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**Research Paper**

# Ownership Structure and Dividend Policy of Listed Insurance Firms in Nigeria

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***ABSTRACT***
*The issue of ownership structure and dividend policy in an organization has been generating arguments among scholars; this is because of the important role dividend plays towards the loyalty of shareholders to an organization. This study therefore examines the impact of ownership structure(managerial, institutional and ownership concentration)on the dividend policy (payout ratio) of listed insurance firms in Nigeria. Sample of seventeen (17) listed insurance firms in Nigeria was used based on availability of data for period (2010-2019). The study uses correlation and ex-post facto research design and multiple panel regression analysis, adopted agency theory as well. All robustness tests were conducted and random effect multiple regression model was used for the study. The findings indicate that managerial ownership has a significant and positive impact on the dividend payout ratio of the listed insurance firms in Nigeria. It was however found that institutional and ownerships concentrationhave no significantly impact on the dividend policy of listed insurance firms in Nigeria. The study therefore, recommends among others that management of listed insurance firms in Nigeria should not concentrate on ownership structure of institutional shareholders but spread the shares and have benchmarks in embarking on sound dividend policy that will alleviate the conflicts that could arise between managers and owners of the firm.*
***Key words:*** *Ownership Structure, Managerial Ownership, Institutional Ownership, Ownership Concentration, Dividend Policy.*

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## I. INTRODUCTION

Dividends have long been controversial issue in corporate finance. This is because some managers pay dividend and others don't. Also, some investors want dividends paid and others are indifferent about issues of dividend(Mohammed, Okpanachi & Ocheme, 2017). Yet, investors in an organization that gave up their consumption now must be compensated adequately for time value of money and risks involved (Glens, 2008). Dividend policy is one of firm's decisions that are found to be influenced by corporate ownership structure (Ramli, 2010). Dividends can be used to mitigate agency problems in a company, thus substitute large ownership as monitoring tools. On the other hand, large shareholders could use their power to expropriate .corporate resources for their own private consumption. For this, Managers are more likely to act in the interests of shareholders and pursue value-maximizing policies when corporate governance works well. For instance, Rozeff (1982) posits that managerial ownership can be used for the alignment of interests between managers and shareholders however this relationship may combine a convergence effect at lower levels of managerial ownership with an entrenchment effect at higher levels of managerial ownership.

Ownership structure therefore refers to the structure of a firm's equity holdings. Ownership structure is very important factor in determining the efficacy of the market by giving information about two significant things (Carvalhal-da-Silva & Leal, 2004). In the first instance, it shows the extent of risk diversification of shareholders and secondly, it may trigger possible agency problems usually encountered in the course of managing the firm. Several studies have shown that the nature of firm's ownership has a great impact on firm's financial performance such as Brigham (1995, Short and Keasey (1999), and Chung and Pruitt (1996).

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Several studies have been carried out to determinethe effect of ownership structure onthe dividend policy of firms; however, quite a number of these studies are carried outsignificantly in developed countries. For instance, Gugler (2003), Kumar (2003) ,Mancilleni and Ozkan (2006). Also,there are few studies in developed countries that have tried to assess the effect of ownership structure on dividend policy of firms. For instance, Cook and Jeon (2006) conducted their study in Korea, Mancilleni and Ozkan (2006) also carried out their study on Italian firms, Mollah, Rafiq and Sharp (2007) equally conducted their study in Bangladesh, and Obema, El-Masry and Elsegini (2008) conducted their study using Egyptian listed companies. It can be seen that most of the studies on the subject matter are conducted in developed countries where the geographical, regulatory and level of economic development are quite different from what obtains in Nigeria. Those that conducted theirs in the shore of Nigeria did not takemost of the years in the time frame of this work into consideration.

In view of the foregoing,this study assesses theimpact of corporate ownership structure on the dividend policy of listed insurance firms in Nigeria.In order to achieve this . the study tested the following hypotheses:

**$H_{01}$:** Managerial ownership has no significant impact on dividend policy of listed insurance firms in Nigeria.
**$H_{02}$:** Institutional ownership has no significant impact on dividend policy of listed insurance firmsin Nigeria.
**$H_{03}$:** Ownership concentration has no significant impact on dividend policy of listed insurance firms in Nigeria.

