the other hand consists of borrowed fund to which firm has an obligation to pay back both the principal that is borrowed and interest which is the cost for using the borrowed fund (Aliu, 2010). There are different forms of equity and debt, which combine to make up the capital structure. The corporate finance literature attaches much importance to capital structure as a result of its capacity to influence investment through mix of funds (leverage ratio) affects the cost and availability of capital and thus, firms' investment source. Ogbulu, and Emeni, (2012) explain that capital structure refers to the mix of its financial liabilities with equity and debt holders being major investors to the firm, they exert different types of control on the firm's investment decisions. Debt holders receive fixed interest on their investment and exert low control on firms investment decision whereas Equity holders bear most of the risk and exercise greater control for firms investment decisions hence they are the residual claimants, In reality, establishing an optimal capital structure is a difficult task (Shoaib, 2011). Taani, 2013; Oladeji, Ikpefan and Olokoyo 2015) express that a firm may require issuing a number of securities in a mixture of debt and equity to meet an exact combination that can maximize its value. By that process the firm succeeds in achieving its optimal capital structure.

In reality, capital structure of a firm is difficult to determine (Ong and Teh, 2011). A firm has to issue various securities in a countless mixture to come across particular combinations that can maximize its overall value which means optimal capital structure (Ong and Teh, 2011). Therefore, the issue of how an organization is financed is of paramount importance to both managers and providers of funds. This is because if a wrong mix of finance is applied, the performance and survival of the business enterprise may be seriously affected (Osuji and Odita, 2012). Capital structure is closely linked with corporate performance (Tian and Zeitun, 2007, as cited in Ong and Teh, 2011).

In both developed and developing countries, there has been an argument on the effect of capital structure of a firm on firm value (Nwankwo, 2014). According to Akeem et al. (2014) financial constraints have been a major factor affecting corporate firms' value in developing countries especially Nigeria.

The financial management functions of a firm -including its capital structure decision -deals with the management of the sources and uses of finances. According to Pandey (2005), the capital structure decision of a firm is a significant managerial decision; it influences the shareholders return and risk, and subsequently affects the value of a firm. Firms enter into transactions with suppliers of finance (debt holders or equity holders) when raising capital for assets. The right to partake of the cash flows generated from the assets lies with these suppliers. The debt-to-equity ratio of a firm determines how these cash flows will be shared between debt holders and equity holders. In other words, if firms are set up to maximize equity holder's wealth, then the proportion of cash flows disbursed to debt holders becomes important. The different types of financing, however, are also associated with different levels of costs. An examination of the net benefit of a firm's assets should incorporate these cost differences along with the value of such assets. In Nigeria, financial constraints have been a major factor affecting corporate firms' value. Debate on the relationship between the capital structure of a firm and its value began from Modigliani and Miller theory of capital structure and firm value. The core objective of a firm is to maximize its value which can be achieved by examining its capital structure or financial leverage decision based on its impact on the value of the firm (Antwi; Mills, and Zhao (2012), Ogbulu and Emeni (2012), Adeyimi and Oboh (2014)). In capital structure theories, the most important decision of the firm relates to the proportions of debt and equity to employ in order to optimize the value of the firm and minimize the cost of capital (Agliardi and Kousisi, (2013); De long, , Kabir and Nguyen (2008), Margaritis, and Psillaki, (2010), Gersbach, (2013)).

STATEMENT OF THE PROBLEM

Optimal capital structure of a firm is difficult to determine. Although capital structure and its effect on the firm value and performance had been studied for many years, researchers still do not agree on the extent of the effect. Many studies have been carried out on this topic (Ogbulu and Emeni (2012); Antwi; Mills and Zhao (2012), Mathanika, Vinothini and Paviththira (2015), Kausar, Nazir and Butt (2014), Draniceanu and Ciobanu (2013) and Chowdhury and Chowdhury (2010). While Ogbulu & Emeni (2012) reported irrelevance of equity capital to firm value using debt and equity as independent variables, Antwi et al (2012) reported relevance of equity capital to firm value using same variables. Since they use the same variables but observed different results, there is need for further research on the topic. This study tries to find out the reason by introducing independent variables of firm size and firm age. Also while Ogbulu and Emeni (2012) used 124 quoted companies in Nigeria stock exchange, Antwi et al (2012) used all 34 quoted companies in Ghana stock Exchange. This study uses quoted firms in two sectors of Nigeria stock exchange. Incidentally no study has been carried out using firms quoted only on these two sectors with the same independent variables at least in Nigeria. This is the gap established by the literature and hence the motivation for this study. The broad objective of this study is to examine the effect of capital structure on firm value of two sectors (conglomerates and Breweries) of quoted firms on Nigeria Stock Exchange. The specific objectives are to

- i. Determine the effect of long term debt on firm value.
- ii. Find out the effect of equity on firm value.

RESEARCH QUESTIONS

- i. How does long term debt affect firm value?
- ii. To what extent does equity capital affect firm value?

Hypotheses of the study: The following null hypotheses (Ho) have been formulated to guide the study:

1. Long term debt does not significantly affect firm value.
2. Equity capital does not significantly affect firm value

SIGNIFICANCE OF THE STUDY

The study will be beneficial to the following:

Policy makers because the study will highlight the need from its findings for the government to formulate more favorable financial and economic guidelines as the sector demands and this will sustain the operations of Nigerian Manufacturing firms, especially the potential firms yet to be

quoted in the stock market and resultantly contributing to GDP of the nation which has been on the decline hitherto that will grow the economy.

Investors will find it useful because it will help them to recognize the link between capital structure and firm value and in choosing appropriate measures to evaluate and analyze firms' financial status while committing their hard-earned funds for a expected return.

Industrialists will value it in identifying problems associated with either debt financing or equity financing and identifying the best financing mix which will be more effective at encouraging an efficient operation of the firms

Students and researchers who will want to develop future research on this subject will also benefit from this study as it will contribute in filling the gap of existing body of knowledge in accounting, finance and economics regarding capital structure decision which has been a long debate .

SCOPE OF THE STUDY

This study was limited to conglomerates and consumer good sectors with preference to breweries quoted on Nigeria stock exchange as at 31st December 2007. It covers a period of nine years, from 2007-2015.so as to have high observation. (Tobin Q was used as proxy for Firm value. It is perceived necessary in order to keep the study within controllable level.

LIMITATION OF THE STUDY

A lot of constraints were encountered in the course of carrying out this research work. The researcher lacked sufficient resources to face the challenges of this research work. It was not easy to source for the adequate materials' to carry out this research. Most of the companies did not post their financial statements for some years and this led to narrowing the sample size to fifteen.

