INSTITUTIONAL OWNERSHIP, CORPORATE CHARACTERISTICS AND LEVERAGE RATIO OF LISTED CONSUMER GOODS COMPANIES IN NIGERIA

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Abstract
The study investigates the effect of institutional ownership and corporate characteristics on the leverage ratio of consumer goods companies in Nigeria. The objective is to explore the impact of institutional ownership and corporate characteristics on the leverage ratio from 2013 to 2022. The study employed secondary data from the annual reports and the Nigeria Stock Exchange (NSE) fact books within the period of the study. The Generalized Least Squares Regression Technique for data analysis was employed. The research employs a random and fixed effects regression model to analyze the relationship. The findings suggest that profitability and managerial ownership of the explanatory variables are statistically and significantly influencing the explained variable proxied by debt to total capital. On the other hand, institutional ownership and firm size of the explanatory variables do not significantly influence the leverage ratio. Managerial ownership and Firm profitability have a significant impact on debt to total capital at 1% and 5% level, respectively, while institutional ownership and firm size have an insignificant impact on the leverage ratio. It is concluded that firm profitability and managerial ownership mechanisms are good variables that impact on leverage ratio. The study, therefore, recommends, among others, that profitability and high-growth firms should rely more on internal financing and align their operational characteristic and risk profiles to maintain financial flexibility and sustainable growth.

Keywords: Corporate characteristics, Institutional ownership, leverage ratio.

1.0 Introduction

Financing decisions have continued to be a major concern for firm managers, financial analysts, researchers, scholars, and policymakers, particularly concerning debt sourced from financial institutions (Farouk, Mohammed, Nuhu, & Abubakar, as cited in Ukaegbu, 2015). The importance of financing choices lies in their impact on both firm managers and fund providers. An inappropriate mix of financing can undermine the value and threaten the survival of a business. According to Alanazi (2019), effective management must ensure that the financial processes within a firm operate efficiently, which requires the application of sound governance mechanisms to mitigate the risks associated with asymmetric information.

Li and Islam (2019) observed that many earlier studies have tried to explore how corporate characteristics influence the leverage decisions of firms within individual countries. In contrast, Waleed, Dheya, Eissa, and Najib (2022) pointed out that more recent studies have shifted focus toward cross-country comparisons, using country-specific factors to explain how firms choose their capital structure. This choice of financial leverage is critical because firms often rely on a mix of debt and equity to finance their operations and investment activities.

Institutional ownership and corporate characteristics are important factors in determining the success of an organization because they contribute to reducing agency conflicts and optimizing capital structure decisions. According to Abor (2008), Adeyemi and Fagbemi (2010) corporate characteristics consist of ownership structure, profitability, and firm size. Dogan (2013) concluded that these factors are mostly under the control of management. Furthermore, Miguel and Pindado (2001) advocate that capital structure determinants can be explained by business characteristics and the institutional settings of countries. Jong et al. (2008) studied capital structure in different countries and found that enterprise-level determinants that affect corporate capital structure vary among countries. However, country-level determinants have an indirect influence on capital

structure because they have an impact on enterprise-level factors. Li and Islam (2019) indicate that prior studies have made numerous attempts to investigate the corporate characteristics that may have an impact on the capital structure of firm separating within a specific country. However, modern studies have been conducted based on country comparison, taking into consideration country-specific determinants to explain sample firms' capital structure choice.

Lack of effective control of corporate firms in Nigeria has worked to the detriment of shareholders and creates a class of stakeholders who have lost interest in the system (Quadri 2012). The act of financing decisions in Nigerian firms has consistently failed to be accountable to the stakeholders and has no deep-rooted mechanism, such as institutional ownership and corporate characteristics, that can be used to maintain a balance among major players in corporate firms. In the context of emerging economies like Nigeria, the capital structure decisions of manufacturing firms remain a critical area of inquiry due to volatile macroeconomic conditions, limited access to long-term financing, and underdeveloped financial markets. The leverage ratio represents a firm's debt-to-equity balance that plays a pivotal role in determining financial sustainability and shareholder value. Yet, the determinants of leverage in such a dynamic and often turbulent economic environment are not fully understood.

