Amity Journal of Management Research

Capital Structure and Stock Returns: Evidence from Consumer Goods Firms in Nigeria

Ikponmwosa Michael Igbinovia
Edo University Iyamho, Edo State, Nigeria

Chizoba Marcella Ekwueme
Nnamdi Azikiwe University, Anambra State, Nigeria.

Abstract

The study tests the extent to which capital structure determines the returns shareholders get from their investment, in the form of cash dividend. Considering the erratic nature of stock prices and the continuous influence of macroeconomic variables on stock prices in Nigeria since the crash of the 2000s, dividend is chosen as our proxy for stock returns, leaving out capital gain/loss. Secondary data for the period 2014 to 2018 was sourced from consumer goods firms in the Nigeria stock exchange. The analyses captured descriptive and inferential statistics. The major finding was that capital structure exerts insignificant effect on stock returns (dividend) among sampled firms. The dividend of previous years and the changes in the market prices of shares were seen to exert significant influence on the returns shareholders get from their investment, in the form of dividend. It is recommended that investors in need of regular dividend, make capital structure an insignificant basis for choosing investments in their portfolio, and rely on past dividend patterns of firms, as well as the extent of capital gain/loss of stocks in the market as core basis for investment decisions.

Keywords: Dividend, Stock Returns, Debt-Equity Mix, Capital Structure, Portfolio.

JEL Classification: G11, G32, G35, M41

Paper Classification: Research Paper

Introduction

The choice of finance sources in firms remains a crucial and strategic decision for corporate managers. While some retain part or all of their earnings, others resort to external sources by borrowing or issuing new shares. These various options have implications on different aspects of the firm. Capital structure decisions provide usefulness in reducing the effect of agency cost driven by the goal divergence of managers and owners (Al Salamat & Mustafa, 2016). The capital structure, which is the blend of debt and equity in a firm's financing strategy also has implications on firms' finance cost, control, bankruptcy risk, liquidity, dividend pay-out and stock prices. The risk- return trade-off emphasizes that firms having high risks often end up in high returns. For a

highly geared firm, the bankruptcy risk is high, which could bring about high returns on stock, as owners will be rewarded for the risk associated with the use of debt capital in financing its assets (Brigham & Ehrardt, 2001). Masulis (1983) opines that debt as a source of financing, significantly explains variations in stock returns among firms.

In the quest to arrive at an optimal capital structure, firms use different levels of debt in financing its operations. These levels of debt will entail a balance of risk and return. An extremely levered firm is exposed to a high risk of firm earnings and bankruptcy (Ahmad, Fida, & Zakaria, 2013). Such risks bring about a higher rate of return for investors via dividend, but excessive risk ultimately reduces the market prices of stock. An optimal capital structure maintains a sense of trade-off between risk and returns, having a most favourable influence on stock prices. Theory submits that changes in capital structure give rise to changes in firm value, which ultimately affect the returns on stock (Fama & French, 1998). The decisions of a firm to plough back or distribute profits affect the ownership structure and returns shareholders get from the profit of the firm. By implication, owners' equity base is fortified by earnings retention, which guarantees the future wellbeing of the firm, while their immediate wellbeing is guaranteed by the payment of dividend, a reward for investment. Therefore, it is suggestive that there exists a nexus between stock returns and capital structure of firms. The plethora of theories on capital structure and returns, in addition to the paucity of empirical research examining the nexus in the Nigerian stock exchange, provide impetus for this study.

The study investigates the influence of the debt and equity mix on the return's shareholders get on stock via dividend, in Nigerian consumer goods firms.

Review of Related Literature

Uremadu and Efobi (2012) examined the responsiveness returns to changes in liquidity and capital structure, using ten listed Nigerian firms for the period 2002- 2006. The Ordinary Least Square and the log Linear Least Square results indicate a negative connection between long term debt and returns.