This study will therefore be relevant to the regulatory authorities like the Securities and Exchange Commission in the sense that it will help them evaluate the· effectiveness of their monitoring instruments as well as review and upgrade them where necessary.The research focus on listed insurancefirms on the Nigerian Stock Exchange as 31st December, 2019 of which time frame of the study is ten years, year 2010to 2019.The remaining sections of the paper are the literature review, methodology, data presentation and analysis and conclusion and recommendation.

## II. LITERATURE REVIEW

This section reviews concepts, existing literature and theories that are relevant to the study. Conceptually,Ownership structure has been defined in several ways by different authors. According to Jensen and Meckling (1976), ownership structure is the distribution of equity with regard to votes amongst shareholders, capital and also by the identity of the equity owners. Similarly, Zhang (2005) refers to Ownership structure as stockholders ownership proportion.The most used ownership structure in the literature, managerial ownership, Institutional ownership and ownership concentration are adopted in this study

Managerial ownership is the share ownership by directors and the company's managers. Hashim (2008) argued that managerial ownership could be defined as a percentage of shares owned by independent nonexecutive directors, executive directors and non -independent non-executive directors.Furthermore, managerial ownership functions to harmonize managers and shareholders' interests, so it is expected that there is a positive relationship between managerial ownership and company's value (Jensen and Meckling, 1976). Institutional investors refer to large investors such as insurance firms, banks, pension funds, financial institutions, investment firms, and other nominee firms associated with the mentioned categories of institutions (Koh, 2003).Ownership concentrationon the other hand, is the degree of ownership, where shareholders have large proportion of shares in firms. (Zhang,2005)

Dividend policy refers to the practice that management follows in making dividend payout decisions or, in other words, the size and pattern of cash distributions over time to shareholders (Lease et al, 2000). It is a decision that considers the amount of profits to be retained by the company and that to be distributed to the shareholders of the company (Watson &Head, 2004). Prior empiricalstudies have used different factors in analyzing company dividends. Lintner (1956) states that one factor that influences dividend payment is company's income rate.This means high dividend payout ratio occurs in companies with stable income while low dividend payout ratio occurs in emerging companies. Al-Malkawi (2007) used factors such as signaling, investment of opportunities, size, financial leverage, profitability and taxes to determine the relationship and found out that financial leverage of a company significantly has negative relation with dividend policy. Hussainey*etal.*, (2010) tested dividend policy and stock price change in a research using factors such as price volatility, dividend yield, payout ratio, size/market value, earning volatility, long term debt and growth in assets. The result showed positive correlation between dividend yield and stock price change, as well as negative correlation between payout ratio and stock price changes.

Empirically, an important body of literature exists on how ownership structure influences dividend policies. For instance, Jensen and Meckling (1976) theorize that as managerial ownership increases, when there interest was closely aligned with the owners (principal), the need for intense monitoring will reduce. Also in the public equity firms, to reduce the managers' (agent) incentives in expropriating the shareholders wealth, managerial equity ownership serves to align interests of managers with those of shareholders and thus increases firm value. The managers and directors of the company may face takeover threat from the shareholders, if managerial equity ownership increases; it would result to entrenching effect of managers. These reduce takeover

threats that the managers face whenever their performance or that of the directors are below expectation (Stulz 1988).

Jensen, Solberg and Zorn (1992) examined the determinants of cross-sectional differences in insider ownership and dividend policies in the U.S. They analyzed firm data at two points in time, 1982 and 1987 on 565 and 632 firms respectively. These policies are found related directly and indirectly through their relationship with operating characteristics of firms. Their empirical results support the hypothesis that levels of insider ownership differ systematically across firms. The results of the analysis support the proposition that financial decisions and insider ownership are interdependent. Also, Mohammed, Perry and Rimbey (1995) also employed panel data on three hundred and forty one US firms over 18 years from 1972 to 1989 using weighted least squares regression to examine the effect of managerial ownership on dividends. They discovered that there is a negative relationship between managerial ownership and dividend payout. The result of their findings revealed that higher dividend payouts are observed when managers own a lower percentage of shares and the outside ownership becomes more dispersed. This is also in line with the work of Jensen, Solberg and Zorn (1992) who specifically found that high insider ownership has a negative influence on firm's dividend levels.

