

## Ownership Structure and Profitability: The Moderating Effect of Audit Committee Financial Expertise

Sunusi Garba\*

Tunku Intan Safinaz School of Accountancy (TISSA), College of Business, Universiti Utara Malaysia, 06010 Sintok, Kedah, Malaysia

Mudzamir Bin Mohamed

Tunku Intan Safinaz School of Accountancy (TISSA), College of Business, Universiti Utara Malaysia, 06010 Sintok, Kedah, Malaysia

### Abstract

Lower profitability leads to the undercapitalization problem which leads to low of retained earnings, and consequently to over-dependence on debt financing, rather than with internally generated equity. This paper examined the moderating effect of audit committee financial expertise on the relationship between ownership structure and profitability of listed financial institutions in Nigeria. The study utilizes a sample of 29 listed firms from 2006 to 2015. Driscoll and Kraay's standard errors estimation was employed overcome the heteroscedasticity, autocorrelation and cross-sectional dependence problems. The results established that audit committee financial expertise has a significant positive influence on profitability. Likewise, CEO and foreign ownership have a positive influence on profitability. However, these positive relationships turned out to be negative due to the presence of audit committee financial expertise as a moderator. Although executive ownership has a negative influence on profitability, this is upturned to the positive relationship with the presence of an audit committee financial expert. It is recommended that the regulators should strengthen the power of the audit committee to safeguard or protect the interest of other shareholders.

**Keywords:** Audit committee; Financial institutions; Ownership structure; Profitability.



CC BY: [Creative Commons Attribution License 4.0](https://creativecommons.org/licenses/by/4.0/)

### 1. Introduction

The proliferation of fictitious profits in the lead-up to the financial crisis, since the onset of the financial crisis of 2007-2018 and the resulting Great Recession, radical political economists have debated the role of profitability in what has been the most severe systemic crisis of global capitalism since the 1930s (Smith and Butovsky, 2012). Profit maximization is an ultimate objective of every firm and is vital to the long-term survival of the business. Therefore, profitability is used by shareholders or investors to decide whether the business is yielding enough profit to endure and mature. It measures the business's status and helps to relatively measure the success or failure of the firm (Evans, 2017). Having a profit does not automatically indicates the business is profitable. The firm may have positive profits that seem great, but it does not provide the complete image of a firm's health. To discover whether the business's finances reflect success or failure, there is a need to look at profitability. Lower profitability leads to the undercapitalization problem since it leads to low of retained earnings and consequently to over-dependence on debt financing, the undercapitalization problem seems to be present (Davidson and Dutia, 1991).

Once the financial structure is effective, then it indicates profitability increases, accumulative money flowing from creditors to debtors, as well as improved quality services for customers (Sufian and Habibullah, 2009). Generally, a stable, reliable, and profitable financial system is one of the successful aspects of economic development (Kalhoefer and Salem, 2008). The progression of financial sectors in emerging markets has brought up an amplified attention in this global phenomenon. The current study concentrates on the causes and significances of ownership structure on financial performance. It is famous that, the financial sector of emerging nations is less established than advanced nations (Uddin and Suzuki, 2011). Similarly, the Nigerian financial businesses are playing important role in the financial system and the economic growth of the country.

The ownership structure of the firms might play a crucial role in their corporate performances and thus a collection of literature studied the relationship between these two (Yasser and Al Mamun, 2017). The complexity of ownership structure is to solve principal-agent conflict (type 1) and principal-principal conflict (type 2) as well as profit maximization (Morck *et al.*, 2005); (Young *et al.*, 2008). Thus, to resolve such a dilemma, there should be a concession between these goals of companies. One goal will never be achieved at the expense of others as all goals have their individual significance to companies. If companies are not concerned regarding Profitability, they could not last for a longer time. On the other hand, if companies do not worry about agency conflicts, they might face the problem of profitability or insolvency at large. These agency conflicts predominantly occur in modern companies as a result of the separation concerning ownership and management (Berle and Means, 1932); (Jensen and Meckling, 1976). The owners (principals) are challenged with an adverse choice difficulty in that they are confronted with choosing the most skilful management.