REVIEW OF RELATED LITERATURE

CONCEPTUAL FRAMEWORK

FIRM VALUE

Firm value (FV) according to Kim, and Kwak (2010) connotes efficiency of signaling a firm's performance to the market, forecasts expected yields of investments, and assesses realized efficiency of investments. According to Ehrhard and Bringham (2003), the value of a business based on the going concern expectation is the present value of all the expected future cash flows to be generated by the assets, discounted at the company's weighted average cost of capital (WACC). From this it can be seen that the WACC has a direct effect on the value of a business (Johannes and Dhanraj, 2007). WACC is used to define a firm's value by discounting future cash flows. Minimizing WACC of any firm will maximize value of the firm (Antwi; Mills, and Zhao, (2012).Firm value can be seen as Enterprise value (EV) or total enterprise value (TEV) is an economic measure reflecting the market value of a

business. It is a sum of claims by all claimants' creditors and shareholders. The relationship between capital structure and firm value has been the subject of considerable debate, both theoretically and in empirical research. Antwi et al (2012) state 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 a 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 (Antwi et al 2012). Pandey (2004) opines that, the capital structure decision of a firm should be examined from the point of its effect on the value of the firm. He further states that if capital structure decision can affect a firm's value, then firms would like to have a capital structure which maximizes their value. The aim of a firm should therefore center on the maximization of its value through capital structure decisions. For this study Tobin Q will be used as a proxy for firm value. In the work of Nguyen (2014) firm value was measured with ROE and BVE (book value of equity plus long term debt). Kausar et al (2014) used Tobin Q to measure firm value while Chowdhury and Chowdhury (2010) used share price to measure firm value. Funami and Moghadam (2015) used ROE, EPS and MV to measure firm value while Ogbulu and Emeani (2012) and Antwi et al (2012) used book value of equity plus long term debt to measure firm value.

Tobin Q :expresses the firms value which is measured by dividing the market value of owners equity plus the book value of total liabilities to the book value of total assets (Ghosh (2007), Agarawal and Zhao (2007) and King and Santor (2008)).

Tobin's Q: $BV \text{ of assets} - BV \text{ of equity} + \text{market value of equity} / BV \text{ of assets}$

2.1.2 CAPITAL STRUCTURE

The term capital structure according to Kennon (2010) refers to the percentage of capital (money) at work in a business by type. It is company's use of varied funding sources to finance operations and growth. There are two forms of capital: equity capital and debt capital. Alfred (2007) states that firm's capital structure is the proportion of debt and equity in the total capital structure of the firm. Pandey (1999) in the work of Adeyemi and Oboh (2011) differentiated between capital structure and financial structure by affirming that the various means used to raise funds represent the firm's financial structure, while the capital structure represents the proportionate relationship between long-term debt and equity capital. The capital structure of a firm as discussed by Inanga and Ajayi (1999) does not include short- term credit, but means the composite of a firm's long-term funds

obtained from various sources. This was affirmed by Ogbulu and Emeni (2012) and Antwi et al (2012).

Therefore, a firm's capital structure is described as the capital mix of both equity and long term debt capital in financing its assets. Capital structure, preferred stock and common equity are mostly used by firms to raise needed funds (Inanga and Ajayi 1999). The firm must consider its business risk, tax positions, financial flexibility and managerial conservatism or aggressiveness, while these factors are crucial in determining the target capital structure, operating conditions may cause the actual capital structure to differ from the optimal capital structure. Hence, the main concern of shareholders is ensuring that managers do not waste firm's resources and run the firm in order to maximize its value, which entails finding a way to solve the principal-agent problem. Capital structure is the combination of the debt and equity structure of a company. It can also be referred to as the way a corporation finances its assets through some combination of equity, debt or hybrid securities Kausar, Nasir and Butt (2014). Capital structure is usually measured by the following; ratio of debt to total asset, the equity ratio to total asset, a debt ratio to the equity and equity ratio to debt (Javad ; Hamed and Elham (2012).Capital structure of the firm is determined by various internal and external factors Abdolkarim and Alhani (2015). The major external factors (macro variables) that affect the capital structure of the firm include policy of government, inflation rate, interest rate and capital market condition. The micro (internal), factors are profitability, growth rate, size of firm, growth in Sales, Operating Leverage, Period of Finance, Level of stock prices and Tax policy Priya; Nimalathasan, and Piratheepan, (2015). The various components of a firm's capital structure according to Inanga and Ajayi (1999) may be classified into equity capital, preference capital and long-term loan (debt) capital.

2.2 THEORETICAL EXPOSITION

2.2.1. LONG TERM DEBT AND FIRM VALUE

According to Adeyemi, and Oboh, (2011), debt capital in a firm's capital structure refers to the long-term bonds the firm use in financing its investment decisions because the firm has years, if not decades, to come up with the principal, while paying interest only in the meantime. The cost of debt capital in the capital structure depends on the health of the firm's balance sheet. This can be expressed as: $K_d = \frac{Int}{B_0}$ Where: K_d equals the before-tax cost of debt; Int , the interest element and B_0 , the issue price of bond (debt). The after-tax cost of debt capital will be: $K_d (1-T)$. Where: T is corporate tax rate. Long term debt includes obligations that are not due to be repaid within the next twelve months. Such debt consists mostly of bonds or similar obligations, including a great variety of notes, capital lease obligation and mortgage issues.

A company's long term debt combines with preferred and common stock equity make up its capital structure (Ogbulu, and Emeni, 2012). Generally, debt is money that has been borrowed from another party and must be repaid at an agreed date. The cost of using this money, which also must be paid, is interest. The person or firm making the loan is called the creditor or lender and the person or firm borrowing the money is called the debtor or borrower. Business debt may be in the form of commercial loans, terms loans, or bonds. In addition to the requirement to pay interest, debt may also carry restrictive covenants that the borrower must satisfy to prevent default (Antwi; Mills, & Zhao, 2012)). In contrast to equity, debt is not an ownership interest in the firm. Creditors generally do not have voting power. The firm's payment of interest is a fully tax-deductible cost of doing business, unlike dividend payments which are not tax deductible. If it is not repaid, the creditor may legally seize the assets of the firm, which could result in equity liquidation or reorganisation. Thus, a major cost of issuing debt is the possibility of financial distress. (Jane Malonis and Cengage, 2000). Aggarwal and Kyaw (2006) also posit that, debt can have both positive and negative effects on the value of the firm so that the optimal debt structure is determined by balancing the agency costs and other costs of debts as a means of alleviating the under and over-investment problems. In addition to the requirement to pay interest, debt may also carry restrictive covenants that the borrower must satisfy to prevent default (Ogbulu, and Emeni, 2012). The use of debt as a funding source is relatively less expensive than equity funding for two principal reasons

- Debtors have prior claims in case the company goes bankrupt thus debt is safer and commands a smaller return. This effectively means a lower interest rate for the company than that expected from the total shareholder return (TSR) on equity.
- The second reason is that debt is less expensive as a funding source which stems from the fact that interest payments are tax deductible thus reducing the net cost of borrowing.