Moreover, Alli *et al* (1993) re-examine the dividend policy issues by conducting a simultaneous test of the alternative explanations of corporate payout policy using a two-step procedure that involves factor analysis and multiple regression. The sample of 150 firms came from 34 industries, with the largest share from the chemical and allied products industry (13.9 percent). The average firm size and capitalization of the final sample was representative of New York Stock Exchange (NYSE) listed firms. The results reveal that six significant factors can be used to explain corporate payout policies which include agency cost factor. Although the results show that ownership dispersion does not affect dividend but the significant positive coefficient of institutional and insider ownership indicates that dividends are used to mitigate agency problem. Although this result is consistent with the findings of Rozeff (1982), Eckbo and Verma (1994) argue that institutional shareholders will prefer free cash flow to be distributed in the form of dividends in order to reduce the agency costs of free cash flow. From this perspective, it may be argued that institutional shareholders may counter a tendency for managers to prefer the excessive retention of cash flow and, by virtue of their voting power, force managers to payout dividends. This will be favorable to institutional shareholders and other shareholders of the firm.Han, Lee and Suk (1999) in their study empirically examined the effect of institutional investors on corporate dividend policy. They utilized a sample of 303 firms during the 1988 to 1992 period. They had controlled seven factors to influence dividend policy namely insider growth, capital expenditures, ratio of debts to assets, operating income to assets and target dividend yield. Using the Tobit analysis, they discovered that dividend payout is positively related to institutional ownership because institutions prefer dividends over capital gains under the differential tax treatment. Moreover, institutional investors can be more efficient monitors than other shareholders because of the nature of their expertise under the efficient monitoring hypothesis.

Grossman and Hart (1980) argued that there is a positive relationship between ownership concentration and dividends, leaning on the preference for the allotment of these large shareholders which are usually companies. Furthermore as concluded by Faccio, Lang and Young (2001) in their study on ownership concentration and dividend policy of European firms, the presence of multiple owners might alleviate expropriation of minority shareholders by the controlling shareholder. However, they found that the presence of multiple large shareholders helps to limit the expropriation of minority shareholders by the controlling shareholders. This therefore implies a negative relationship between ownership concentration and dividend payouts. The controlling shareholders can effectively influence the decisions of the firm as they can implement policies which will be beneficial for them at the cost of minority shareholders.

## III. METHODOLOGY

This study adopted correlation research design to evaluate the impact of ownership structure on dividend policy of listed insurance firms in Nigeria. The correlation research design is considered appropriate for this study it is best suited for the achievement of the aim of the study- assessing the impact of corporate ownership structure on dividend policy. The population of the study comprises of all the twenty eight (28) insurance firms listed on the floor of Nigerian Stock Exchange (NSE) as at 31st December, 2010 andremained listed and operational up to 31st December, 2019. Based on the accessibility of data, the work adopted 17 listed Insurance firms as sample size due to availability of dataThe model of the study is mathematically specified as follow:

$$DPOR_{i,t} = \alpha + \beta_1 MGOS_{i,t} + \beta_2 INOS_{i,t} + \beta_3 OWCO_{i,t} + \beta_4 SIZE_{i,t} + \beta_5 LEV_{i,t} + e_{i,t} \ldots\ldots\ldots\ldots\ldots\ldots$$

$\alpha$ = the intercept, $\beta_1 - \beta_5$= the various slope coefficients, $DPOR_{i,t}$ = Dividend payout ratio of firm I in year t, $MGOS_{i,t}$= Managerial ownership of firm I in year t, $INOS_{i,t}$= Institutional ownership of firm I in year t , $OWCO_{i,t}$ = Ownership concentration of firm I in year t ,$SIZE_{i,t}$= Control variable, size of firm I in year t , $LEV_{i,t}$= Control variable, leverage of firm I in year t ,$e_{i,t}$= error term.The variables of interest of the study are the ownership structure variables (managerial ownership, institutional ownership and ownership concentration) and Dividend

policy variable (dividend pay-out ratio). The study employed two control variables (firm size and firm leverage). The measurements of the variables are presented in Table 1