The principal-principal clashes between controlling and minority owners is caused by extensive Board ownership and control, block ownership, institutional ownership, and weak legal protection of minority

shareholders (Young *et al.*, 2008). Such principal–principal clashes may change the underlying forces of the firm's ownership structure and, sequentially, necessitate different treatments from those that deal with principal-agent conflicts (Connelly *et al.*, 2010; Young *et al.*, 2008). Concentrated ownership, coupled with the lack of active external mechanisms (foreign ownership) may result in more repeated clashes sandwiched between controlling and minority investors (Morck *et al.*, 2005); (Young *et al.*, 2008).

The incentive alignment theory advocates that more equity ownership by the manager may increase corporate performance because it means better alignment of the monetary incentives between the management and other equity owners (Jensen and Meckling, 1976). They further suggest that the key to aligning managerial compensation with shareholder interest is to increase the sensitivity of executive compensation to firm performance (Jensen and Meckling, 1976); (Ying *et al.*, 2017). Whereas, the entrenchment hypothesis postulates that, more managerial ownership may decrease financial performance because managers with large ownership stakes may be so powerful that they do not have to consider other stakeholders' interest. Likewise, the cost of capital argument argues that an increased ownership concentration (any ownership type) decreases financial performance because it raises the firm's cost of capital as a result of decreased market liquidity or decreased diversification opportunities on behalf of the investor (Fama and Jensen, 1983). However, active monitoring argument argues that block owners may be more capable of monitoring and controlling the management thereby perhaps contributing to corporate performance.

In order to resolve these agency conflicts, the audit committee is an extra governance mechanism that can be utilised to align the interests of shareholders and managers (Armstrong *et al.*, 2005). In line with agency theory, the audit committee is expected to ensure that management is acting in the best interests of the shareholders (Komal and Bilal, 2016). Furthermore, the audit committee plays a vital detecting role to assure the firm's financial reporting quality (Mohd and Aldaoud, 2015). Stressing on the audit committee financial expertise, agency theory asserts that, the audit committee reduces agency costs by supervising financial reporting practice (Komal and Bilal, 2016). Hence, it is audit committee responsibility to execute its duty with the expertise to produce a true financial report to help the firm to improve its performance. Several studies examine the influences of ownership structure on the profitability (Yasser and Al Mamun, 2017); (Amran and Ahmad, 2013); (Wang and Shailer, 2015). However, this paper more specifically examines the interactive role of audit committee financial expertise on the relation concerning ownership structure and profitability specifically for Nigerian listed financial institutions.

## 2. Literature Review

Ownership structure is among the corporate governance major mechanisms that have been a focus of many researchers and scholars recently. Agency theorist anticipated that once executives turn to be the business holders, they must have a similar extent of motivation with the other shareholders. Such executives will never take risks that will be dangerous to the shareholders. Hence, it is anticipated that the greater the board ownership in the firm, the lesser is the agency problems. This will, consequently, enhance the performance of the firm and helps firms to gain more profit (Gul *et al.*, 2003). In line with alignment of interests hypothesis, (Bhagat and Black, 2002); (Chou, 2015) found significant positive associations concerning board ownership and profitability. However, in line with the entrenchment effect hypothesis, (Amran and Ahmad, 2013; Darko *et al.*, 2016) found significant negative associations concerning board ownership and profitability.

Likewise, block ownership is another alternative to decreasing agency costs by owners practically taking an active part in observing the activities of the firm. Nevertheless, this depends on the volumes of their share stakes (Morck *et al.*, 2005); (Young *et al.*, 2008). The higher the shareholder's stake, the further interested they are to observe and safeguard their investment. In another way, (Fama and Jensen, 1983) maintain that block ownership beyond a definite level will permit executives to turn into entrenched and impound the resources of minority investors. This claim has driven researchers in a hot argument on the likelihood of the non-linear relation of block ownership and profitability. In line with active monitoring hypothesis, (Yasser and Al Mamun, 2017); (Ozili and Uadiale, 2017); (Alimehmeti and Paletta, 2012) found a significant positive association concerning block ownership and profitability. On another hand, consistent with entrenchment effect hypothesis, (Wang and Shailer, 2015); (Leelakasemsant, 2014) found that block ownership has a negative relation with firm profitability.