2.2.2. EQUITY AND FIRM VALUE

Adeyemi, and Oboh, (2011) defined equity capital as including share-capital, share premium, reserves and surpluses (retained earnings). Typically, equity capital consists of two types which include: contributed capital, which is the money that was originally invested in the business in exchange for shares of stock or ownership and retained earnings, which represents profits from past years that have been kept by the company and used to strengthen the Balance Sheet or fund growth, acquisitions, or expansion. The cost of equity capital of a firm using the dividend growth basis can be expressed as: $K_e = \frac{d_0(1+g)}{P_e} + g$ (1)

Where: K_e equals the cost of equity capital; d_0 , the current dividend per share; P_e , the Ex-dividend market price per share and g , the expected constant annual growth rate in earnings and dividend per share.

Preference Capital- According to Adeyemi, and Oboh, (2011) preference share capital is a hybrid in that it combines the features of debentures and those of equity shares except the benefits. Its cost can be expressed as: $K_p = P_{div}/P_o$.

Where: K_p equals the cost of preference share; P_{div} , the expected preference dividend and P_o , the issue price of preference shares.

Equity capital refers to the contributed capital; money originally invested in the business in exchange for shares of stock; and retained profits; profits from past years that have been kept by the company to strengthen the balance sheet, growth, acquisition and expansion of the business. Equity unlike debt includes paid-up share capital, share-premium, reserves and surplus or retained earnings. Igben (2004) defines paid-up capital as the portion of the called-up capital which has been paid-up by the shareholders. Share premium is the excess amount derived from the issue of shares at a price that is above its par value. He also describes reserves as amounts set aside out of profits earned by the company which are not designed to meet any liability, contingency, commitment or diminution in value of assets known to exist at the balance sheet date. Lastly, retain earnings are profit plough back into a company in order to create more resources for operations and invariably increase in the value of the firm.

THEORETICAL REVIEW

The pecking order theory of capital structure as introduced by Donaldson (1961) is among the most influential theories of corporate leverage. It goes contrary to the idea of firms having a unique combination of debt and equity finance, which minimize their cost of capital. The theory suggests that when a firm is looking for ways to finance its long-term investments, it has a well-defined order of preference with respect to the sources of finance it uses. It states that a firm's first preference should be the utilization of internal funds (i.e. retain earnings), followed by debt and then external equity. He argues that the more profitable the firms become, the lesser they borrow because they would have sufficient internal finance to undertake their investment projects. He further argues that it is when the internal finance is inadequate that a firm should source for external finance and most preferably bank borrowings or corporate bonds. And after exhausting both internal and bank borrowing and corporate bonds, the final and least preferred source of finance is to issue new equity capital.

Pecking Order theory tries to capture the costs of asymmetric information which states that companies prioritise their sources of financing (from internal financing to equity) according to the principle of least effort, or of least resistance, preferring to raise equity as a financing means of last resort. Hence, internal funds is used first, and when that is exhausted, debt is issued, and when it is not sensible to issue any more debt, equity is issued. On the other hand, Pecking Order Theory (Myers & Majluf, 1984), captures the effect of asymmetric information upon the mispricing of new securities, which says that there is no well-defined target debt ratio. They opined that investors generally perceive that managers are better informed of the price sensitive information of the firms. Investors' perception is such that managers issue risky securities when they are overpriced. This perception of investors leads to the underpricing of new equity issue. Sometimes this under-pricing becomes so severe that it causes substantial loss to the existing shareholders. To avoid the problem arising from information asymmetry firms usually fulfill their financing needs by preferring retained earnings as their main source of financing, followed by debt and finally external equity financing as the last resort

This work is anchored on pecking order theory of capital structure because the study aims at finding out the combination of business financing that will yield maximum result.

2.4 EMPIRICAL REVIEW

Many studies have been undertaken locally and internationally, on this area of study. Some of these studies will be discussed in this section and to make this section easier, it will be grouped internationally and locally. The following studies were undertaken locally, here in Nigeria; Chandrasekharan (2012) conducted a study using 87 firms out of the population of 216 firms listed on the Nigeria stock exchange for a period of five years (2007-2011) from static trade-off, agency and pecking order theory point of view. He employed the panel multiple regression analysis and the study reveals that for the Nigerian listed firms; firms' size, growth and age are significant with the debt ratio of the firm, whereas, profitability and tangibility are not.

Ogbulu and Emeni (2012) conducted a study on the impact of capital structure on a firm's value using 124 companies quoted on the Nigerian Stock Exchange (NSE) for the year ended 31st December 2007. Long-term-debt was found to be the major determinant of a firm's value. Following from the findings of this study, corporate financial decision makers are advised to employ more of long-term-debt than equity capital in financing their operations since it results.

Babalola (2014), using 31 manufacturing firms with audited financial statements for a period of fourteen years (1999-2012) from static trade-off point of view. He employed the triangulation analysis and the study revealed that capital structure is a trade-off between the costs and benefits of

debt, and it has been refuted that large firms are more inclined to retain higher performance than middle firms under the same level debt ratio.

Akinyomi (2013), using three manufacturing companies selected randomly from the food and beverage categories and a period of five years (2007-2011) using the static trade-off and the pecking order theory point of view. He adopted the use of correlation analysis method and revealed that each of debt to capital, debt to common equity, short term debt to total debt and the age of the firms' is significantly and positively related to return on asset and return on equity but long term debt to capital is significantly and negatively related to return on asset and return on return on equity. His hypothesis also tested that there is significant relationship between capital structure and financial performance using both return on asset and return on equity.

Taiwo (2012), using ten firms listed on the Nigerian Stock Exchange for a period of five years (2006-2010) from the static trade-off, pecking order and agency theory point of view. In his findings, He employed the Im Pesaran and shines unit root test and Panel Least Square test and revealed that the sampled firms were not able to utilize the fixed asset composition of their total assets judiciously to impact positively on their firms' performance.

Bassey, Aniekan, Ikpe and Udo (2013), using a sample of 60 unquoted agro-based firms in Nigeria within a period of six years (2005-2010) from the agency cost theory point of view. They employed the Ordinary Least Square regression and descriptive statistics and revealed that only growth and educational level of firms owners were significant determinants of both long and short term debt ratios, assets structure, age of the firms, gender of owners and export status impacted significantly on long term debt ratios,

Simon-Oke & Afolabi (2011), using a study of five quoted firms within a period of nine years (1999-2007) from the static trade-off and agency cost theory point of view. The result showed a positive relationship between firms' performance and equity financing as well as between firms' performance and debt-equity ratio. There is also a negative relationship that exists between firms' performance and debt financing due to high cost of borrowing in the country.

Semiu and Collins (2011), using a sample size of 150 respondents and 90 firms were selected for both primary data and secondary data respectively for a period of five years (2005-2009) from the relevance, pecking order, the free cash flow, the agency cost and the trade-off theory point of view. They employed the descriptive statistics and Chi- square analysis and suggested that a positively significant relationship exists between a firm's choice of capital structure and its market value in Nigeria.