Ahmed, Fida and Zakaria (2013) adopted structural models in investigating the determining factors of debt/ equity mix in the capital structure and its nexus with returns using a hundred (100) s firms in the Karachi stock exchange for the period 2006 to 2010. Using a set of Panel data, the Generalised Method off Moment (GMM) model reveals a bi-directional causation between leverage and stock returns with leverage exerting an overriding effect on stock return. Liquidity, profitability and growth were established to be significant factors driving the nexus between leverage and stock returns. Similarly, Olowoniyi and Ojenike (2013) examined same nexus using eighty-five (85) quoted Nigerian firms for a period of eleven years spanning 2000- 2010. The result of the panel co-integration reveals a significant long run effect flowing from capital structure to stock returns. Also, they found other firm specific factors to be significant determinants of stock returns. Using a sample of fifty (50) Swedish firms, Bergrren and Bergqvist (2014) considered same for the period 2009 to 2013. The result shows that financial leverage, firm size, firm growth, and liquidity positively influence stock returns. They observed that profitability exerts a negative and significant influence on stock returns. Similarly, Gharaibeh (2014) looked at the connection between capital structure, firm liquidity and the returns on stock for the period 2009-2012 using fifteen (15) selected firms in the Amman stock market. An insignificant nexus between the debt to equity mix of sampled firms and their stock returns was found.

Ghi (2015) looked at the nexus between stock returns and the use of debt, in one hundred and seventy-five (175) firms of the Vietnam Stock Exchange for the period 2010 to 2013. The result

of the ordinary least square regression model indicates that the proportion of debt to equity is significant and has a negative effect on stock returns. Similarly, Nalurita (2015) looked at the influence of capital structure on stock return, using thirty eight (38) firms quoted in the property, construction and real estate sector of the Indonesian stock exchange for the period 2010 to 2014. The random effect regression result revealed that debt to equity ratio and firm performance has a significant positive influence over stock returns in the studied firms.

Tahmoorespour, Ali-Abbar and Randjbara, (2015) provided international evidence by observing the debt to equity mix and stock returns of firms in eight Asia-Pacific countries for the period 1990-2012. Using panel regression analyses, they reported that the response of stock returns to a firm's debt and equity mix differ depending on industry specifics and country peculiarities, as various forms of nexus was observed in the eight countries.

Al salamat and Mustafa (2016) investigated the nexus between capital structure and stock returns of firms quoted in the industrial sector of Amman Stock Exchange for the period 2007-2014. Using an unbalanced panel regression analysis, capital structure was seen to have a debilitating influence over stock returns. Stock liquidity and profitability both had positive effect on stock returns.

Mustafa, Saeed and Zafar (2017) considered the effect of debt in the capital structure and the size of assets on the stock return of firms in the non-financial sector of the Karachi stock exchange, Pakistan for the period 2004 to 2015. The result of the ordinary least squared regression model (OLS) revealed that the Debt to equity mix exerts a negative but non-compelling influence over stock return. Firm size was seen to have a significant and positive effect on stock return. Similarly, Ali (2017) cited in Sharif (2019), conducted a study on selected oil and gas firms in the Karachi stock exchange, Pakistan for the period 2005 to 2014. The ordinary least squared regression result revealed that the debt to equity ratio has a significant positive impact on stock return.

Nurlaela, Mursito, Kustiyah, Istiqomah, and Hartono (2019) examined twenty nine listed firms in the property and real estate sector of the Indonesian stock exchange for the years 2012 to 2016, with an objective of probing the degree of influence exerted by capital structure on stock return. The ordinary least square regression results showed that the ratio of debt to equity has statistically insignificant effect on stock return. Similarly, Utami and Darmawan (2019) focused on fifty three non-financial firms in the Indonesian stock exchange during the period 2012 to 2016, to explore the influence of debt to equity, profitability and earnings per share on stock return. The fixed effect regression result showed that the ratio of debt to equity, and profitability have statistically insignificant positive effect on stock return, while earnings per share exerted a positive significant influence on stock return.

Ogieva and Ogiemudia (2019) investigated the influence of debt use on the performance of selected multinational firms in Nigeria for the period 2008 to 2017. The results showed a negative significant influence flowing from capital structure to firm performance. The result corroborated MacCarthy and Ahulu (2019) who looked at the use of debt as it affects firm performance, using a panel regression approach for seventeen Ghanaian firms for the period 2009 to 2018.

