The Influence of CEO Demographics on Capital Structure Decisions of Manufacturing Firms in Nigeria

Francis Ojo ORUNKO
Higher Education Audit Department
Office of the Auditor General of the Federation, Abuja.

Olufemi Sunkanmi FALEYE
Centre for Management Development (CMD)
Operational Headquarters, Management Village, Shangisha, Lagos.

Dr. Ekwere Raymond ENANG
Department of Accounting, Faculty of Business Administration,
University of Uyo, Uyo.

Abstract
The broad objective of this study is to critically investigate the effect of Chief Executive Officer demographics on capital structure of listed manufacturing companies in Nigeria using a 10year period (2010 to 2019). In a bid to achieve the objective, the study examined the effect of CEO gender, CEO nationality and CEO Educational Qualification on capital structure. The study adopts ex-post facto research design and a population of forty-eight (48) manufacturing firms listed on the Nigerian Exchange Group (NGX) as of December 31, 2019. A sample of thirty-six (36) firms were selected through purposive sampling technique and data set which were sourced from published audited annual report were analysed using fixed and random effect regression analyses approach. The key finding from this study indicate that CEO nationality has a significant positive effect on firms' capital structure suggesting that engaging foreign CEOs' will create room for procurement of more debt leverage which connotes a dangerous signal in relation to organizations' heath and survival. The outcome negates the Upper Echelon Theory but promotes the view that cultural and ethnic differences tend to limit the effectiveness of foreign CEOs especially during the process of capital structure (using debt leverage) decision making. In view of the foregoing, the study carefully suggest that caution should be given to policies that will promote hiring CEOs from a different nationality. Instead, indigenous CEOs should be trained and if possible, re-trained to provide them with adequate exposure to 'Knowledge Capacity' and managerial qualities that are suitable to matching the expectations from foreign CEOs.
Keywords: *Capital Structure, CEO Demographics, CEO Nationality, Fixed Effect Regression Analyses*

I.   Introduction

A firm is essentially a nexus of contracts between participants, each of whom with a claim on the firm's assets. This suggest that the separation of ownership and control causes 'business' and 'owners' to become separate entities where ownership is determined by an investor's equity share. Various parties have a claim on these assets proportional to the capital supplied and relative to the priority of their claim. However, the total configuration of capital supplied (capital structure) constitutes the relative quantities of different forms of financing (e.g., equity, debt, lease contracts, trade credits and warrants) necessary to procure and maintain (cash-flow generating) assets. It follows, then, that subject to a variety of different owners, misaligned interests often attributed to human tendencies such as rationality, being self-interested, risk-averse, and opportunistic tendencies (Eisenhardt, 1989) can result in suboptimal financing decisions. In the light of the foregoing, extant literature on corporate finance has documented that the chief executive officer (CEO) plays a central role in firm's decisions making process (Jensen & Meckling, 1976), thus, corporate investment decisions of a firm might be influenced by the inherent cognitive biases of the CEO. Despite such facts, the effect of corporate investment decisions and CEO personal characteristics has been largely unexplored in the standard finance literature (Gaurav, Jitendra, Byomakesh 2018).

The basic assumption of traditional corporate finance theories is that corporate managers are fully rational, and they always make optimal financial decisions to maximize the firm's value (Oliveira, 2007).

However, a wave of critics has emerged with what is commonly called behavioral corporate finance which argues that managers are frapped by some psychological and emotional biases (Baker, Ruback, & Wurgler, 2012; Ben Mohamed, Fairchild, & Bouri, 2014) which is consistent with the notion of Statman, (2005) who noted that managers are normal hence, they can act in a suboptimal way. Further, majority of existing evidence shows that corporate capital structure is not only been affected by firm, industry, and market-level characteristics, but also by the personal traits of top managers. Studies including those of Jiraporn, Chintrakarn, & Liu, (2012); Chintrakarn, Jiraporn, & Singh, (2014) show how decision-making power of CEO shapes capital structure decisions. According to Boadi & Osarfo, (2019); Bandiera et al., (2020) corporate governance entails among others CEO characteristics which directly affect financial performance

Overall, the firm's capital structure is not a novel topic. Indeed, as the subject has received so much interest from scholars over the last sixty years. Particularly, the start of modern capital structure research can be traced to the position of Modigliani and Miller (1958) who show in their study that subject to certain conditions, the value of a firm is independent of its capital structure choice. Since then, financial economists have devoted significant effort to studying the determinants of capital structure and several theories have been developed to show that market frictions and imperfections do matter in shaping capital structure. One theory that has been generally employed to interpret the relationship between managerial behaviour and firm capital structure is agency theory whose central theme is that corporate capital structure is determined by agency costs which arise from the divergence of ownership and control (Berle & Means, 1932) and the imperfect alignment of interests between managers and owners (Jensen & Meckling, 1976). Due to this, the prevalent view presents that self-serving manager do not make capital structure decisions that maximise owner wealth (Morellec, Nikolov, & Schürhoff, 2012).