Furthermore, foreign ownership is anticipated to eliminate the agency problem that exists between a corporate manager and owners. Agency theorists claim that the outside possession of a business is anticipated to eliminate the agency problem that exists between a corporate manager and owners (Jensen and Meckling, 1976). Because, normally foreign owners contribute to management and organisation by supplying organisational resources and expertise along with financial capital, hence increase profitability. Moreover, in line with active monitoring hypothesis, (Yasser and Al Mamun, 2017); (Aydin *et al.*, 2007) found a positive correlation between foreign shareholding and a business's profitability. However, consistent with transient hypothesis, (Phung and Mishra, 2016); (Tsegba and Herbert, 2013) establish a negative correlation between foreign shareholding and profitability. Besides, in the Nigerian financial sector, foreign shareholders had a high number of Nigerian shareholding (CBN, 2014) which is likely to influence their profitability.

Moreover, agency theorists advocate that institutional ownership can be a vital control tool in monitoring the firm's activities. Indeed, institutional shareholders may offer active monitoring which is hard for minor, more inactive or less-educated stockholders (Morck *et al.*, 2005) which help in improving the performance of a firm. Similarly, consistent with active monitoring hypothesis, (Cornett *et al.*, 2005); (Parker *et al.*, 2005) advocate that institutional ownership affects the firm's profitability positively. However, in line with hands-off passivity hypothesis, (Bhattacharya and Graham, 2007); (Hartzell and Starks, 2003) point out that institutional ownership is negatively related to profitability.

Regarding the audit committee, there are limited studies that give emphasis to the interacting effect of the audit committee (Sharma *et al.*, 2011). Some studies of corporate governance point out that an audit committee is expected to be positively related to the performance of businesses (Mohd and Aldaoud, 2015). The audit committee efficiency depends on the members' financial literacy which increases the business performance and prevents its financial distress (Saleh *et al.*, 2005); (Salloum *et al.*, 2014) Hence, it is assumed that the existence of an audit committee in the company contributes positively to improving their performance. As such, it is essential to empirically study the interacting effects of the audit committee and to reveal if the audit committee moderates the relationship between corporate performance (Mohd and Aldaoud, 2015); (Sharma *et al.*, 2011). Considering the agency theory and previous studies it is anticipated that the nomination of audit committee participants with financial knowledge enhances the efficiency of internal checking and firm's profitability.

### 3. Methodology

Data are retrieved from the Nigerian Stock Exchange website. The sample period is from 2006 to 2015. Whereas, the sample constitute all the listed financial institutions with exception of those that have been quoted into the Nigeria Stock Exchange after 2006, and firms below listing standard, firms under restructuring process and firms without complete data. Thirty-two (32) firms were listed after 31/12/2006 because this is the period that the financial sector has experienced numerous changes in Nigeria, it is in this era that the Central Bank of Nigeria [CBN] (2006; 2014); National Insurance Commission [NAICOM] (2009), and the Nigerian Securities Exchange Commission [SEC] (2011; 2014) issued codes of corporate governance. Three (3) companies' data is incomplete. Hence, the final sample is twenty-nine (29) firms. Firm's annual reports are the primary sources of data for this study.

The variables of this study include Return on Asset (ROA) as a proxy for profitability, measured as the ratio of Net Income to Total Asset. This is consistent with Amran and Ahmad (2013); (Ozili and Uadiale, 2017); (Darko *et al.*, 2016). Whereas, ownership structure includes: CEO Ownership measured as a proportion of shares held by the CEO of the firm; this comprises direct and indirect shareholding of the CEO of the firm (Liu and Tsai, 2015). Executive directors' ownership measured as the proportion or percentage of shareholding of executive directors consisting of both direct and indirect (Amran and Ahmad, 2013); (Alzoubi, 2016). Non-executive directors' ownership measured as the proportion or percentage of shareholding of non-executive directors comprising direct and indirect shareholding (Bhagat and Black, 2002);(Darko *et al.*, 2016); (Alzoubi, 2016). Block Ownership measured as the proportion or percentage of the shares of a firm that is 5% and above that is held by shareholders, this includes managerial, institutional, and foreign or any other individual shareholder (Parker *et al.*, 2005); (Miko and Kamardin, 2015). Foreign ownership measured as the proportion of total equities held by foreign investors (Greenaway *et al.*, 2014). Institutional ownership measured as the proportion of total shares held by institutions investors (Miko and Kamardin, 2015); (Iskandar *et al.*, 2011).