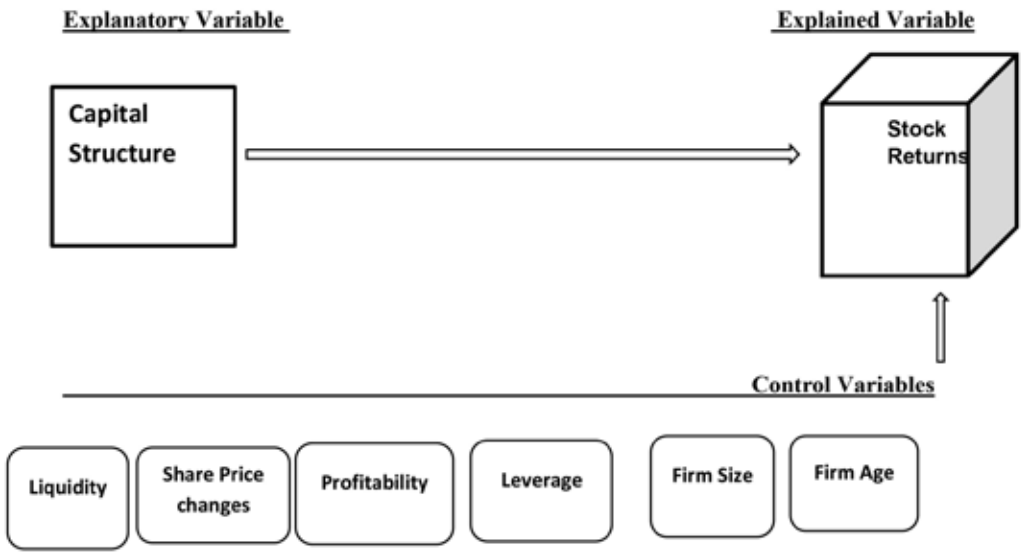
From theory, investors in a highly geared firms, would request a higher return on its investment as a result of the associated high bankruptcy risk (Yang, Lee, Gu, & Lee, 2010). Baker and Martin (2007) empirically showed that in seeking external financing, the negative response of stock price to the issuance of new equity should be considered. The review of literature reveals conflicting findings, with a positive nexus as seen in Bhandari (1988); Dhaliwal, Heitzman, and Zhen Li, (2006); Bergrren and Bergqvist (2014) and a negative nexus as reported in Dimitrov and

Jain (2008); Muradoglu and Sivaprasad (2012); Uremadu and Efobi (2012); Acheampong, Agalega, and Shibu (2014); Alsalamat and Mustafa (2016); Kwarteng, and Boahen (2019).

The trade-off theory puts forward a positive nexus between firm profitability and its ability to access and use debt. This implies, that firms with higher-profits can easily acquire debt, based on their goodwill, and get the benefits from tax shields. If firms with higher profits get higher returns on stocks, the capital structure, a major driver of earnings should have effect on stock returns. A highly geared firm will have high stock returns only in the presence of good financial performance to guarantee high dividend payment. An important desire of investors (shareholders and bondholders) is to get good returns on their investment. This implies that returns on investment will be dependent on the ability of the firm to make good profit, to guarantee the payment of interest and dividend.

Therefore, a non-directional hypothesis is that:

H0: A firm's capital structure does not significantly determine its stock returns



Source: Researchers' Computation, 2020

Theoretical Framework

The study is hinged on the pecking order theory. First used by Myers (1984), it focuses on information asymmetry that exists among corporate managers and shareholders. The theory asserts that equity is a less desired means to financing a company because of investors' belief that corporate managers tend to issue new equity when the equity of the firm is overvalued. It is believed that managers prefer internal sources of fund than external sources, just as they prefer debt to new equity (Graham & Harvey 2001).

Empirical evidence suggests that issuing of new equity, usually gives rise to reduction in stock prices (Baker & Martin, 2007). Proponents of the theory advocate that corporate managers should resort to external sources of financing when internal funds are not adequate (Graham & Harvey, 2001). Therefore, when firms get fund from external sources, it affects the ownership structure, control and exposure to risk, having implication on the returns of shareholders.

Methodology

An *ex post facto* design is adopted using a set of panel data from 2014 to 2018 for all consumer goods firms in the Nigerian Stock Exchange. Annual data on capital structure, stock returns, profitability, leverage, firm size, firm age and liquidity are obtained from the reports of sampled firms.