**Table 1: Variables Measurement**

| Variables | Measurements |
|---|---|
| Dividend Pay-out Ratio | This is measured in line with Gugler (2003), and Reddy and Path (2005) by dividing cash dividend by accounting earnings (earnings after tax) |
| Institutional Ownership | This is measured in line with Kouki and Guizani (2009) proportion of shares held by institutional investors to the total number of shares issued. |
| Managerial Ownership | This is measured as the proportion of shares held by managers and executive directors divided by the total number of shares issued (Jensen et al., 1992). |
| Ownership Concentration | This is measured as the number of shares held by the largest shareholders divided by the total ordinary shares issued, (Thomsen and Pedersen,2000). |
| Firm Size | This is measured as natural logarithm of total assets (Chaing, 2005). |
| Firm Leverage | This is measured in line with Mayers and Frank (2005) and Ayub (2005) as the ratio of total debts (long term and short term debts) to total assets. |

Source: Researchers' Compilation

In order to achieve the objective of this study, panel data were employed which are quantitative in nature. Therefore, this study utilized secondary data sourced from the published annual reports of the sampled insurance firms covering the years 2010 to 2019.This study adopts panel data regression technique.This technique is chosen because of its effectiveness and efficiency in providing the statistical estimate of the impact of one variable on the other.

## IV. DATA PRESENTATION AND ANALYSIS

This section present and discusses the analysis of the result from the data through descriptive statistics and the multiple regression analysis after series of the diagnostic and robust test have been carried out. From the descriptive Statstistics, Table 2 below shows the variables, observations, Mean. Standard deviation, Minimum and Maximum results.

**Table 2: Summary of Descriptive Statistics**

| *Variables* | *Observations* | *Mean* | *Standard Deviation* | *Minimum* | *Maximum* |
|---|---|---|---|---|---|
| *DPOR* | *170* | 57.29 | 465.11 | -1220.96 | 4987.51 |
| *MGNOS* | *170* | 20.56 | 19.40 | 0 | 72.51 |
| *INOS* | *170* | 40.73 | 19.05 | 0 | 81 |
| *OWCO* | *170* | 44.46 | 16.00 | 7 | 81 |
| *SIZE* | *170* | 4.86 | 0.27 | 3.98 | 5.62 |
| *LEV* | *170* | 45.57 | 18.88 | 10.04 | 92.89 |

***SOURCE: Descriptive Statistics Result using STATA 14***

From the table above,Dividend payout ratio shows a mean value of 57.29 with a standard deviation of 465.11.This implies that average DPOR of the sampled firms is 57.29 and deviation from this average is 465.11. The average dividend yield for listed insurance firms during the study period is2.12 with a standard deviation of 3.42. Theminimum value for dividend yield is 0 while the maximum value is 18.46.

For managerial ownership, the average value is 20.56% with a standard deviation of 19.40. This implies that there is a hugevariation in the level of managerial ownership amongst the companies due to this standard deviation.The level of managerial ownership of the insurance firms in the industry ranges from a minimum of 0% to maximum of 72.51%. The table also shows that the mean value of institutional ownership is 40.73with a standard deviation of 19.05. This shows that there is large variation in institutional ownershipacross the sample of listed insurance firms in Nigeria. The ownership concentration of insurance firms in Nigeria shows an average value of 44.45 with a standard deviation of 16.00. This implies that the ownership concentration of the firms within the study period deviates from its mean value up to 16.00 times.

Size of the companies on average is 4.85 as measured by natural logarithm of total assets, with a standard deviation of 0.27. Size has a minimum value of 3.98 and maximum value of 5.62.Lastly, the average leverage from the observations is 45.57 as ratio of total debt to total assets, implying that on average 45.57% debt was used in financing total assets. The standard deviation of 18.88 in debt levels to total assets varies from a range of lowest observation of a firm having 10.04% debt levels in financing its total assets to the maximum observation showing that 92.89% of debt was used in financing total assets. Therefore, this study is conducted to determine the extent to which the variations in ownership structure affect the dividend policy of listed insurance firms in Nigeria.

**Diagnosticand Robust Test**

Diagnostic tests such as data normality and Heteroskedasticity tests were carried out. For data Normality test, Shapiro-Wilk and Shapiro-Francia data normality tests were carried out and the results reveal that data obtained for the variables including the dependent and independent variables are not normally distributed except for firm size which is normally distributed. Hence, for the study result to be valid, robust standard error is used in the regressions instead of the normal stochastic standard error term. This is to take care of thenormality problem in the study data, and ensure the validity of the regression results.One of the important assumptions of classical linear regression model is that the disturbances appearing in the population regression are homoscedastic. This means that the variance of the error term in the regression model is consistent. If the errors do not have a constant variance (not homoscedastic), they are said to be heteroskedastic. A large chi-square value in the heteroskedasticity test result indicates presence of heteroskedasticity in the error term of the model. In the result obtained from the heteroskedasticity test conducted in this work, the chi-square value was large and p-value was small for the model.This indicates that heteroskedasticity was present in the Model and this shows violation of assumption number four of classical linear regression model which states that there must be constant variance that is; the disturbances appearing in the population regression function are homoscedastic. Therefore, as a result of the presence of heteroskedasticity in the Model, the researcher decided to conduct fixed and random effects regression for the Model which will take care of the individual differences within units. This will ensure that conclusion and inferences made are not misleading.