Although agency theory predicts that agency costs can lead to firm leverage (Capital Structure) deviating from the optimal level for owners, it is still unclear whether agency costs can result in too much or too little leverage (Jiraporn et al., 2012). On the one hand, managers might voluntarily use more than the optimal amount of debt to consolidate their equity voting power and avoid takeover threats (Aideed & Muzaffar 2018) while on the other hand, managers may pursue lower levels of leverage to avoid the disciplining role of debt. Ben Mohamed, Fairchild, and Bouri, (2014) and Jensen (1986) argue that debt is a disciplining instrument that can be applied to mitigate agency problems by reducing the free cash flow availability of managers. Moreover, the use of high leverage can increase the tendency of bankruptcy and job loss (Jensen, 1986; Bandiera et., al. 2020). In this case, managers have incentives to protect their under-diversified human capital, thus prefer less debt than the optimal level.

Extant related studies document that CEO demographic characteristics in relation to CEO gender, CEO education and CEO nationality play vital role in decision making of the firm. In this regard Hsu, Chen, & Cheng, (2013) noticed that the deployment of more educated and technically sound CEO serves as a strategy to promote firm performance which suggest a positive connection between CEO education and firm's performance. But Bhagat, Bolton, & Subramanian, (2010) noted that more educated CEO may not necessarily improve firm's performance. Further, some studies prove that CEO nationality is very notable in the context of corporate organization, portraying that non-national CEO are vital for growth and firm's survival (Brodie, Kane, & Clark 2012), further strengthening the position of the school of thought which believe that a CEO from the same country where the business is located will better understand the behavior of the employees and corporate culture of the country, which make decision making process easy (Jinia, 2016). Prior related literature suggest that female CEOs do not enhance firm's performance as compared to male CEOs (Khan & Vieito 2013), while some others believe that Female CEO can bring significant positive changes and foster growth (Jackson, 2009). Further, CEO formal education indicate a CEO's innate curiosity and openness to novel concepts (Wang, Holmes Jr, Oh & Zhu 2018) Thus, Thomas, Litscert, and Ramaswamy (1991) argued that individuals with more formal education often are more receptive to new ideas.

Despite novel propositions and evidence of CEO innate ability workability in relation to firms' effectiveness, empirical research around this theme remains scarce especially from a less developed economy such as Nigeria. Further, the economic meltdown around the globe has raised the issue of effectiveness in corporate governance practices which is mainly due to the behavior of top management that takes responsibilities for a firm's decisions (Farag & Mallin 2018). Particularly, the nature of crisis in several corporate organizations in Nigeria for example Cadbury Nig. Plc, and the then Skye Bank of Nig. Plc, amongst others cannot be overlooked. Quite a number of job losses and loss of several billions of Naira attributable to fraudulent activities of managers and directors were recorded (Olowokure, Tanko & Nyor 2015). Major contributions to this problem, could be said to include poor corporate governance, weak investors' relations, poor disclosure, and transparency as well as ineffective regulatory bodies (Uwuigbe, 2011). Overall, this has called to question, the integrity and the bearing attributes of the CEO. Therefore, it is in line with the foregoing that this study is geared towards examining the effect of CEO demoraphic attributes on firms' capital structure decision in Nigeria. Particularly, the broad objective of this study is to investigate the effect of CEO

demographic characteristics on firms' capital structure of manufacturing firms in Nigeria. However, the specific objectives of this study are to.
1.   Explore the effect of CEO gender on capital structure of listed manufacturing firms in Nigeria.
2.   Evaluate the effect of CEO nationality on capital structure of listed manufacturing firms in Nigeria.
3.   Examine the effect of CEO educational qualification on capital structure of listed manufacturing firms in Nigeria.

II.   Literature Review

Conceptual Literature
Capital Structure
        Several methods have been tried to define the capital structure, all of which explain the types of securities and the proportion of capital that constitutes. It is a combination of different sources of long-term resources, such as equity, preferred stock, bonds, long-term loans, and retained earnings. The definition of Gangeni (2006) points out that the study of capital structure attempts to explain the mix of securities and financing sources used by companies to fund actual investments. The company needs to invest to continue to operate. To fund these investments, companies can use internal sources of funds (such as retained earnings and public offerings of stocks), or external sources of funds such as loans or bonds. Parmasivan & Subramanian (2009) document that capital structure refers to the relationship between various long-term financing sources, such as equity capital, preferred stock capital, and debt capital. Capital structure is the company's permanent financing, mainly composed of long-term debt and equity, and determining the appropriate capital structure is an important decision in financial management, because it is closely related to the company's value. In addition, Gitman and Zutter (2012) define capital structure as a mixture of long-term debt and equity maintained by the company. Although the actual combination of the company's permanent long-term financing represented by debt, preferred stock and common equity may change over time, most companies try to keep their financing portfolio close to the level of the target capital structure. According to the research of Ehrhardt & Brigham (2011), the main purpose of capital structure is to find the optimal combination between debt and equity.