Finally, control variables reflected are Firm size measured as the natural logarithm of the firm's total assets (Ben-Nasr *et al.*, 2012). This control is necessary due to the claims that larger firms have a high tendency of making profitability. Loss-loss measured as a dichotomous variable, that is, 1 is assigned if the previous profit after tax (PAT) is negative and 0 is allocated for previous positive PAT (Ben-Nasr *et al.*, 2012); (Goh *et al.*, 2013). And Tangibility measured as the ratio of a fixed asset to total assets (Goh *et al.*, 2013) as tangible assets are straightforwardly examined and likely to reduce the agency conflicts concerning investors and creditors in the event of insolvency.

These variables are therefore defined in functional form as:

$$ROA_{it} = f(CO, EO, NO, BO, FO, IO, ACE, SIZE, L-Loss, Tang)_{it} + \epsilon_{it}$$

The interaction effect between the independent and moderating variables audit committee financial expertise as a moderator is introduced in the hierarchical model as:

$$ROA_{it} = \alpha_0 + \alpha_1CO_{it} + \alpha_2EO_{it} + \alpha_3NO_{it} + \alpha_4BO_{it} + \alpha_5FO_{it} + \alpha_6IO_{it} + \alpha_7ACE_{it} + \alpha_8CO_{it}*ACE_{it} + \alpha_9EO_{it}*ACE_{it} + \alpha_{10}NO_{it}*ACE_{it} + \alpha_{11}BO_{it}*ACE_{it} + \alpha_{12}FO_{it}*ACE_{it} + \alpha_{13}IO_{it}*ACE_{it} + \alpha_{14}FS_{it} + \alpha_{15}L-Loss_{it} + \alpha_{16}Tang_{it} + \epsilon_{it}$$

Where: ROA = Return on Asset; CO = CEO Ownership; EO = Executive Director Ownership; NO = Non-Executive Director Ownership; BO = Block Ownership; FO = Foreign Ownership; IO = Institutional Ownership; ACE = Audit Committee Financial Expertise; FS = Size; L-Loss = Loss-Loss; Tang = Tangibility.

### 4. Results

Table 1 presents the descriptive statistics results which provide summary statistics for the variables of the study.

**Table-1.** Descriptive Statistics of Audit Committee Financial Expertise, Ownership Structure and Profitability

Variables	Obs.	Mean	Std. Dev.	Min	Max	VIF
ROA	290	0.0128	0.0731	-0.8005	0.1614	2.68
CO	290	0.0090	0.0194	0.0000	0.1361	2.59
EO	290	0.0140	0.0244	0.0000	0.1361	2.64
NO	290	0.1564	0.1892	0.0000	0.8561	1.33
BO	290	0.3451	0.2543	0.0000	0.8589	6.22
FO	290	0.1178	0.1878	0.0000	0.8589	1.71
IO	290	0.3630	0.2524	0.0000	0.8589	5.82
ACE	290	0.5980	0.2068	0.0000	1.0000	1.13
FS	290	18.4220	2.3022	13.8381	22.2639	2.44

LL	290	0.1655	0.3723	0.0000	1.0000	1.09
Tang	290	0.0687	0.0530	0.0089	0.3426	1.83

Table 1 discloses that the ROA mean of 1.28%, with a variability of 7.31% among firms under study. Likewise, the Minimum ROA of -80.05% which indicates some companies has a serious profitability problem in the Nigerian financial sector. However, the maximum ROA of 16.14% indicates some companies have sound financial performance status.

As for the ownership structure, the mean of CEO ownership is 0.9% with the standard deviation of 0.0194 as well as a lowest of 0% and a highest of 13.61%. Similarly, the mean of Executive ownership as presented in Table 1 was 1.4% with the standard deviation of 0.0244 as well as a least of 0% and a highest of 13.61%. However, for the non-executive directors' ownership has an average of 15.64% with a variation of 18.92% among them with the minimum level of 0.00% and maximum level of 85.61%. With regards to block ownership has an average of 34.51% with a disparity of 25.43% between them with the lowest level of 0.00% and maximum level of 85.89%. Likewise, foreign ownership reported a mean as well as standard deviation of 11.78% and 18.78% correspondingly, along with the lowest and maximum level of 0.00% and 85.89%. Similarly, institutional ownership reported a mean of 36.30% and standard deviation of 25.24% between them with the lowest level of 0.00% and maximum level of 85.89%. For the moderating variable statistics, the audit committee financial expertise has an average of almost 59.80% of members with a variation of about 20.68%, as well as the minimum of 0% and a maximum of 100% members with financial expertise.