Robustness tests conducted to improve the validity of thestatistical inferencesfor the study. Theproblem of multicollinearity is discussed based on the result generated for the purpose of the study. Multicollinearity is tested using tolerance and variance inflation factor (VIF) values. A tolerance value above 10 indicates that the variable under consideration is almost a perfect linear combination of the explanatory variable already in the equation, and that it should not be included inthe regression equation. The tolerance value and VIF are employed in this study to test for multicollinearity between the independent variables. The result of themulticollinearity test is presented in Table 3.

**Table 3 Multicollinearity Test**

| Variables | VIF | TV(1/VIF) |
|---|---|---|
| ***MGNOS***5.430.184 | | |
| ***INOS***5.200.192 | | |
| ***OWCO***1.420.702 | | |
| ***SIZE***1.340.747 | | |
| ***LEV***1.220.819 | | |

***SOURCE: Result output from STATA 14***

The Variance Inflation Factors (VIF) and Tolerance Values (TV) for all the variables as shown in Table 4 are found to be consistently smaller than 10 and 1.00 respectively, indicating absence of multicollinearity. This shows the appropriateness of the model of the study with the five independent variables.

**Result of Regression Analysis of DPOR Model**

This section presents the regression results of the model used to proxy the dependent variable, dividend policyand the independent variables (MGNOS, INOS, OWCO, SIZE, and LEV) of the study. The regression results of DPOR modelis shown in Table 4.

**Table 4 Summary of Regression Results**

| Dividend Policy | Model DPOR | | |
|---|---|---|---|
| **Independent Variables:** | **Coef.** | **z-value** | **p-value** |
| ***MGNOS*** | 4.349 | 1.75 | 0.080 |
| ***INOS*** | 3.021 | 1.03 | 0.304 |
| ***OWCO*** | -4.47 | -1.25 | 0.210 |
| ***SIZE*** | 42.34 | 0.59 | 0.556 |
| ***LEV*** | -2.30 | -1.84 | 0.066 |
| **R-square** | 0.325 | | |
| **Wald chi²** | 4.60 | | |
| **Prob > chi²** | 0.4672 | | |

***SOURCE: RESULT OUTPUT FROM STATA 14***

Table 4 above shows the result of random effects model for DPOR. For the model, the Hausman specification test carried out proved that the more appropriate model for the regression is random effects model. This is because the result of the test showed an insignificant Prob>$chi^2$ value of 0.5286 and this is why the result of the random effects model is being presented. In this model, only managerial ownership is significant at 10%

level of significance. Institutional ownership, ownership concentration, size and leverage are not significant. The regression result of dividend policy proxied by DIVYLD and the independent variables (MGNOS, INOS, OWCO, SIZE, and LEV) is also shown in table 4.

For this model, the Hausman specification test carried outindicated that the more appropriate model for the regression is random effects model. This is because the result of the test showed an insignificant Prob>chi$^2$ value of 0.7081 and this is why the result of the random effects model is being presented. The result of random effects model shows that managerial ownership and firm size areboth significant at 5% level of significance, while institutional ownership, ownership concentration and leverage are not significant. The functions for the regression equations are given below:

$$DPOR_{i,t} = -56.93 + (4.349)MGNOS_{i,t} + (3.021)INOS_{i,t} + (-4.470)OWCO_{i,t} + (42.34)SIZE_{i,t} + (-2.307)LEV_{i,t} + e_{i,t}$$

Managerial ownership of the sampled insurance firms shows a z-value of 1.75 and a coefficient of 4349withp-value of 0.080 in the model which is statistically significant,The positive coefficients in the modelthough, suggest that higher managerial ownership may benefit shareholders because higher dividends will be paid out, which allow them to earn a higher margin on their investments.