CEO Demographics
        CEO demographic information has been the focus of many management studies, possibly because it affects the company's policies and company value. Custodio and Metzger (2013) write that little is known about how CEOs create value. Yang, Zimmerman, and Jiang (2011) stated that the importance of the CEO in the new company is partly because he/she has the right to make the final decision and shape the company's vision and direction. Rajagopalan and Datta (1996) defined the characteristics of a CEO based on the company's tenure, education level, functional background, and functional heterogeneity. Manner (2010) draws heavily on the works of multiple authors including those of McGuire, Dow & Argheyd (2003), Carpenter, Geletkanycz & Sanders (2004), and classifies the characteristics of CEO as management discretion, education research field, function work experience, gender and CEO salary. However, this study categorizes the characteristics of the CEO as demographic which consist of innate attributes of the CEO; gender, nationality, and education (Bamber, Jiang, & Wang 2010).

Theoritical Framework
Upper Echelon Theory
        The study of CEO characteristics and capital structure is mainly governed by considering the upper echelon theory. The upper echelons theory suggests that managerial personalities, background, and experience, such as sex, age, socioeconomic background, formal education, and functional track can partially affect managers' interpretations of the situations and problems they have to deal with and, in turn, influence their decision-making (Hambrick, 2007; Hambrick & Mason, 1984). Prior empirical studies document the impact of several managerial characteristics on accounting decisions. Bamber, Jiang, and Wang (2010) argue that managers' idiosyncratic differences play a significant role in firms' capital structure usage documenting that an organization's senior management (the CEO and its selected team) is responsible for strategic formation and implementation. When it comes to strategy and interpreting strategic possibilities, members of the upper echelons of the organization inevitably do so through their personal experiences, values, personalities and other similar human factors. The theory in no doubt applies to this study as it suggests that the attributes of the CEO (gender, educational nationality and educational qulaification) could affect their implementation and decisions of capital structure.

Theoretical Exposition and Hypotheses Development
CEO Gender and Capital Structure

CEO gender is generally regarded as an important feature of capital structure (Frank & Goyal, 2007). According to the literature, it seems that gender is mainly a representative of confidence and risk aversion (Berger, Rosenholtz, and Zelditch Jr, 1980; Huang and Kisgen, 2013; Faccio et al., 2016). Extant studies note that other explanations for the results of capital structure may include differences in the degree of overconfidence and risk aversion of senior executives. Specifically, some scholars think that men are overconfident and can tolerate risks, while women are more conservative and risk-averse (Berger et al., 1980; Huang & Kisgen, 2013; Faccio et al., 2016). This implies that a male CEO is associated with overconfidence, which means that he expects better than average results (Malmendier & Tate, 2005), and the deviation from these estimates is expected to be small (Huang & Kisgen, 2013). From an empirical point of view, research has shown that, compared with similar companies run by male CEOs, companies run by female CEOs have lower leverage, lower earnings volatility, and higher viability (Faccio et al., 2016). Therefore hypotheses one states that:

H1₁; Female CEO has significant negative effect on firms' capital structure
CEO Nationality and Capital Structure

The relationship between nationality and how it affects the firm is one that is not fully explored. A person's cognitive base is affected mainly by his cultural values as well as societal norms resulting from their place of birth and upbringing (Hambrick & Mason, 1984). Similarly, Jalbert et al. (2007) document negative relationships between CEO birthplace and leverage ratio by employing nationality as a proxy for cultural differences of CEOs. Further, culture was used as a more encompassing definition of nationality (Pan et al. 2018) who studied the attitudes of CEOs towards risk-taking and document that that cultural heritage seems to have a noticeable effect on risk behavior of U.S. CEOs. Hambrick et., al (1998) argued that nationality is an effective alternative to the cultural influence of human growth because it provides natural groupings suitable for analysis. Therefore, hypotheses two states that:

H1₂; CEO Nationality has a significant positive effect on firms' capital structure