The code of corporate governance for public companies was issued, harmonized, and effect in 2008 and 2011, respectively, and was reissued on 18th February 2019, to improve and describe the principles and best practices for corporate governance. These codes create an environment that demands higher standards of conduct and higher quality of disclosures from corporate governance participants in Nigeria to include issues important to shareholders. The code reissued will mitigate problems that are concerned with the design of institutions that bring management taking into account the welfare of shareholders in their actions. This inability has a direct relationship with the need for efficient corporate governance strategy in Nigeria for sustainable development. The study aims at exploring and identifying the linkage between the institutional ownership, corporate characteristics leverage ratio of consumers goods companies in Nigeria in line with the reissued codes.

An extensive review of literature reveals that the empirical works Myring (2019); Shortridge (2021); Ezelibe (2018); Nwosu & Orazulike, S. (2019)& Hassan, 2019) mostly focused on the impact of corporate governance on a firm's performance or examined the influence of ownership structure on firm value. However, the relationship between institutional ownership, corporate characteristics, and financial leverage has not been extensively explored. Only a few studies investigated the said relationship, such as Aifuwa, Embele, & Saidu (2019); Brailsford (2021) Muhammad & Noor (2023); Hussainy & Aljifri (2010); Wen, Rwegasira & Bilderbeek (2002). Some studies Akeju & Babatunde (2020) discuss the influence of corporate governance on capital structure decisions of firms for developed and emerging markets. Otnet (2016) stated that corporate governance is an important issue nowadays due to different financial crises in Asia, Europe, and America.

Although some studies have found that institutional ownership and corporate characteristics positively influence financial leverage, the evidence remains inconsistent. For instance, Chen (2011), Olalekan and Adeyinka (2013), and Kamande et al. (2016) reported a significant positive relationship between institutional ownership, corporate traits, and leverage. On the other hand, studies by Ahmadpour (2012), Abor and Biekpe (2007), and Hussaini and Aljifri (2019) revealed a significant negative relationship. This inconsistency makes the findings appear inconclusive and somewhat generic. As such, the empirical evidence on the effect of institutional ownership and corporate characteristics on leverage decisions remains mixed. Notably, there is a clear gap in the literature regarding Nigerian firms. Most of the existing research has focused on banks, insurance

companies, or manufacturing firms, while limited or no attention has been given to listed consumer goods companies in Nigeria.

Managers and other users of financing decisions may face uncertainty when selecting an appropriate capital structure, potentially leading to suboptimal choices between debt and equity financing. In light of the inconclusive findings reported in previous studies, this research seeks to address the following questions: What is the actual relationship between institutional ownership, corporate characteristics, and the leverage ratio? To what extent do institutional ownership and corporate characteristics influence the leverage ratio? And what is the direction of this impact on the capital structure of firms?
The following null hypotheses are formulated for this study
H_{01} Institutionalownership has no significant impact on the leverage ratio of listed consumer goods companies in Nigeria.

H_{02} Firm size has no significant impact on the leverage ratio of listed consumer goods companies in Nigeria

H_{03} Profitability has no significant impact on the leverage ratio of listed consumer goods companies in Nigeria

This study investigates the impact of institutional ownership and corporate characteristics on the leverage ratio of listed consumer goods companies in Nigeria between 2013 and 2022. The research is motivated by regulatory developments in Nigeria's corporate governance landscape. Specifically, a new code of corporate governance for public companies was introduced in 2003, harmonized in 2011, and reissued in 2019 to enhance and clarify governance principles and best practices. In this study, the dependent variable is the leverage ratio, measured using the debt-to-total capital ratio. The independent variables include institutional ownership, firm size, and profitability, while managerial ownership is included as a control variable.

The outcome of the research can assist the shareholders of listed consumer goods companies in Nigeria to know whether or not the institutional ownership and corporate characteristics have an impact on the leverage ratio of their investments in the firms, so as to guide them in making relevant decisions. The study will also be of great benefit to corporate financial managers who are faced with the challenges of making decisions on an optimal mix of debt and equity that will maximize the wealth of shareholders and minimize cost.