Model Specification

Following the models specified by Uremadu and Efobi (2012); Olowoniyi and Ojenike (2013); Berggren and Bergqvist (2014), model of the study was developed explaining the nexus that exists between a firm's debt to equity mix and stock returns, to enable achieve the objectives of the study.

$$STR_{it} = \beta_0 + \beta_1 CAPSTR_{it} + \beta_2 ROA_{it} + \beta_3 LEV_{it} + \beta_4 AGE_{it} + \beta_5 SIZE_{it} + \beta_6 LIQ_{it} + \beta_7 CAPGA_{it+e} \quad \text{.....(1)}$$

Table 1: Variables Measurement

Variable	Notation	Proxy	Variable Type	Source	Expected Sign
Stock returns	STR	Cash Dividend per share	Dependent	Olowoniyi and Ojenike (2012)	
Capital structure	CAPSTR	Debt equity mix	Independent	Ogieva Ogiemudia (2019)	+
Share Price changes	CAPGA	Annual changes in market value of shares	Control	Sharma (2013)	+
Leverage	LEV	Assets to debt ratio	Independent	Jensen et al. (1992)	+
Profitability	ROA	Returns on Assets	Control	(Olowoniyi and Ojenike, 2012)	+
Age	AGE	Listing age	Control	Ogieva Ogiemudia (2019)	+
Size	SIZE	Size of firm's total assets	Control	Berggren and Bergqvist (2014)	+
Liquidity	LIQ	Current ratio	Control	Berggren and Bergqvist (2014)	+

Source: Researchers' compilation, 2020

Definition of variables

Stock Returns

Stock returns is a combination of dividend paid and capital gain/ (loss) from share price changes. The eclectic nature of stock prices in the Nigerian stock market suggests the influence of macroeconomic variables external to firms, rather than firm specific variables.

Capital structure

Debt equity mix: Measured as the mix of a firm's debt to equity in financing its assets. Computed as Interest Bearing Total Loans and Leasing divided by total Equity. It makes known the decision of management on the financing options considered optimum.

Share Price change: Annual changes in share market price. Current year's Shares Prices - previous year's shares prices.

Leverage: Assets to debt ratio: This is the portion of a firm's assets financed by debt. Measured as total assets divided by debt

Profitability

Return on Asset: Measured as the proportion of profit before interest and tax, to the total assets of the firm

Firm age

Listing age: Number of years of listing. Computed as, Current Year-Year of listing +1

Liquidity

Current Asset ratio: Measured as the mix of Current assets to current liabilities

Firm size

Size of firm's total assets: Computed as the log of total assets.

1. **Empirical Results and Analysis**

   Below is the presentation of the descriptive statistics of the study, the Correlation Matrix alongside the pool Ordinary Least Square (OLS) regression result. This is accompanied by relevant analyses.

The descriptive statistics table is presented below.

Table 2: Descriptive Statistics Output

	STR	CAPSTR	ROA	LEV	AGE	SIZE	LIQ	CAPGA
Mean	2.20925	3.59978	3.30670	1.19127	29.5744	17.1024	0.95638	8.50489
Median	0.48000	1.51500	5.25000	0.63000	35.0000	17.7200	0.90000	-0.44000
Max.	32.9300	202.900	23.6200	17.9800	53.0000	19.9900	2.90000	745.990
Min.	0.00000	-21.5200	-98.6500	0.12000	4.00000	11.1300	0.00000	-188.250
Std. Dev.	5.58860	20.9636	16.8998	2.80394	13.9094	2.05933	0.52375	98.1152
Skewness	3.90540	9.26836	-4.37369	4.72548	-0.52536	-1.19216	1.13985	5.80630
Kurtosis	17.9447	88.8050	26.2493	24.2736	2.00166	4.04871	5.18289	41.8058
Jarque-Bera	1113.71	30182.2	2416.77	2122.39	8.22773	26.5739	39.0184	6426.26
Prob.	0.00000	0.00000	0.00000	0.00000	0.01634	0.00000	0.00000	0.00000
Obs.	94	94	94	94	94	94	94	94

Source: Researchers' computation, 2020

It is seen from Table 2, the Jarque-Bera test statistics and its corresponding probability values accept the alternate hypothesis of the normality of chosen variable. Below is the correlation matrix result.