The following were undertaken internationally; outside Nigeria:

Kausar; Nazir and Butt (2014) examine the impact which capital structure has on Firm Value. The result of the study showed that capital structure measured by Long term debt to total assets, short term debt to total assets and total debt to total assets has a significant negative impact on firms' performance measured P/E. Capital structure measured by Long term debt to total assets and total debt to total assets has a significant negative impact on firms' performance measured by Tobin's Q while short term debt to total assets has negative but insignificant impact on Tobin's Q. Assets size has also significantly negative impact on firm performance measured by P/E and Tobin's Q. Firm age has also significantly negative impact on firm performance measured by P/E and Tobin's Q. Volume of capital measured by log of equity has a significant positive impact on firm performance measured by P/E and Tobin's Q. Firms listed in KSE of Pakistan are largely dependent on equity and short term debt but debts are attached with strong covenants which affect the performance of the firm. The study discloses a noticeable fact that Pakistan firms are either mostly financed by equity capital or a mixture of equity capital and short term financing.

Ong and Teh (2011) investigated effect of capital structure on firm's performance of construction companies for a period of four years (2005-2008) in Malaysia. The result shows that there is relationship between capital structure and corporate performance.

Zeitun and Tian (2007) in Jordan conducted a study on capital structure and corporate performance on 167 Jordanian firms' between 1989-2003. They found a significantly negative relationship between capital structure and corporate performance. Many variables such as return on assets, return on equity, profitability, Tobin's Q were used to measure performance while leverage, growth, size and tangibility were proxies for capital structure.

Puwanenthiren, (2011) in Sri Lanka carried out an investigation on capital structure and financial performance of some selected companies in Colombo Stock Exchange between 2005-2009. The results shown the relationship between the capital structure and financial performance is negative.

Nguyen, (2014) in his study Threshold Effect of Capital Structure on Firm Value: Evidence from Seafood Processing Enterprises in the South Central Region of Vietnam investigate whether there is an optimal capital structure at which point firm is able to maximize its value, the result shows that there exists double thresholds effect between debt ratio and firm value.

Taani (2013) using a sample of 45 manufacturing companies listed on the Amman Stock Exchange were used for this study which covers a period of five (5) years from 2005- 2009. The results show that there is a negative and insignificant relationship between STDTA and LTDTA, and ROA and PM; while TDE is positively related with ROA and negatively related with PM. STDTA is significant using

ROA while LTDTA is significant using PM. The study concluded statistically, capital structure is not a major determinant of firm performance.

Abdul (2010) using 36 engineering sector firms in Pakistani market listed on the Karachi Stock Exchange (KSE) during the period 2003-2009 applied Pooled Ordinary Least Square regression and revealed the results show that financial leverage measured by short term debt to total assets (STDTA) and total debt to total assets (TDTA) has a significantly negative relationship with the firm performance measured by Return on Assets (ROA), Gross Profit Margin (GM) and Tobin's Q. The relationship between financial leverage and firm performance measured by the return on equity (ROE) is negative but insignificant. Asset size has an insignificant relationship with the firm performance measured by ROA and GM but negative and significant relationship exists with Tobin's Q.

Loderer and Waelchli (2010) in their study investigated the relationship between firm age and performance using a dataset consisting of 10,930 listed US firms and covering the years between 1978 and 2004. Their empirical results showed that as firms get older, their return on assets, profit margins, and Tobin's Q ratios deteriorate.

On the contrary, Coad; Segarra-Blasco and Teruel (2013) found that older firms enjoy higher productivity and profits when they investigated the relationship between firm age and performance measured by the ratio of profits to sales in Spanish manufacturing firms for the period 1998-2006.

Empirical studies focusing on developing countries are fewer in number compared to those on United States or Europe. In one such study,

Majumdar (1997) found that older firms have lower return on sales ratios using a dataset of 1,020 Indian companies. However, a study by Ghafoorifard; Sheykh; Shakibae & Joshaghan (2014) provided evidence to the contrary. The authors analyzed the relationship between firm size, age and financial performance in 96 listed companies listed on Tehran Stock Exchange for the period from 2008 to 2011 and documented a positive relationship between a firm's age and its Tobin's Q ratio. A positive relationship between firm age and profitability was also documented by Kipesha (2013) for microfinance institutions in Tanzania and by Osunsan; Nowak; Mabonga; Pule, Kibirige & Baliruno (2015) for SMEs in Uganda. A limited number of studies investigated age-profitability relationship for Turkish firms. These studies employed relatively small samples and short time periods. In one of them, Gurbuz; Aybars & Kutlu O (2010) used panel data analysis on a sample of 164 firm-year observations for real sector firms for the period 2005-2008, and could not demonstrate a significant relationship between firm age and return on assets. Also relevant is the study by Basti; Bayyurt & Akin (2011) which employed panel data covering the period 2003-2006 from a sample of 160 listed

firms in Turkey. Results from random effects model showed a positive relationship between age and profitability measures including return on assets, return on equity and basic earning power. On the contrary, Dogan (2013) found a negative relation between firm age and return on assets running a multiple regression on data from 200 listed companies between the years 2008- 2011.

2.5 KNOWLEDGE GAP IN THE LITERATURE

Empirical evidence had shown mixed results on the effect of capital structure and firm value (Ogbulu and Emeni 2012; Antwi et al 2012; Mathanika 2015 and Kausar 2014). While Ogbulu & Emeni (2012) reported irrelevance of equity capital to firm value in Nigeria using debt and equity as independent variables, Anga et al(2012) reported relevance of equity capital to firm value in Ghana using same variables. Mathanika et al (2015) reported that equity ratio, and debt ratio have significant impact on Firm Value of the Companies in Sri-lanka while Kausar et al (2014) reported that capital structure measured by Long term debt to total assets, short term debt to total assets and total debt to total assets has significant negative impact on firms' value in Pakistan. Incidentally, no study has been carried out using long term debt, equity capital as independent variables with size and age as control variables of capital structure. The study therefore identifies and tries to fill this gap as the study want to embark on the same topic to find out if it will give same result while adding more independent variables.

3.0 METHODOLOGY

3.1 RESEARCH DESIGN

Research design is the structure and strategy for investigating the relationship between the variables of the study. The study made use of ex-post facto research design. According to Kerlinger and Rint (1986) cited in Ubesie, (2016) in the context of social science research an ex-post facto investigation seeks to reveal possible relationships by observing an existing condition or state of affairs and searching back in time for plausible contributing factors. The choice of this design was due to the fact that the study perceived it as being appropriate because of lack of control over the responses and inability to manipulate sample subjects.