2.0 Literature Review and Theoretical Framework

The Institutional investors have much experience in presenting and interpreting information about firms' value and accordingly can minimize agency costs (Jensen and Meckling, 1976; Jensen, 1986; Chidambaran and John, 2010). Jensen (1986) suggests that institutional investors can reduce the agency costs by monitoring the corporate performance and by ensuring the shareholders' interests. In addition, Lev (1988) thinks that institutional investors are well informed compared with individual investors. These types of investors have easy access to different sources of information. Institutional investors play an important role in financial markets.

However, the empirical studies find mixed results. Abdoli, Lashkary, Dehghani and Tehran (2012) find a positive relationship between the ratio of institutional shares and leverage due to their easy access to different sources of financing, such as loans or bonds. Also, Joher Huson, Mohd, and Nazrul (2006) find the same significant relation between institutional ownership and debt ratio. This suggests that institutional ownership plays an essential role as a monitoring device to minimize agency problems.

Corporate Characteristics and Leverage Ratio

Several studies have examined the relationship between corporate characteristics and financial leverage (El-Khatib, 2017; Sbeiti, 2010; Twairesh, 2014; Zeitun and Saleh, 2015). Evidence from various countries suggests mixed findings. For instance, Miguel and Pindado (2001), Jong et al. (2008), and Li and Islam (2019) reported a positive relationship between corporate characteristics and leverage ratio. In contrast, other researchers, including Pratheepkanth (2011), Rouf (2015), San and Heng (2011), Zeitun and Tian (2015), and Salim and Yadav (2012), found a negative association between corporate characteristics and financial leverage. These conflicting results highlight the need for further investigation, especially in specific contexts such as Nigeria's consumer goods sector.

Firm Size and Leverage Ratio

Empirical evidence on the relationship between size and leverage ratio supports a positive relationship. Several works showed a positive relationship between firm size and leverage (Gonenc, 2023; Min (2020); Nakano et al (2021);Niresh & Velnampy (2020); Larmou and Vafeas (2019); John & Adebayo (2020); Al-Sakran, 2001, Hovakimian et al. (2004).Their results suggest that smaller firms are more likely to use equity finance, while larger firms have high tendency to issue debt rather than stock. Kartikasari & Merianti (2019) found that large firms are normally well-established and have good performance track record that make them to use equity at fair prices.

On the other hand, other studies support a negative relationship between firm size and short-term debt ratio (Chittenden et al., 1996; Charles Ahmed & Joshua 2018). According to Lefort and Urzua (2020) small firms will like to use more short term finance than their larger counterparts because smaller firms have higher transaction costs when they issue long term debt or equity. They further buttressed that such behavior may cause a 'small firm risk effect', by borrowing more short term. These types of firms will be more sensitive to temporary economic downturns than larger, longer-geared firms.

Profitability and Leverage Ratio

Empirical works on the relationship between profitability and leverage ratio exist in the literature. However, the findings from these studies are mixed. Some studies found positive relationships between profitability and leverage while others investigated a negative relationship. A few others found no relationship. Studies by Robb and Robinson (2019), (Ruland, Zhou; 2005); Abeyrathna et al (2019); (Aulia; Agustina 2021); opined that profitable firms signified quality of leverage, resulting in a positive relation between profitability and leverage. Their results indicate that there is a positive relationship between profitability and leverage. The gains from leverage are quite significant, and the use of debt enhances the firm market value.

In contrast, other studies found negative relationships between profitability and leverage ratio (Negash, 2001; Phillips and Sipahioglu, 2004; Myers, 2001; Negash 2001); (Yameen; Farhan & Tabash 2019) found that profitability has negative impact on financial debt. For instance, a study conducted by Wahyuni & Pujiharto (2022) using heteroskedatic tobit regression model, the results showed that profitability has a negative effect on debt to asset ratios. This can be as a result of leverage ratio tends to generate agency problems among shareholders and creditors that indicate negative relationships between profitability and leverage.

Managerial Ownership and Leverage Ratio

Ooi, (2000) in the UK examines the link between corporate characteristics and the debt-equity ratio. The findings show that managers with a high percentage of ownership have the tendency to engage activities that maximize the shareholders' wealth. This is consistent with Arko and Bokpin (2009), Wellalage and Locke (2012) that reveal that managerial shareholding has a significant positive effect on the choice of long-term debt in Ghana. On the contrary, Sheikh and Wang,

(2012) in Pakistan find a negative relationship between managerial ownership and both the long-term and total debt ratios.