Furthermore, the VIF which is simply the reciprocal of TV ranges from 1.09 to 6.22 indicates the absence of Multicollinearity. To determine the moderating effect of Audit Committee Financial Expertise on the relationship concerning ownership structure and profitability of the listed financial institutions in Nigeria, the hierarchical regression equation is run.

A group-wise heteroscedasticity, autocorrelation and cross-sectional dependence tests have been run and found the existence of these problems. An adjusted Driscoll and Kraay's standard errors were applied to solve the problems. This is presented in Table 2:

**Table-2.** Moderating Effect of Audit Committee Financial Expertise on Ownership Structure and Profitability Regression with Driscoll-Kraay standard errors

ROA	Coef.	Drisc/Kraay Std. Err.	Z	P>z
CO	3.4543	1.2587	2.7400	0.0050
EO	-2.9140	1.3462	-2.1600	0.0195
NO	-0.0202	0.0545	-0.3700	0.3565
BO	0.1663	0.1591	1.0500	0.1525
FO	0.0825	0.0388	2.1300	0.0210
IO	-0.1155	0.0948	-1.2200	0.1165
ACE	0.0176	0.0120	1.4700	0.0760
CO*ACE	-4.7561	1.8616	-2.5500	0.0080
EO*ACE	4.3988	2.0002	2.2000	0.0180
NO*ACE	0.0268	0.0728	0.3700	0.3580
BO*ACE	-0.1792	0.1834	-0.9800	0.1685
FO*ACE	-0.1605	0.0932	-1.7200	0.0480
IO*ACE	0.1444	0.1318	1.1000	0.1415
FS	-0.0019	0.0028	-0.6600	0.2590
LL	-0.1182	0.0117	-10.0600	0.0000
TANG	0.0075	0.0600	0.1200	0.4510
Cons	0.0447	0.0662	0.6800	0.2525
R-squared	0.3931			
Prob > F	0.0000			
Breusch and Pagan LM test	0.0000			
Hausman test	0.0010			
Modified Wald Heteroskedasticity	0.0000			
Wooldridge Autocorrelation	0.0223			
Pesaran's cross sectional independence	0.0394			

From the Table 2, it is shown the audit committee members with financial expertise (ACE) have a significant positive influence on profitability. This is in line with agency theory that claims the presences of audit committee members with financial literacy increases the business performance.

In line with agency theory, the result of CEO ownership is found to have a significant positive effect on profitability, which mean the higher the CEO ownership, the higher the profitability. This is consistent with the findings of [Bhagat and Black \(2002\)](#); [Chou \(2015\)](#). However, this positive effect is overturned by the presence of audit committee members with financial know-how. This may be due to the conflict of interest between the CEOs and audit committee members with financial experience. Likewise, it is, had been revealed from the Table 2 that, foreign ownership has a significant positive effect on profitability this in line with the agency theory and the findings



of Yasser and Al Mamun (2017); Aydin *et al.* (2007). However, this positive effect is overturned to negative by the presence of audit committee financial expertise. Furthermore, this finding is in line with general entrenchment hypothesis which postulates that more equity ownership by the manager may decrease the financial performance because managers with large ownership stakes may be so powerful that they do not have to consider other stakeholders interest.

Moreover, Table 2 revealed that executive ownership has a significant negative effect on profitability; this is consistent with the findings of Amran and Ahmad (2013); Darko *et al.* (2016). However, the presence of audit committee financial expertise overturned this negative relationship between executive ownership and profitability to a positive as expected. This is in line with agency theory that, audit committee ensures that management is acting in the best interests of the shareholders.

However, it has been discovered that non-executive directors' ownership, block ownership and institutional ownership have an insignificant effect on profitability. Correspondingly, audit committee financial expertise is inadequate to moderate the relationship between non-executive ownership, block ownership and institutional ownership with profitability in Nigerian listed financial institutions.