Managerial ownershipis found to be significant in the model, which means that the variable significantly impacts dividend policyof listed insurance firms in Nigeria. Therefore, managerial ownership of listed insurance firms has significant influence on their dividend policy measured by DPOR. Managerial ownershipfrom the above result is statistically significant in impacting dividend policy, thus, this provides enough evidence to reject the null hypothesis one of the study which states that:Managerial ownership has no significant impact on dividend policy of listed insurance firms in Nigeria.This finding does not supportthe agency cost theory which articulates a positive and significant relationship between institutional ownership and dividend policy of a firm.

Institutional ownershipis found not to be significant in themodel. This implies that the variable is not significantly impacting dividend policy of listed insurance firms in Nigeria.Therefore, institutional ownership has no significant influence on dividend policy proxiedby DPOR. Thus, the result provides enough ground forfailing to reject the null hypothesis two of the studywhich states that: Institutional ownership has no significant impact on dividend policyof listed insurance firms in Nigeria.

The results reveal that ownership concentrationhas no significant impact on dividend policy of listed insurance firms in Nigeria as can be seen from the coefficient values of ownership concentration in Table 5. As shown in Table 5, the coefficient of ownership concentration is -4.47 with a z-value of -1.25 and a p-value of 0.210 which is statistically insignificant in model. This result signifies that ownership concentration (OWCO) does not significantly impact on the dividend policy of listed insurance firms in Nigeria within the study period. Thenegative coefficient values though imply that whenthere is an increase in ownership concentration, thereis a resulting decrease in dividend payout ratio of the sampled listed insurance firms in Nigeria.

As evident in the regression result, ownership concentrationis statistically insignificant in influencing the dividend policy of listed insurance firms in Nigeria. This provides enough evidence to fail to reject null hypothesis three of the study which states thatOwnership concentration has no significant impact on dividend policy of listed insurance firms in Nigeria.

Findings of this study have some implications for both investors and insurance companies. Viewing evidence about what drives an insurance firm’s dividend policy will help investors and potential investors understand which ownership structures are critical to track and analyze in order to maximize dividends on their investments. It is important to note that, if investors know the kind of ownership structures that can boost their dividend returns, it will culminate into creating increased competition in the capital market. Investors can use the knowledge derived from the findings of this study to take care of their investment. The outcome of this study could contribute towards a better understanding of the kind of ownership structures that impact dividend policy of listed insurance firms in Nigeria.

The result revealsthat managerial ownership is positively and significantly affecting the dividend policy of listed insurance firms in Nigeria. This implies that the higher the level of managerial ownership of the firm, the higher the reported dividend payout ratio and dividend yield of the insurance firm. This result has implication on firms with higher managerial ownership, becausethey will be more willing to pay out more dividends because the management will also benefit from the dividends.The findings also revealed that institutional ownership is positively but not significantly impacting the dividend policy of listed insurance firms in Nigeria. The implication of this is that, higher or lower level of institutional ownership in the capital structure of a listed insurance firm would not impact the kind of dividend policy to be adopted by the firm.

Finally, ownership concentration is negatively but not significantly associated with dividend policy of the listed insurance firms in Nigeria. This result predicts lower dividend payout ratio and dividend yield for listed insurance companies in Nigeria with high ownership concentration.

## V. CONCLUSION AND RECOMMENDATIONS

This study examines the impact of ownership structure on dividend policy of listed insurance firms in Nigeria for the period 2010-2019. The paper adopted secondary data obtained from the annual reports and accounts of 18out of the 28 listed insurance companies. Multiple regressions were used with the aim of explaining and predicting empirically the impact ofownership structure on dividend policy of the companies. From the findings of the paper andcareful review of the results and discussion, the study concludes that managerial ownership is a strong driver of dividend policy of listed insurance firms in Nigeria. On opposite trend,the paper established that Institutional and ownership concentration are not key drivers of dividend policy of listed insurance companies in Nigeria.In light of the conclusions of this study, the researcher recommends that the listed insurance firms in Nigeria should consider the corporate ownership structures examined in this study as benchmarks in embarking on sound dividend policy that will alleviate the conflicts that could arise between managers and owners of the firm. Also, as a matter of policy input, managers, regulatory authorities and other stakeholders of interest should ensure that the diverse interests held in a firm by owners are taken into consideration, as this will go a long way in mitigating agency problems that exist between managers and owners of the firm.

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