Theoretical Framework

There are several theories that explain the nexus between institutional, corporate characteristics and leverage ratio in the literature of accounting and finance. There are three theories that are related to the study namely pecking order theory, stewardship theory, and agency theory. However, it is believed that the theory which best explains the study is the agency theory of institutional ownership and corporate characteristics, which sees the board of directors as agents, due to its logical argument of interest, empirical appeal as evidenced by the wealth of research and scholars of corporate characteristics and leverage ratio and patterns for Nigeria's companies.

Agency cost in the leverage ratio states that, an ideal leverage will be reached by limiting cost emerging from clashes between the management of the company and shareholders. According to Jensen and Meckling (1976) Agency cost assumes major aspect in financing decisions due to that controversy that might exist amongst investors & Debt holders. In the event that companies are moving to problems related financial distress, investors might persuade management to take actions that will move funds from debt holders to equity holders. Complex obligation holders will prefer higher return to their investments if there is potential transfer of wealth.

3.0 Methodology

This study adopts correlation research design. The aim is to investigate the relationship between the variables and to observe the impact on the dependent variable, so as to establish the causal relationship or otherwise among the variables. The population of this study consists of all consumers goods companies listed on the floor of Nigerian Stock Exchange market as at December 31st 2013. The study covers a period of 2013-2022. The choice of this period is due to the fact that code of corporate governance for public companies was first issued in 2003 and later became harmonized to include those of banks and insurance companies 2011 and subsequently reissued in 2019. The 27 companies of consumers goods quoted on the Nigerian stock exchange constitute the population of the study.

The sample of the study is ten (10) listed consumers' goods companies that are quoted on the Nigerian stock exchange during the period 2013-2022. The criterion was the companies that are listed and their data are available in the annual report and Fact Book. We employed a three-point-filter to eliminate the companies that failed to meet our criteria set. The filters are: The Company that made available the annual report of ten years to Nigerian stock exchange and Fact Book. The company must be listed on the Nigerian Stock Exchange before the period of the study that is 2013-2022. The company must not have suspended from operation. The data filter is to ensure that the annual accounts of the companies under study are available and accessible.

The method used for data collection in this study is the secondary source. In this research, panel multiple regression technique of data analysis was used in testing and examining the hypotheses of the study. The technique helps in assessing the impact of institutional ownership and corporate characteristics on leverage ratio of listed consumers' goods companies in Nigeria which involves the data collected from secondary source.

Model Specification

The general multiple regression model for studies of this nature that is mostly found in the extant literature is represented thus:

$Y_i = \beta_0 + \beta_1 D_i + \beta_2 Z_{2i} + e_{it}$

Where:

Y_I = Dependent variable

D_i = Explanatory variable
Z_2 = Control variable
β_1 and β_2 are the coefficient of the explanatory and controllable variables respectively
e_{it} = *error term*
Specifically, when the above model is adopted here, the model of the study can be written thus:
DTC =*f*(,*INSOWNS, FSIZE ,PROF, MANGOWNS,)*
Specifically, when the above model is adopted here, the model of the study can be written thus:

Model 1

$DTC_1t = \alpha + \beta_1 INSOWNS_1t + \beta_2 FSIZE_1t + \beta_3 PROF_1t + \varepsilon_{it} \ldots\ldots\ldots\ldots i$

Where:
α = is the intercept
β_1 -β_3= are the various slope coefficients
ε_i = error term.

DTC= Debt to Total Capital
(Measured using Total debt divided by sum of debt plus equity) of firm i in time t

INSTOWNS = Institutional Ownership
Measured using proportion of share owned by institutional investors to total number of shares

FSIZE= Firm Size
Measured using natural logarithm of total assets

PROF= Profitability
(Measured using earnings before interest and tax divided by total assets)

$DTC_1t = \alpha + \beta_1 INSOWNS_1t + \beta_2 FSIZE_1t + \beta_3 PROF_1t + \beta_4 MANGOWNS_1t + \varepsilon_{it} \ldots\ldots\ldots\ldots i$

Where: All variables are measured as in MODEL 1 except:
MANGOWNS= Managerial ownership: Proportion of shares owned by management to total number of shares.