Table 3: Correlation Matrix

Correlation								
t-Statistic	**STR**	**CAPSTR**	**ROA**	**LEV**	**AGE**	**SIZE**	**LIQ**	**CAPGA**
STR	1.00000							

CAPSTR	-0.02636	1.000000						
	-0.25299	-----						
ROA	0.233295	-0.01909	1.00000					
	2.301189	-0.18318	-----					
LEV	-0.07212	-0.03217	-0.5529	1.000000				
	-0.69357	-0.30879	-6.3648	-----				
AGE	0.222515	0.087672	0.06215	-0.10099	1.00000			
	2.189174	0.844175	0.59732	-0.97365	-----			
SIZE	0.274923	-0.06664	0.39316	-0.57422	0.26912	1.00000		
	2.742653	-0.64061	4.10140	-6.72744	2.68021	-----		
LIQ	-0.06131	-0.08414	0.32800	-0.41692	0.17454	0.06112	1.00000	
	-0.58919	-0.80996	3.33033	-4.39958	1.70026	0.58736	-----	
CAPG	0.292826	-0.01787	0.12866	-0.01456	0.01098	0.06208	0.04265	1.00000
	2.937451	-0.17147	1.24445	-0.13975	0.10540	0.59668	0.40949	-----

Source: Researchers' computation, 2020

Below is the multi collineaarity test result.

Table 4: Multi Collinearity Test

	Coeff.	**Uncentered**	**Centered**
Variable	Variance	VIF	VIF
C	17.17078	148.4252	NA
STR(-1)	0.004344	1.357857	1.171376
CAPSTR	0.000278	1.087878	1.057075
ROA	0.000644	1.641298	1.574105
LEV	0.033650	2.701820	2.286488
AGE	0.000724	6.673290	1.210178
SIZE	0.052512	134.4897	1.918160
LIQ	0.612478	6.310460	1.450891
CAPGA	1.24E-05	1.041617	1.032873

Source: Researchers' computation, 2020

Following the correlation matrix and the test for multi-collinearity, is the pooled Ordinary Least Square (OLS) regression result presented below.

Table 5: POOLED OLS

Variable	Coef.	Std. Error	t-Stat.	Probability
C	-1.374931	4.143764	-0.331807	0.7409
STR(-1)	0.736564	0.065906	11.17597	0.0000
CAPSTR	-0.001226	0.016682	-0.073467	0.9416
ROA	0.033461	0.025370	1.318937	0.1908
LEV	0.080611	0.183438	0.439447	0.6615
AGE	0.022537	0.026905	0.837668	0.4046
SIZE	0.082859	0.229155	0.361587	0.7186
LIQ	-0.466958	0.782610	-0.596668	0.5523
CAPGA	0.011097	0.003528	3.145727	0.0023
R-sq.	0.688861	D-W. stat.		1.888797
Adj. R-sq.	0.659229	Prob (F-stat.)		0.000000
S.E. of reg.	3.280067			
Log likelihood	-237.6997			
F-stat.	23.24699			

Source: Researchers' computation, 2020

The adjusted R Square of 0.659229, shows the model is well specified as about 66% of changes in the stock returns could be accounted for by all the independent variables put together. An indication that only 34% of changes in stock returns was not captured by the model, which the stochastic error term accounts for.

A Durbin-Watson statistics of 1.888797 reveals that there is likelihood of no serial correlation in the model.

Discussion of Findings

Stock returns (dividend) of a previous year significantly influences the current year stock returns (dividend) of sampled consumer goods firms in the Nigerian stock exchange. The extent of fluctuations in the prices of stocks (Capital gain/ loss) significantly influences the stock returns of sampled consumer goods firms. It is likely that firms use cash dividend to encourage and assure shareholders that the firm is doing well despite the volatile and bearish state of its stock price.

Capital structure does not significantly impact the returns on stock (dividend). Which means the portion of debt to equity is not a significant determining variable of returns shareholders get through dividend. Our findings corroborate that of Gharaibeh (2014), Mustafa et al. (2017) and negates the findings of Uremadu and Efobi (2012); olowoniyi and Ojenike (2013); Ogieva and Ogiemudia (2019) in the literature.

Firm size does not significantly determine returns (cash dividend) in Nigerian consumer goods firms. This finding corroborates Mustafa and Salamat (2016) but is in contrast with Mustafa et al., (2017) and Sharif (2019). Leverage and firm age are not significant drivers of stock returns (cash dividend) in Nigerian consumer goods firms.