This study used panel data generated from the secondary source. The data were extracted from the Annual Reports and Accounts of the sampled companies from the fact books covering 2007 and 2011 editions published by the Nigeria Stock Exchange. The hypotheses were tested based on the information obtained from the historical data documented in the annual reports and accounts of the listed firms. This is because the phenomenon observed in the study has already taken place. Therefore, the research adopted correlation and ex post factor designs because of the relationship, and cause and effect examination of the numbers

3.2 POPULATION OF THE STUDY

The population of study is made up of the 225 companies quoted on the Nigeria stock Exchange as at 31st December 2007 with preference to Conglomerates and Breweries quoted on the floor of the Nigerian Stock Exchange (NSE) as at 31st December 2007.

3.3 SAMPLING AND SAMPLING TECHNIQUE

Fifteen (15) companies selected from two sectors (Conglomerates and Consumer goods) of quoted companies on Nigeria stock Exchange were used. This was done using non-probability sampling method. The companies are

1. Chellarams Plc.
2. A.G. Leventis (Nig) Plc.
3. SCOA NigPlc.
4. UAC of Nig Plc
5. Transnational Corporation of Nigeria (Transcorp) Plc
6. John Holt Plc.
7. Unilever Plc
8. PZ Cussons Nigeria Plc
9. United Technologies Company.
10. Nigerian Breweries Plc
11. Seven-Up Bottling Company Plc
12. Guinness Nigeria Plc.
13. Coca-Cola Bottling Co
14. International breweries Plc
15. Champion Breweries Plc

In other to guide against data omission and ensure uniformity in presentation, some firms, because of the following factors, were excluded. Firms that ceased to operate at any point during the period of study were excluded. Mostly affected were firms in the consumer goods sector.

3.3 METHOD OF DATA COLLECTION

The study utilizes secondary data which were obtained from the published annual financial statements and the Nigerian Stock Exchange Fact book for the companies under study. The study spans a period of nine years, from 2007 to 2015. Panel data over this period was used to determine the influence of capital structure variables on firm value.

3.4 MODEL SPECIFICATION

This study adopted the model of Ogbulu and Emeni (2012) and Antwi et al (2012) but added size and age as control variables of capital structure.

The model used in this study is presented in a relational form as follows:

Firm value = f (capital structure)

Firm value = f (LTD, EQCAP, FIZE and FIGE)

With the linear expression of the model being:

Tobin q = $\alpha_0 + \alpha_1 LTD + \alpha_2 EQCAP + \alpha_3 FSIZE + \alpha_4 FAGE + \mu$

WHERE

α_0 is constant and $\alpha_1 - \alpha_6$ are parameters to be estimated.

The apriori expectation is to follow the line of,

$\alpha_1 - \alpha_6 > 0$

FIRMV = Firm value proxied by Tobin Q

LTD= Long term debt

EQCAP = Equity Capital

FIZE= Firm Size

FIGE= Firm Age

μ = error term

3.5 METHOD OF ANALYSES

The regression method of data analysis was adopted in this study. To be specific, The Ordinary Least Square regression technique was adopted to analyze the relationship (association) between dependent variable (firm value) and the independent variables (capital structure) in the model. OLS correlation method is appropriate. Therefore, descriptive statistics and multiple regression analysis were the major statistical tools used in analyzing the data.

Explanations to the test statistics are:

- i. Coefficient of Determination (R^2) Test = measures the explanatory power of the independent variables on the dependent variable.
- ii. F-Test = measures the overall significance. The extent to which the statistic of the coefficient of determination is statistically significant is measured by the F-test. At 10% level of significance, we reject null hypotheses for tests with probability estimates lower than 10% (0.10) and conclude that they are statistically significant. Otherwise, we accept (when probability estimates are above 0.10) and conclude that there is no overall statistical significance.
- iii. T-Test = measures the individual statistical significance of the estimated independent variables. At 10% level of significance, reject null hypotheses for tests with probability estimates lower than 10% (0.10) and conclude that they are statistically significant. Otherwise, we accept (when probability estimates are above 0.10) and conclude that there is no overall statistical significance.
- iv. Durbin-Watson (DW) test = test for autocorrelation. This is used to check for the appropriateness of the models for analysis. Any equation with Durbin-Watson less than or greater than values not approximately 2, is not acceptable. Unacceptable Durbin-Watson suggests that the analysis cannot be relied on.

4.0 DATA ANALYSIS AND RESULTS PRESENTATION

4.1 DESCRIPTIVE STATISTICS

	TOBIN Q	LTD	EQCAP	FSIZE	FAGE
Mean	2846930.	9960682.	14813636	48929822	70.80000
Median	123252.0	1460991.	6280352.	13787770	77.00000
Maximum	43080349	3.08E+08	7.22E+08	7.05E+08	136.0000
Minimum	-1.18E+08	89.00000	-1.31E+09	754.0000	3.000000
Std. Dev.	14005324	29669892	1.34E+08	87467992	31.45615
Skewness	-3.965268	7.887762	-6.118852	4.102603	-0.077559
Kurtosis	44.19043	77.28232	78.27364	26.74161	2.683300
Jarque-Bera	9897.438	32437.85	32714.34	3549.317	0.699528
Probability	0.000000	0.000000	0.000000	0.000000	0.704855
Sum	3.84E+08	1.34E+09	2.00E+09	6.61E+09	9558.000
Sum Sq. Dev.	2.63E+16	1.18E+17	2.39E+18	1.03E+18	132591.6
Observations	135	135	135	135	135

Table 4.1 shows the mean (average) for each of the variables, their maximum value, minimum values, standard deviation and the Jaque-Bera (JB) statistics with its probability (normality test) It was observed that on the average, the sampled quoted firms in Nigeria were characterized by both positive average TOBIN Q (2846930). The study observed that the average LTD is 9960682, the minimum amount of LTD is 89.00000 while the maximum stood at 3.08E+08 which shows that most companies long term debt are not different (that is, the ranges between the long term debt of the companies are similar and close to each other). The Equity capital showed a maximum value of 7.22E+08 and a minimum value of -1.31E+09 with a mean value of 14813636 and standard deviation of 1.34E+08. Size has a maximum value of 7.05E+08 and a minimum value of 754.0000. The mean value obtained was 48929822 with a standard deviation of 87467992. Then Age has a maximum value of 136.0000 and a minimum value of 3.000000. The mean value obtained was 70.80000 with a standard deviation of 31.45615. The median values for LTD, Equity capital, size, and Age are 123252, 1460991, 6280352, 13787770 and 77.00000 respectively.

The Jaque-Bera which tests for normality or existence of outliers or extreme value among the variables shows that all the variables are normally distributed at 1% level of significance except firm

age which was significant at 70%. This means that any variables with outlier are not likely to distort the conclusion and are therefore reliable for drawing generalization.

The variable that has the highest maximum value is Equity followed by Size, Long term debt, Firm value and lastly age. Age also has the least minimum value. The highest mean contributor to firm value is Size, followed by equity, then long term debt and lastly age. Equity capital also has the highest standard deviation followed by long term debt size and age.