As consistent with prior studies, this study includes managerial ownership as control variables in the regression.

4.0 Results and Discussions

Table 1:
Descriptive Statistics

Variables	Min.	Max.	Mean	SD	Skewness	Kurtosis	
Dtc	0.0000	0.6819	0.0345	0.0784	6.5299	50.7812	100
Instowns	0.0498	0.8842	0.6728	0.1713	-1.6764	6.0905	100
Fsize	0.2865	0.8779	0.5871	0.1355	0.1039	2.6421	100
Prof	0.3333	0.8333	0.6732	0.0852	-0.9003	4.4211	100
Mamgown	20.3733	29.4695	25.9453	2.5839	-0.6045	2.2228	100

Source: STATA Output, 2025.

Table 1 indicates that the sampled listed food and beverages firms have an average debt to capital ratio (DTC) of 0.0345 with standard deviation of 0.0784, and minimum and maximum values of 0.0000 and 0.6819 respectively. The standard deviation signifies that the deviation from the mean value from both sides is wide, implying that the data is dispersed from the mean. The coefficient

of Skewness 6.5299 indicates that the data is positively skewed, that is, most of the data are on the right side of the normal curve, and thus does not meet the symmetrical distribution assumption. The value of kurtosis of 50.7812.

Also, Table 1 shows that the average institutional ownership in the sample consumers goods companies during the period of the study is 67.28%, from the mean value of 0.6728 with standard deviation of 0.1713. This implies that the data deviate from the mean from both side by 17.13%, the standard deviation suggests that the data is widely dispersed, because the standard deviation is high. The minimum and maximum INSOWNS are 4.98% and 88.42% respectively. The coefficient of Skewness of -1.6764 implies that the data is negatively skewed, and therefore does not conform to the symmetrical distribution requirement of normal data.

The descriptive statistics from table 1 also indicates that the average firm size during the period is 58.71%, from the mean value of 0.5871 with standard deviation of 0.1355. This implies that the data deviate from the mean from both side by 13.55%, the standard deviation suggests that the data is widely dispersed away from the mean value. The minimum and maximum firm size are 28.65% and 87.79% respectively. The coefficient of Skewness of 0.1039 implies that the data is positively skewed, and therefore does not conform to the symmetrical distribution requirement of normal data. Similarly, the coefficient of Kurtosis of 2.6421 also supports that the variable does not meet the Gausian distribution criterion of the normal data.

The descriptive statistics from table 1 also indicates that the average profitability during the period is 58.71%, from the mean value of 0.5871 with standard deviation of 0.1355. This means that the data deviate from the mean from both side by 13.55%, the standard deviation suggests that the data is widely dispersed away from the mean value. The minimum and maximum firm are 28.65% and 87.79% respectively. The coefficient of Skewness of 0.1039 signifies that the data is positively skewed, and therefore does not conform to the symmetrical distribution requirement of normal data. Similarly, the coefficient of Kurtosis of 2.6421.

Similarly, Table 1 shows that the average managerial ownership of the sampled food and beverages firms in Nigeria is 67.32%, from the mean value of 0.6732 with standard deviation of 0.0852. This implies that the data is dispersed from the mean value by 8.52%; the coefficient of Skewness -0.9003 implies that the data is negatively skewed, and thus does not conform to the symmetrical distribution requirement of normal data. The coefficient of Kurtosis 4.4211. The average natural log of the managerial ownership is 25.9453 with standard deviation of 2.5839 and the minimum and maximum values of 20.3733 and 29.4695 respectively. The skewness of -0.6045 indicates that the data is negatively skewed, while the coefficient of kurtusis of 2.2228 also suggests that the data does not flow the normal distribution.

Table 2:
Normal Data Test

Variables	W	V	Z	Prob-Z	Obs
Dtc	0.3309	55.240	8.899	0.0000	100
Instowns	0.8424	13.009	5.692	0.0000	100
Fsize	0.9834	1.367	0.694	0.2438	100
Prof	0.9559	3.646	2.869	0.0021	100
Mangowns	0.9196	6.631	4.197	0.0000	100

Source: STATA Output, 2025.