## 5. Conclusions

The research findings are in line with the agency theory, audit committee financial expertise is found to have a significant positive influence on profitability. Moreover, COE and foreign ownership have a positive influence on profitability. However, when audit committee financial expertise is presented as moderator these positive relations turned to be negative due to increase in a conflict of interest. Whereas, executive ownership is found to have a negative influence on profitability. However, this is overturned to the positive relationships with the presence of audit committee financial expertise as moderator. It is recommended that regulators should strengthen the power of the audit committee to safeguard or protect the interest of other shareholders. Moreover, the regulators should lessen the limit of 10% ownership for individual foreign investor in the financial sector to encourage more foreign investment.

## References

- Alimehmeti, G. and Paletta, A. (2012). Ownership concentration and effects over firm performance, Evidences from Italy. *European Scientific Journal*, 8(22): 39–49.
- Alzoubi, E. S. S. (2016). Ownership structure and earnings management, evidence from Jordan. *International Journal of Accounting & Information Management*, 24(2): 135–61.
- Amran, N. A. and Ahmad, A. C. (2013). Effects of ownership structure on Malaysian companies performance. *Asian Journal of Accounting and Governance*, 4: 51–60.
- Armstrong, A., Jia, X. and Totikidis, V., 2005. "A comparative study of governance in the public sector versus the private sector in Australia", GovNet Annual Conference, Contemporary Issues in Governance." pp. 1–12.
- Aydin, N., Sayim, M. and Yalama, A. (2007). Foreign ownership and firm performance, Evidence from Turkey. *International Research Journal of Finance and Economics*, (11): 103–10.
- Ben-Nasr, H., Boubakri, N. and Cosset, J. (2012). Earnings quality in privatized firms, International evidence on the role of state and private owners. 1–44.
- Berle, A. G. C. and Means (1932). *The modern corporation and private property*. MacMillan: New York.
- Bhagat, S. and Black, B. (2002). The non-correlation between board independence and long term firm performance the non-correlation between board independence and long-term firm performance. *Journal of Corporation Law*, 27(2): 231–73.
- Bhattacharya, P. S. and Graham, M. (2007). Institutional ownership and firm performance: Evidence from Finland. *SSRN Electronic Journal*, Jul:
- CBN (2014). Code of corporate governance for banks and discount houses in Nigeria. *Cbn*: 1–40.
- Chou, T. K. (2015). Insider ownership and firm performance: A resource dependence perspective. *Journal of Applied Business Research (JABR)*, 31(3): 861.
- Connelly, B. L., Hoskisson, R. E., Tihanyi, L. and Certo, S. T. (2010). Ownership as a form of corporate governance. *Journal of Management Studies*, 47(8): 1561–89.
- Cornett, M. M., Marcus, A. J. and Saunders, A. (2005). The impact of institutional ownership on corporate operating performance. *Online Journal*, (618): 32.
- Darko, J., Aribi, Z. A. and Uzonwanne, G. C. (2016). Corporate governance, the impact of director and board structure, ownership structure and corporate control on the performance of listed companies on the Ghana stock exchange', Corporate Governance. *The international journal of business in society*, 16(2): 259–77.
- Davidson, I. W. N. and Dutia, D. (1991). Debt, liquidity, and profitability problems in small firms.', entrepreneurship. *Theory & Practice*, 16(1): 53–64.
- Evans, E. (2017). Are Profit and Profitability the Same Thing? : 1–4.
- Fama, E. F. and Jensen, M. C. (1983). Separation of ownership and control. *The Journal of Law and Economics*, 26(2): 301–25.
- Goh, B. W., Krishnan, J. and Li, D. (2013). Auditor reporting under section 404. The association between the internal control and going concern audit opinions. *Contemporary Accounting Research*, 30(3): 970–95.
- Greenaway, D., Guariglia, A. and Yu, Z. (2014). The more the better? Foreign ownership and corporate performance in China. *The European Journal of Finance*, 20(7-9): 681–702.