4.2 CORRELATION

	FIRMV	LTD	EQUITY	SIZE	AGE
FIRMV	1.000000	-0.426728	0.739950	-0.095718	0.025379
LTD	-0.426728	1.000000	-0.649923	0.894884	-0.260509
EQUITY	0.739950	-0.649923	1.000000	-0.351488	-0.004158
SIZE	-0.095718	0.894884	-0.351488	1.000000	-0.337357
AGE	0.025379	-0.260509	-0.004158	-0.337357	1.000000

From table 4.2, Firm value has negative relationship with long term debt and Size. It also has positive relationship with Equity and Age. Long term debt has negative relationship with firm value, Equity and Age and positive relationship with Size. Equity is negatively correlated with long term debt, size and age while it is positively correlated with firm value. Size has negative relationship with firm value, equity and age and positively correlated with long term debt. Finally age has negative relationship with long term debt, Equity and size and positively related with firm size.

4.3 REGRESSION

Variable	Coefficient	Std. Error	t-Statistic	Prob.	Sig
C	-3988946.	1827554.	-2.182670	0.0309	
LTD	-0.468027	0.262671	-1.781795	0.0771	10%
EQUITY	0.046173	0.039336	1.173819	0.2426	
SIZE	0.156905	0.054314	2.888845	0.0045	5%
AGE	44299.99	19695.20	2.249278	0.0262	5%

R-squared	0.657702	Mean dependent var	2846930.
Adjusted R-squared	0.647170	S.D. dependent var	14005324
S.E. of regression	8319096.	Akaike info criterion	34.74234
Sum squared resid	9.00E+15	Schwarz criterion	34.84994
Log likelihood	-2340.108	Hannan-Quinn criter.	34.78607
F-statistic	62.44647	Durbin-Watson stat	1.767003
Prob(F-statistic)	0.000000		

4.4 INTERPRETATION OF THE RESULT

The f-statistics measures the overall significance of the explanatory variables in the model. From our table 4.3 above the calculated value of the f-statistics is 62.44647, its probability value is 0.000000 which is less than 0.05. We accept and state that there is a significance relationship between the variables. This means that the parameter estimates are statistically significant in explaining the relationship in the dependent variable.

The t-statistics helps in measuring the individual contributions of independent variables to the dependent variable with the signs whether positive or negative while the P values determines the level of significance of the individual t values of the independent variables. It is observed from table 4.3 above that Size has the highest positive significant contribution to firm value (2.888845). This means that an increase in the size of a firm increases the firm value. Age also has positive significant contributions to the firm value (2.249278). This means that as the firm continue to grow in age, their value also increases. Long term debt has a negative significant contribution to firm value (-1.781795). This is because a reduction in it reduces the firm value. Equity has a positive insignificant contribution to firm value (1.173819). This shows that increase in it reduces the value of the firm.

Autocorrelation Test- The model is free from the problem of autocorrelation because the Durbin Watson value is 1.999297 which is approximately 2.

4.4 Heterosedasticity Test

Heteroskedasticity Test: White

F-statistic	46.27408	Prob. F(14,120)	0.0000
Obs*R-squared	113.9018	Prob. Chi-Square(14)	0.0000
Scaled explained SS	429.2165	Prob. Chi-Square(14)	0.0000
R-squared	0.843717	Mean dependent var	96165392
Adjusted R-squared	0.825484	S.D. dependent var	2.75E+08
S.E. of regression	1.15E+08	Akaike info criterion	40.06243
Sum squared resid	1.59E+18	Schwarz criterion	40.38523
Log likelihood	-2689.214	Hannan-Quinn criter.	40.19361
F-statistic	46.27408	Durbin-Watson stat	1.956683
Prob(F-statistic)	0.000000		

This test was carried out to ascertain the level of distribution of error term, to know whether the variance is constant. This test is carried out using the whites' heterosedasticity test (with no cross

term).it follow chi-square distribution with degree of frequency equal to the number of regressors excluding the constant term

H_0 : Homoskedasticity (if the variance is constant)

H_1 : Heteroskedasticity (if the variance is not constant)

The decision rule, from our heteroskedasticity test it was observed that the probability value of Obs*R-squared is 0.0003.since this value is less than the desired level of significance (0.10) we reject the null hypothesis and accept the alternative which say that the variance of the error term not constant, is Heteroskedasticity.

4.5 HYPOTHESES TESTING

The need to examine the relationship between the data and the stated hypothesis has called for this section. This result is compared with the statistical criteria to see if the preconceived notion in this research work holds or not.

Ho_1 : Long term debt has no significant effect on firm's value.

From the result of our test in table 4.3 above, the study revealed that the value of our t-test for long term debt is -1.781795 with a probability of 0.0771. This probability value is less than the desired level of significance (0.10). We reject the null and accept the alternate hypothesis, which states that long term debt has significant effect on firm's value.

Hypothesis two

Ho_2 : Equity capital has no significant effect on firm's value.

From the result of our test in the table 4.3 above, the study found out that the value of the t-test is 1.173819 with a probability of 0.2426; this probability value is greater than the desired level of significance (0.10). We reject the alternative and accept the null hypothesis, which states that equity capital has no significant effect on firm's value

DISCUSSION OF FINDINGS

Long-term-debt was found to be the major determinant of firm's value because it is significant at 10%. This is consistent with the findings of Ogbulu & Emeni (2012), Antwi et al (2012) Myers and Majluf's (1984) pecking order theory, Myer's (1984). The reason for this agreement is because both the finding of this research work and the findings of the above mentioned theories took cognizance of the market imperfections present in the real world. These imperfections include bankruptcy cost, agency costs, gains from leverage- induced tax shields and information asymmetries. It was revealed that capital structure with regard to long term debt, if effectively practiced will have great effect on firm value because it is significant. The study also reveals that in an emerging economy like Nigeria, equity capital is irrelevant to the value of a firm. This is in line with findings of Ogbulu & Emeni

(2012). It is in agreement with the claims put forward by the proponents of the pecking order theory and the traditionalist theory of capital structure relevance. It is also in agreement with the capital structure irrelevancy theory of Modigliani and Miller (1958), which states that equity capital is unrelated to firm value.

5.0 SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION

5.1 SUMMARY OF FINDINGS

This study examined the effect of capital structure on firm's value using selected quoted companies on the Nigeria stock exchange. Apart from this broad objective as could be found in the title of the study, specific objectives were the effect of capital structure as reflected in long term debt, equity capital, firm size and firm age. The study adopted ex post facto research design. Descriptive, correlation and multiple regression analysis were used to verify the various null hypotheses set to guide the objectives of the study. All tests were carried out at 0.10 level of significance. The results of correlation matrix coefficient indicated that equity capital and firm age have positive relationship with firm value while long term debt and size have negative relationship with firm value. Long term debt has negative relationship with firm value, equity and age. The matrix revealed also that negative relationships exist between equity capital, long term debt, firm size and firm age. The results of the multiple regression analysis showed that 65 percent of the variations in the dependent variable (Firm value) are caused by changes in independent variables.