Profitability and firm liquidity were seen to exert an insignificant influence on the stock returns (dividend) of sampled firms, in tandem with Utami and Darmawan (2019). This contradicts prior empirical findings of Ghi (2015) and Nalurita (2015) who submitted that a firm's ability to pay

dividend is hinged significantly on its liquidity position and profitability.

Recommendations and Conclusion

Stemming from the study findings, it is recommended that decisions regarding the choice of investments by regular dividend seeking investors be less centred on capital structure. The finance managers should not make capital structure of firms a principal selection criterion in the choice of investments, while building portfolios. Investors in need of regular dividend should rely on past dividend patterns of firms as well as the extent of capital gain/loss of the stock in the market.

The study examines the extent to which capital structure, among other variables determines the returns shareholders get from cash dividend. Considering the erratic nature of stock prices and the continuous influence of macroeconomic variables on stock prices in Nigeria since the crash during the 2000s, dividend is chosen as proxy for stock returns, leaving out capital gain/loss. Data for the period 2014 to 2018 was obtained from firms in the Nigerian stock exchange. The analyses captures both descriptive and inferential statistics. Notable findings were that capital structure had insignificant effect on stock returns (dividend) among sampled firms, and that the dividend of previous years and the changes in the market prices of shares exert significant influence on the returns shareholders get from their investments through dividend.

The result should be interpreted with caution. The study was on consumer goods firms in the Nigerian Stock market, which may not be representative of all qquoted firms in Nigeria, corroborating the submission of Tahmoorespour, Ali-Abbar and Randjbara (2015), who posit that the effects of debt concentration in capital structures on stock returns differs depending on the peculiarities of the stock exchange market and industry type.

Further studies could investigate the connection between debt use and stock returns using firms in other sectors of the Nigerian stock market. Further research could also examine how the capital gain/loss of stock, another component of firms' stock return reacts to changes in capital structure. The mediating effect of profitability on the nexus could also be investigated.

References

Acheampong, P., Agalega, E., & Shibu, A. (2014). The effect of financial leverage and market size on stock returns on the Ghana stock exchange: Evidence from selected stocks in the manufacturing sector. *International Journal of Financial Research, 5*(1), 125-134.

Ahmad, H., Fida, B. A. & Zakaria, M. (2013). The co-determinants of capital structure and stock returns: Evidence from the Karachi stock exchange. *The Lahore Journal of Economics 18*(1), 81–92.

Al Salamat, W. A. & Mustafa, H. H. (2016). The impact of capital structure on stock return: Empirical evidence from Amman stock exchange. *International Journal of Business and Social Science 7*(9), 183-196.

Baker, H. K. & Martin, G. S. (2007). *Structure and corporate financing decisions*: Theory, evidence, and practice. pp: 151. Retrieved from: https://leseprobe.buch.de/images-adb/28/45/2845e391-79b64968-9c2d-e511bc460861.pdf. On 21/03/2020.

Berggren, S., & Bergqvist, A. (2014). Capital Structure and Stock Returns-A study of the Swedish large cap companies. Unpublished Bachelor Thesis, University of Gothenburg.

Bhandari, L. C. (1988). Debt/equity ratio and expected common stock returns: Empirical evidence. *The Journal of finance 43*(1), 507-528.

Brigham, E., & Ehrhardt, M. (2001). *Financial management theory and practice*, tenth edition, South-Western College Pub.

Chen, S.-Y., & Chen, L.-J. (2011). Capital structure determinants: An empirical study in Taiwan. *African Journal of Business Management, 5*(27), 10974–10983.

Dhaliwal, D., Heitzman, S. & Zhen Li, O. (2006). Taxes, leverage, and the cost of equity capital. *Journal of Accounting Research 44*(1), 691-723.

Dimitrov, V. & Jain, P. C. (2008). The value-relevance of changes in financial leverage beyond growth in assets and GAAP earnings. *Journal of Accounting, Auditing & Finance, 23*(1), 191-222.

Fama, E.F., & French, K.R., (1998). Taxes, financing decisions, and firm value. *Journal of Finance, 53*(1), 819-843.

Gharaibeh, A. (2014). Capital structure, liquidity, and stock returns. *European Scientific Journal 10*(25), 171- 180.

Ghi, T. N. (2015). The impact of capital structure and financial performance on stock returns of the firms in HOSE. *International Journal of Information Research and Review, 2*(6), 734–737.