- Gul, F. A., Chen, C. J. P. and Tsui, J. S. L. (2003). Discretionary accounting accruals, managers' incentives, and audit fees. *Contemporary Accounting Research*, 20(3): 441–64.
- Hartzell, J. C. and Starks, L. T. (2003). Institutional investors and executive compensation. *The Journal of Finance*, 58(6): 2351–74.
- Iskandar, T. M., Noor, N. M., Saleh, N. M. and Ali, M. J. (2011). Corporate governance and going concern problems evidence from Malaysia. *International Journal of Corporate Governance*, 2(2): 119–39.
- Jensen, M. C. and Meckling, W. H. (1976). Theory of the firm, Managerial behavior, agency costs and ownership structure. *Journal of Financial Economics*, 3(4): 305–60.
- Kalhoefer, C. and Salem, R. (2008). Profitability analysis in the Egyptian banking sector. (7): 1-20.
- Komal, B. and Bilal (2016). Audit committee financial experts' role in constraining earnings management: A narrative review and integrated model. *Management and Administrative Sciences Review*, 5(4): 187–202.
- Leelakasemsant, C. (2014). ownership concentration, equity liquidity, and capital structure', *aujm.Au.Edu*. 12(2): 11–19.
- Liu, J. L. and Tsai, C. C. (2015). Board member characteristics and ownership structure impacts on real earnings management. *Accounting and Finance Research*, 4(4): 84–96.
- Miko, N. U. and Kamardin, H. (2015). Ownership structure and dividend policy of conglomerate firms in Nigeria. *Academic Journal of Interdisciplinary Studies*, 4(2): 279–86.
- Mohd, K. A. and Aldaoud (2015). The influence of corporate governance and ownership concentration on the timeliness of financial reporting in Jordan. 1–315.
- Morck, R., Wolfenzon, D. and Yeung, B. (2005). corporate governance, economic entrenchment, and growth. *Journal of Economic Literature*, 43(3): 655–720.
- Ozili, P. K. and Uadiale, O. (2017). Ownership concentration and bank profitability. *Future Business Journal*, 3(2): 159–71.
- Parker, S., Peters, G. F. and Turetsky, H. F. (2005). Corporate governance factors and auditor going concern assessments. *Review of Accounting and Finance*, 4(3): 5–29.
- Phung, D. N. and Mishra, A. V. (2016). Ownership structure and firm performance, Evidence from vietnamese listed firms. *Australian Economic Papers*, 55(1): 63–98.
- Saleh, N. M., Iskandar, T. M. and Rahmat, M. M. (2005). Earnings management and board characteristics, Evidence from Malaysia. *Jurnal Pengurusan*, 24: 77–103.
- Salloum, C., Azzi, G. and Gebrayel, E. (2014). Audit committee and financial distress in the middle east context, Evidence of the lebanese financial institutions. *International Strategic Management Review*, 2(1): 39–45.
- Sharma, V. D., Sharma, D. S. and Ananthanarayanan, U. (2011). Client importance and earnings management, The moderating role of Audit Committees. *Auditing*, 30(3): 125–56.
- Smith, M. E. G. and Butovsky, J. (2012). Profitability and the roots of the global crisis: Marx's "law of the tendency of the rate of profit to fall" and the US Economy, 1950-2007. *Historical Materialism*, 20(4): 39–74.
- Sufian, F. and Habibullah, M. S. (2009). Determinants of bank profitability in a developing economy, Empirical evidence from Bangladesh. *Journal of Business Economics and Management*, 10(3): 207-17.
- Tsegba, I. N. and Herbert, W. E. (2013). Corporate governance, ownership structure and firm performance in Nigeria. *Research Journal of Finance and Accounting*, 4(5): 23–38.
- Uddin, S. M. S. and Suzuki, Y. (2011). Financial reform, Ownership and performance in banking industry, The case of Bangladesh. *International Journal of Business and Management*, 6(7): 28-39.
- Wang, K. and Shailer, G. (2015). Ownership concentration and firm performance in emerging markets: A meta-analysis. *Journal of Economic Surveys*, 29(2): 199–229.
- Yasser, Q. R. and Al Mamun, A. (2017). The impact of ownership concentration on firm performance, Evidence from an emerging market. *Emerging Economy Studies*, 3(1): 34–53.
- Ying, T., Wright, B. and Huang, W. (2017). Ownership structure and tax aggressiveness of Chinese listed companies. *International Journal of Accounting & Information Management*, 25(3): 313–32.
- Young, M. N., Peng, M. W., Ahlstrom, D., Bruton, G. D. and Jiang, Y. (2008). Corporate governance in emerging economies, A review of the principal-principal perspective, Review paper. *Journal of Management Studies*, 45(1): 196–220.