Major findings from the study are as follows:

1. The result shows that Long-term-debt was statistically significant to firm's value because it is significant at 10%.
2. The result also reveals that Equity capital has no significant effect on firm's value. This is because it is insignificant at 20%

5.2 CONCLUSION

This research work has examined the capital structure and its relationship with the value of the firm in the Nigerian setting, taking into cognisance 15 firms. Based on this and the findings of this study, we can conclusively state that: capital structure has various implications and one of them is its effect on the value of the firm which formed the basis of our study. Based on the analysis and the findings made from the analysis, it is quite modest to conclude as follows. The research work has sufficiently justified the prospects of capital structure as an effect for increasing the values of firm. The general statistics of the result, R^2 and F are within acceptable region. The R^2 shows that about 65 percent of systematic variation in firm value is explained by the predictor variables. The F value is significant at

1 percent. Its value compliments the coefficient of determination, R^2 , to confirm the 'goodness of fit' of the model.

5.3 RECOMMENDATIONS

Based on the findings and conclusions arising from the analysis of data, the study recommends as follows:

1. Firms are strongly advised to always compare the marginal benefit of using long-term-debt to the marginal costs of long-term-debt before concluding on using it in financing their operations. This is because as shown by this work, long-term-debt impacts positively on firm's value
2. Firms should stop using more of Equity capital in business financing since it is unrelated to the value of a firm because the tax benefit which is adduced for the relevance of capital structure in relation to firm's value is offset by the fact that shareholders pay more tax than bondholders. The position of Miller (1977) is in consonance with that of Myers (1977) who opines that a firm with outstanding debt may have the incentive to reject projects that have positive NPV which may harm the firm's value.

5.4 CONTRIBUTION TO KNOWLEDGE

From the empirical analysis done, few works had been done on the effect of capital structure on firm value in Nigeria. This study used equity capital and long term debt as independent variables of capital structure and added size and age as control variables. The study found size and age as strong predictors of firm value. The graphical representation is based on Ogbulu and Emeni (2012) and Antwi, Mills and Zhao (2012) model which states that $FV = \alpha_0 + \beta_1 EQUITY + \beta_2 LTDEBT + \mu\epsilon$

Based on the above model the study introduced Tobin Q as a proxy for firm value and introduced firm size and firm age as control variables. The model for this study is an extension of their model expressed as

$$\text{Tobin } q = \alpha_0 + \alpha_1 \text{LTD} + \alpha_2 \text{EQCAP} + \alpha_3 \text{FSIZE} + \alpha_4 \text{FAGE} + \mu$$

$$\text{Tobin } Q = -3988946 - 0.468027 \text{LTDEBT} + 0.046173 \text{EQUITY} + 0.156905 \text{FSIZE} + 44299.99 \text{FAGE}$$

(-2.1826)
(-1.7817)
(1.1738)
(2.8888)
(2.2492)

SUGGESTION FOR FURTHER RESEARCH

This study recommends that further studies could be carried out solely on how to combine debt, equity, firm size and firm age as capital structure moderating variables in achieving firm's value or performance.

REFERENCES

- Abdolkarim M & Alhani F. M (2015) The Effect of Capital Structure on Firm Value. The Rate of Return on Equity and Earnings Per Share of Listed Companies in Tehran Stock Exchange *Research Journal of Finance and Accounting* www.iiste.org ISSN 2222-1697 (Paper) ISSN 2222-2847 (Online) Vol.6, No.15
- Adeyemi, S.B & Oboh, C. S (2011) Perceived Relationship between Corporate Capital Structure and Firm Value in Nigeria *International Journal of Business and Social Science* Vol. 2 No. 19 [Special Issue on Social Science Research © Centre for Promoting Ideas, USA www.ijbssnet.com.
- Aggarwal R. & N. A. Kyaw (2006), "Leverage, Investment Opportunities, and Firm Value: A Global Perspective", *Financial Development*. Vol. 1 No. 2, pp.1-26.
- Agliardi, E. and Koussis, N. (2013): Optimal capital structure and the impact of time – to – build. *Finance Research Letters*. Vol. 10 Pp 124 – 130.
- Akeem, L. B., Terer, E., Kiyanjui, M. W. & Kayode, A. M. (2014). Effects of Capital Structure on Firm's Performance: Empirical Study of Manufacturing Companies in Nigeria. <http://www.scienpress.com/Upload/JFIA/Vol2.pdf>
- Akinyomi, O. J. (2013), Effect Of Capital Structure on Firms Performance: Evidence from Nigerian Manufacturing Company. *International Journal of Innovative Research and Studies*. ISSN 2319-9725 VOL 2 ISSUE 9
- Alfred, D. D. (2007). *Corporate finance: issues, investigations, innovations and applications* (2nd ed.). Lagos: High Rise Publication.
- Aliu, N O (2010) Effect of Capital Structure on the Performance of Quoted Manufacturing Firms in Nigeria -Being a Thesis submitted to the School of Post Graduate Studies Of Ahmadu Bello University, Zaria As Part Of The Requirement For The Award Of Masters Science Degree In Accounting And Finance .
- Antwi, S; Mills, E.F.A & Zhao, X (2012) Capital Structure and Firm Value: Empirical Evidence from Ghana *International Journal of Business and Social Science* Vol. 3 No. 22'
- Babalola Y. A. (2014). Triangulation Analysis of Capital Structure and Firms' Performance in Nigeria. East Ukrainian National University [Vol. Dahl] 91034 Lugansk, Ukraine
- Bassey, N. E., Aniekan J. A., Ikpe, I. K & Udo, U. J. (2013). Analysis of the Determinants of Agricultural Science Volume 1, Issue 4 (2013), 36-47 ISSN 2291- 4471 E-ISSN