Graham, J. R. & Harvey, C. R. (2001). The theory and practice of corporate finance: evidence from the field. *Journal of Financial Economics, 60*(2), 187-243.

Jensen, G.R., Solberg, D.P., & Zorn, T.S. (1992). Simultaneous determination of insider ownership, debt, and dividend policies. *Journal of Financial and Quantitative Analysis, 27*(2), 247-263.

Kwarteng, A. & Boahen, J. (2019). The effects of capital structure on the performance of private listed businesses.(a case study of Benso oil palm plantation, Cocoa processing company and Ayrton drug manufacturing company). *The International Journal of Engineering and Science 8*(4), 1-32.

MacCarthy, J. & Ahuru, M. H. (2019). Does capital structure affects firms' performance in Ghana? Panel data analysis. *Accounting and Finance Research, 8*(4), 131-143.

Masulis, R.W. (1983). The impact of capital structure change on firm value: Some estimates. *The Journal of Finance, 38*(1), 107-126.

Muradoglu, Y. G. & Sivaprasad, S. (2012). Capital structure and abnormal returns. *International Business Review, 21*(1), 328-341

Mustafa, S., Saeed, A. & Zafar, A. (2017). The effect of financial leverage and market size on stock returns on the Karachi stock exchange: Evidence from selected stocks in the non-financial sector of Pakistan. *The International Journal of Business & Management, 5*(10), 246–252.

Myers, S.C. (1984). The capital structure puzzle. *Journal of Finance, 39*(1). 575-592.

Nalurita, F. (2015). The effect of profitability ratio, solvency ratio, market ratio on stock return. *Business and Entrepreneurial Review, 15*(1), 73–94.

Nurlaela, S., Mursito, B., Kustiyah, E., Istiqomah, & Hartono, S. (2019). Asset turnover, capital structure and financial performance consumption industry companies in Indonesia stock exchange. *International Journal of Economics and Financial Issues, 9*(3), 297–301.

Ogieva, O. F. & Ogiemudia, A. O. (2019). Capital Structure and Firm Performance in Nigeria: Is Pecking Order Theory Valid? *Amity Journal of Corporate Governance, 4*(4).

Olowoniyi A. O., & Ojenike J. (2012). Determinants of stock return of Nigerian listed firms. *Journal of Emerging Trends in Economics and Management Sciences, 3*(4), 389-392.

Sharif, S. H. (2019). The impact of capital structure on stock return of selected firms in the pharmaceutical and chemical sector in Bangladesh. *International Journal of Social Sciences Perspectives. 5*(1), 9-21.

Sharma, R. (2013). Total Shareholder Return (TSR) as a performance measure. *Trans-Asian Journal of Marketing & Management Research, 2*(7), 80-86.

Tahmoorespour, R., Ali-Abbar, M. & Randjbara, E. (2015). The impact of capital structure on stock returns: International evidence. *Hyperion Economic Journal 3*(1), 56-78.

Uremadu, S., & Efobi, R. (2012). The impact of capital structure and liquidity on corporate returns in Nigeria: Evidence from manufacturing firms. *International Journal of Academic Research in Accounting, Finance and Management Sciences, 2*(3), 1-16.

Utami, M. & Darmawan, A. (2019). Effect of DER, ROA, ROE, EPS and MVA on stock prices in Indonesian stock exchange. *Journal of Applied Accounting and Taxation Article History, 4*(1), 15–22.

Yang, C. -C., Lee, C.-F., Gu, Y. -X. & Lee, Y. W. (2010). Co-determination of capital structure and stock Returns. A LISREL approach: An empirical test of Taiwan stock markets. *Quarterly Review of Economics and Finance, 50*(2), 222–233.

Author's Profile

Ikponmwosa Michael Igbinovia is a Lecturer in the Department of Accounting, Edo University Iyamho, Nigeria. He has published widely in learned international and national Journals in the areas of Accounting Disclosures, Financial Management, and Taxation.

Chizoba Marcella Ekwueme is a professor of Accounting, Nnamdi Azikiwe University, Awka Nigeria. She holds a Doctor of philosophy Degree (PhD.) in Accountancy and has published widely in learned international and national Journals in the areas of Financial reporting and Financial Management.