Table 2 indicates that the data from DTC, INSTOWNS, FSIZE, PROF and MANGOWNS are not normally distributed because the P-values are significant at 1% level of significance (p-values of 0.0000), while the data from Fsize which is not significant at all levels of significance (p-value of 0.2438) follow the normal distribution. Therefore, the null hypothesis (that, the data is normally distributed) is rejected for DTC, INSOWNS, FSIZE PROF and MANGOWNS while not rejected for the FSIZE. This may lead to some biasness when OLS regression is used in the analysis.

Table 3:
Correlation Matrix

Variables	Dtc	Insowns	Fsize	Prof	Mangown
Dtc	1.0000				
Intsowns	-0.788	1.0000			
	(0.4358)				
Fsize	0.0419	0.1098	1.0000		
	(0.6788)	(0.2767)			
Prof	0.1091	0.1258	0.1098	1.0000	
	(0.2799)	(0.2123)	(0.4663)		
Mangown	-0.3004	0.8915	0.00026	0.1431	1.0000
	(0.0024)	(0.3760)	(0.9792)	(0.5553)	

Source: STATA Output, 2025.

Table 3 indicates that there is a negative association between the institutional ownership (INSOWNS) and total debt to capital ratio (DTC) of the listed food and beverages firms in Nigeria, from the correlation coefficient of -0.0788 which is not statistically significant at all levels of significance (p-value of 0.4358. The Table also shows that there is a positive correlation between the firm size (FSIZE) and total debt to capital ratio (DTC) of the listed food and beverages firms in Nigeria, from the correlation coefficient of 0.0419 which is not statistically significant at all levels of significance (p-value of 0.6788). Moreover, Table 3 shows that there is a negative association between the profitability (PROF) and total debt to capital ratio (DTC) of the listed food and beverages firms in Nigeria, from the correlation coefficient of -0.3004 which is statistically significant at 1% level of significance (p-value of 0.0024). The result also shows a positive relationship between the managerial ownership (MANGOWNS) and DTC, from the correlation coefficient of 0.3004, which is statistically significant at 1% level significant (P-value of 0.0024) Therefore, following the analysis of the relationships among the variables of the study, the regression results are presented, interpreted and discussed in the following sections.

Table 4:
Summary of GLS estimators Random Effects Regression Results and Robustness Test
Model used

$DTC_1t = \alpha + \beta_1 INSOWNS it + \beta_2 FSIZE it + \beta_3 PROF it + \beta_4 F MANGOWN_1 t + \varepsilon_{it} \ldots\ldots\ldots\ldots i$

Variables	Coefficients	Statistics	P-Values
Inowns	-0.3178		0.480
Fsize	0.2400		0.672
Prof	0.0049		0.016
Mangowns	-0.2977		0.001
Constant	0.1149		0.247
R^2 Within		0.1283	
R^2 Between		0.1419	
R^2 Overall		0.1203	
Wald Chi2		13.05	0.0000
Hettest: Chi2		20.53	0.4024
Mean VIF		1.03	
RE Test: Chi2		0.38	0.0148

Source: STATA Output, 2025.

Hypotheses Testing For Model Used

Table 4 the result of the regression reveals that, institutional ownership (INSOWNS) has not impacted on the total debt to total capital ratio (DTC) of the sampled food and beverages firms in Nigeria, from the coefficient of -0.3178, which is not statistically significant at all levels of significance (p-value of 0.480). This implies that the higher the institutional ownership the lower the monitoring and the higher the expropriation of the shareholders fund if ownership is concentrated in the hand of few shareholders. The Table also shows that, ownership concentration (FSIZE) has no a significant positive impact on the total debt to total capital ratio (DTC) of the sampled food and beverages firms in Nigeria, from the coefficient of 0.2400, which is not statistically significant at all level of significance (p-value of 0.672). This indicates that ownership concentration is not found to be one of the important variables for explaining leverage of listed consumers goods companies in Nigeria. It confirmed that firms with a big size structure are not necessarily have higher leverage level than firms with small size.