- Basti E, Bayyurt N & Akin A (2011) A comparative performance analysis of foreign and domestic manufacturing companies in Turkey', *European Journal of Economic and Political Science*, vol. 4, no. 2, pp. 125-137
- Chandrasekharan, C. V (2012). Determinant of capital structure in the Nigerian listed firms. *International Journal of Advanced Research in Management and Social Sciences* ISSN: 2278-6236 Vol. 1, No. 2
- Chechet, I. L., & Olayiwola, A. B. (2014). Capital Structure and Profitability of Nigerian Quoted Firms: The Agency Cost Theory Perspective. Retrieved from http://www.ajssnet.com/journals/Vol_3_No_1_January_2014/13.pdf
- Chowdhury, A & Chowdhury, S. P (2010) Impact of capital structure on firm's value: Evidence from Bangladesh. *Business and Economic Horizons Peer-reviewed and Open access journal* ISSN: 1804-1205 | www.pieb.cz BEH - Business and Economic Horizons Volume 3 | Issue 3 | pp. 111-122
- Coad A, Segarra-Blascoand A & Teruel M (2013) Like milk or wine: does firm performance improve with age? *Structural Change and Economic Dynamics*, vol. 24, 173-189. doi: 10.1016/j.strueco.2012.07.002
- De long, A., Kabir, R. & Nguyen, T.T. (2008), "Capital structure around the world: The roles of firm- and country-specific determinants", *Journal of Banking & Finance*, Vol. 32, Nr. 9, pag. 1954-1969.
- Dogan M (2013) Does firm size affect the firm profitability? Evidence from Turkey', *Research Journal of Finance and Accounting*, vol. 4, no. 4, pp. 53-59.
- Donaldson, G. (1961). Corporate debt capacity: A study of corporate debt policy and the determination of corporate debt capacity. Boston: Division of Research, Harvard School of Business Administration.
- Draniceanu, S. M & Ciobanu, A (2013) Capital structure and firm value. Empirical evidence from Romanian listed companies Evidence from London, UK) *Global Journal of Management and Business Research: CFinance* Volume 16 Issue 4 Version 1.0 Type: Double Blind Peer Reviewed *International Research Journal* Publisher: Global Journals Inc. (USA) Online ISSN: 2249-4588 & Print ISSN: 0975-5853
- Ghafoorifard M, Sheykh B, Shakibae M & Joshaghan NS (2014) Assessing the relationship between firm size, age and financial performance in listed companies on Tehran Stock Exchange', *International Journal of Scientific Management and Development*, vol. 2, no. 11, pp. 631-635.

- Gurbuz AO, Aybars A& Kutlu O (2010) Corporate governance and financial performance with a perspective on institutional ownership: empirical evidence from Turkey', *Journal of Applied Management Accounting Research*, vol. 8, no. 2, pp. 21-37.
- Inanga, E. L & Ajayi, C. A. (1999). Accountancy. Lagos: The CIBN Press Limited.
- Jane, M., C. Malonis & Cengage A(2000),"encyclopaedia of small business. e-notes.com
- Javad, A; Hamed A & Elham, H A (2012) Comprehensive Review on Capital Structure Theories.
- Kausar A; Nazir, M S & Butt H A (2014) Capital Structure and Firm Value: Empirical Evidence from Pakistan AJREF | *Asian Journal of Research in Economics and Finance*
- Kennon, J. (2010). An introduction to capital structure: why capital structure matters to your investments. [Online] Available: www.about.com (July 20, 2010).
- Kipesha EF (2013) Impact of size and age on firm performance: Evidences from Microfinance Institutions in Tanzania', *Research Journal of Finance and Accounting*, vol. 4, no. 5, pp. 105-116.
- Majumdar, S. K (1997) The Impact of Size and Age on Firm-Level Performance: Some Evidence from India *Review of Industrial Organization* 12: 231–241, 1997. 231 c 1997 Kluwer Academic Publishers. Printed in the Netherlands
- Margaritis D & Psillaki M (2007) Capital structure and firm efficiency, *Journal of Business Finance & Accounting*, 34(9-10):1447-1469.
- Mathanika, T.V; Vinothini, A.G, & Paviththira.R (2015) Impact Of Capital Structure On Firm Value: Evidence From Listed Manufacturing Companies On Colombia Stock Exchange (Cse) In Srilanka *Proceeding of International Conference on Contemporary Management*, pp 24-35
- Myers, S. & N. Majluf (1984), 'Corporate Financing and Investment Decisions when Firms Have Information that Investors do not Have, *Journal of Financial Economics*, 13:187-221.
- Nguyen T. C (2014) Threshold Effect of Capital Structure on Firm Value: Evidence from Seafood Processing Enterprises in the South Central Region of Vietnam *International Journal of Finance & Banking Studies (IJFBS)* Vol.3 No.3, 2014 ISSN: 2147-4486 available online at www.ssbfn.net
- Nwankwo, O. (2014). Effect of Capital Structure of Nigeria Firms on Economic Growth. *Mediterranean Journal of Social Sciences*. <http://doi.org/10.5901/mjss.2014.v5n1p515>
- Ogbulu, O. M & Emeni, F. K (2012) Capital Structure and Firm Value: Empirical Evidence from Nigeria *International Journal of Business and Social Science* Vol. 3 No. 19;pp 252-261

- Oladeji, T, Ikpefan, A. O & Olokoyo, F. O (2015)," An Empirical Analysis of Capital Structure on Performance of Firms in the Petroleum Industry in Nigeria ", *Journal of Accounting and Auditing: Research & Practice, Vol. 2015, Article ID 675930, DOI: 10.5171/2015.675930*
- Ong, T. S. & Teh, B. H. (2011). Capital Structure and Corporate Performance of Malaysian Construction Sector. *International Journal of Humanities and Social Science Vol.1No. 2.*
- Osunsan OK, Nowak J, Mabonga E, Pule S, Kibirige AR & Baliruno JB (2015) Firm age and performance in Kampala, Uganda: A selection of small business enterprises', *International Journal of Academic Research in Business and Social Sciences, vol. 5, no. 4, pp. 364-374.*
- Pandey, I. M. (2005). Financial management (9th ed.). New Delhi: Vikas Publishing House PVT Ltd
- Priya, K ; Nimalathan, B & Piratheepan, T (2015) Impact of Capital Structure on the Firm Value: Case Study of Listed Manufacturing Companies in Sri Lanka *Scholars World-Irmjcr Volume. III, Issue I, January 2015 [47] Online: ISSN 2320-3145, Print: ISSN 2319-5789 www.scholarsworld.net editor@scholarsworld.net*
- Puwanenthiren P(2011) Capital Structure and Financial Performance: Evidence From Selected Business Companies In Colombo Stock Exchange Sri Lanka-*Journal of Arts, Science & Commerce E-ISSN 2229-4686 ISSN 2231-4172 Vol.– II, Issue –2*
- Simon-Oke, O&Afolabi, B. (2011). Capital Structure and Industrial Performance in Nigeria. *International Business and Management Vol. 2, No. 1.2011, pp. 100-106*
- Taani, K. (2013) The Relationship between Capital Structure and Firm Performance: Evidence from Jordan *Global Advanced Research Journal of Management and Business Studies (ISSN: 2315-5086) Vol. 2(11) pp. 542-546, Available online <http://garj.org/garjmbs/index.htm>*
- Tian, G.G & Zeitun, R (2007): "Capital structure and corporate performance: evidence from Jordan." *Australasian Accounting, Business & Finance Journal, 1(4), pp 40-61*
- Ubesie M C(2016) The Effect of Capital Structure on the Financial Performance of Nigerian Quoted Conglomerates *European Journal of Accounting, Auditing and Finance Research Vol.4, No.6, pp.61-69, June 2016* ___Published by European Centre for Research Training and Development UK (www.eajournals.org) ISSN 2054-6319 (Print), ISSN 2054-6327(online)