Moreover, Table 4.4 indicates that profitability (PROF) has a significant impact on the total debt to total capital ratio (DTC) of the sampled consumers goods companies in Nigeria, from the coefficient of 0.0049, which is statistically significant at 5% level of significance (p-value of 0.016). The result shows that firm profitability plays a pivotal role in enhancing the capability of a company to get recognition from external stake holders of listed food and beverages firms in Nigeria. Also, the result of the regression signifies that, managerial ownership (MANGOWNS) has impacted on the total debt to total capital ratio (DTC) of the sampled food and beverages firms in Nigeria, from the coefficient of -0.2977, which is statistically significant at 1% levels of significance (p-value of 0.001) The findings reveals that managers with a high percentage of ownership have the tendency to involve in activities that maximize the shareholders' wealth.

From the results presented, the following findings have been made; It was revealed that institutional ownership fail to show a significant impact on the leverage ratio of consumers goods companies in Nigeria, and this is attributed to institutional shareholders acting as transient trader and aligning their interest to that of managements which prevented them from playing their monitoring and protecting other shareholders in listed consumers goods companies in Nigeria. This finding is consistent with Lakshmi (2009). And contradict that of Shleifer and Vishny (1986), Crutchleyl (1999), Jensen, Jahera and Raymond (1999) who reported that the association between institutional investors and capital structure is positive and statistically significant and supported the work of Chidambaran and John 2010).

Firm size has no significant impact on leverage ratio of listed consumers' goods companies in Nigeria. This may be that small firms will like to use more short term finance than their larger counterparts because smaller firms have higher transaction costs when they issue long term debt or equity. The finding opposed (Kim et al., 1998; Al-Sakran, 2001, Hovakimian et al., 2004). It agrees with the findings of (Chittenden et al., 1996; Michaelas et al. 1999). The result indicates that profitability has significant impact on leverage ratio of listed consumers' goods companies in Nigeria. This is because the gains from leverage are quite significant, and the use of debt increases the firm market value. The finding is consisted with the findings of Robb and Robinson (2009; Ruland and Zhou 2005; Jensen 1986; Robinson 2009; Chandra kumarmangalam; and Govindasamy 2010) and contradicts (2001; Negash 2001
Phillips and Sipahioglu, 2004).

Policy Implications of the Findings

On the basis of the findings of this study, the following conclusions and policy implications are drawn: From the area of regulatory authorities especially the SEC, these findings should aid in monitoring the activities of the firms which will eventually reduce the problems associated with Agency problems between the shareholder and management. The results of the study have thrown more light on the explanatory variables that have important effect in explaining the explained variable leverage ratio of listed consumers' goods companies in Nigeria.

The result indicates that the institutional investors fail to show positive impact on the leverage ratio of the firms. The implication of this finding is that the presence of the institutional ownership has decreased the monitoring effect of the managers and therefore leave other shareholders' fund unprotected from been expropriated by the managers. The outcome of the analysis also indicates that corporate monitoring by the institutional investors do not enhance the performance of the company.

However, the findings of the study also shows a positive significant effect between firm profitability and leverage ratio. This implies that the profitable firms would prefer high levels of debt in their financial structure so as to have an attractive tax protection and lower expected bankruptcy costs. Moreover, high percentage of managerial ownership has the tendency to embark in activities that maximize the shareholders' wealth of the listed food and beverages firms in Nigeria.

5.0 Conclusions and Recommendations

The presence of the institutional ownership has decreased the monitoring effect of the managers and therefore leave other shareholders' fund unprotected from been expropriated by the managers of listed consumers goods firms in Nigeria. In addition, High profitability firms should increase their debts to upset taxes and, in the economy, when the tax rate is high, it is more proficient for firms to opt for more debt in order to increase financial expenses and then lower tax payable.

Based on the findings from this study, the following recommendations are considered necessary for development of listed consumers goods firms in Nigeria. For institutional ownership and corporate characteristics to impact positively on leverage ratio of food and beverages firms in Nigeria SEC should address the problem of institutional investors from being a momentary trader so that the interest of the shareholders would not be aligned with that of managers for the institutional investors to monitor the managers and discourage them from expropriating the shareholders' wealth. And In the economy when the tax rate is high, it is wiser for firms to take more debt to increase financial expenses and then lower tax payable. Also, profitability and high growth firms should rely more on internal financing and align their operational characteristic and risk profiles to maintain financial flexibility and sustainable growth.

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