CEO Educational Qualification and Capital Structure

To some extent, the level of an individual's educational experience means that such individuals take their education, values, and cognitive processes seriously. Hambrick and Mason (1984) made three predictions about the education of senior managers. First, senior managers with formal education are more likely to follow a strategy that focuses on innovation. Second, the amount of formal management education will not affect profitability, but for companies whose managers have only received a few years of formal management education, it may increase the variability of their returns. Finally, companies run by executives with formal management education show higher administrative complexity (for example, budget details and thoroughness. Malmendier and Tate (2008) document that CEOs who have received education on financial-related topics are less sensitive while Custódio and Metzger (2014) note that functional experience is more important than educational experience. However, Bertrand and Schoar (2003) reveal that managers with a master's degree in business administration seem to adopt a more aggressive financing strategy which suggest that master's in business administration graduates invest more when deciding capital expenditures, respond faster to changes in leverage, and respond less to the availability of cash flow. Therefore, hypotheses three states that:

H1₃; CEO Educational Qualification has a significant negative effect on firms' capital structure

Empirical Review

The study of Maina, (2012) investigate the effect of managers' gender on corporate capital structure choice with reference to companies listed on Nairobi Securities Exchange. Capital structure is measured in terms of financial leverage and ordinary least square regression which was employed to test the hypotheses showed that CEO gender have a negative effect on capital structure. The study recommends that companies in risky industries like the financial sector should hire female CEOs who are believed to be risk adverse individuals.

Barno (2017) seeks to establish the effect of manager's characteristics on capital structure of firms listed in Nairobi Securities Exchange for the period between 2008 and 2013. Multiple Regressions showed that CEO gender has a significant negative effect on capital structure. The study recommends more female managers to be appointed as CEO to promote gender equality in management thus give women an opportunity to share their wide array of experiences and talents in the organization.

Yusuf and Yusuf (2018) identified the effect of chief executive officer (CEO) experience and board size on a firm's capital structure in three-top industries - mining, agriculture, and consumer goods - companies for the period 2010–2016. CEO experience and board size were employed as independent variables while leverage as the dependent variable. Ordinary least square regression results reveal that experience from top manager positively influences capital structure, therefore managers' years of experience will be aligned with total and long term- debt of the company.

Thakolwiroj (2018) examine the relationship between board characteristic and capital structure measures by total debt ratio of listed Thai firms during for the period 2015 to 2017. One among the board characteristic variable is CEO gender. Multiple linear regression results show that CEO ender show no significant relationship with capital structure.

Alqatamin (2018) studied the impact of CEO's personal characteristics (overconfidence, age and gender) on the capital structure choices of Jordanian non-financial companies for the period 2008 to 2013. The author used panel data from 201 non-financial companies listed on the Amman Stock Exchange (ASE) and multiple regression results showed that CEO's overconfidence and gender are positively significantly correlated with capital structure. However, age and capital structure are negatively correlated.

Mutai, Mutai, komen and Torois (2020) examined if Chief Executive Officer's Characteristics affects capital structure. CEO tenure, CEO gender, CEO age and CEO education were used as independent variables while capital structure measured as leverage was used as the dependent variable. Panel least square regression analysis showed that CEO tenure have a negative significant effect on capital structure, CEO age have a positive significant effect on capital structure, CEO gender and CEO education showed negative significant effect on capital structure.

Ogochukwu (2020), focuses on five CEO characteristics with the aim of discovering the possible link between these characteristics and capital structures of the firms. The independent variables of the study include CEO gender, CEO tenure, CEO nationality, CEO ownership, and CEO turnover while total debt is employed as the dependent variable. Data for the study were obtained from three sub-Saharan African countries: Kenya, Nigeria and South Africa for a five-year period (2012 to 2016). Ordinary least square regression result reveal that CEO nationality have a significant link with capital structure.

III. Methodology

In this study, *ex-post facto* research design is employed. The population of the study consists of all manufacturing companies listed on the floor of the Nigerian Exchange Group. As of December 2019, forty-eight (48) manufacturing firms were listed on the floor of the Nigerian Exchange Group (NGX). The sampling technique employed is purposive since firms were included in the sample on certain selection criteria which include. (a) the sampled firm must be listed on the Nigerian Exchange Group for the entire period 2010-2019; (b) there must be availability and accessibility of all required data of the sampled company. (c) firms listed after year 2010 were excluded from the sample as they pose to bias the homogeneity of the periodic scope. Thus, the final sample size consists of thirty-five (35) manufacturing companies. As each of the manufacturing companies have the same fiscal year end, this promotes uniformity of the sample. Therefore, **i**n examining the effect of CEO demographics on capital structure of listed manufacturing firms in Nigeria, the study employs Effect Regression Technique for the analysis

Model Specification

The study specifies an econometric model to reveal the effect of CEO demographics on capital structure of manufacturing firms in Nigeria. The variables which are employed in this study include: Capital Structure while CEO Nationality, CEO gender, CEO Educational Qualification are the independent variables. Furthermore, the variable of Sales Growth is employed to control the specified econometric model We modified the model of Thijssen (2017) and express the functional form of the Regression as:

Financial Leverage = f (CEO Gender, CEO Nationality, CEO Qualification, Firm Growth).(1)
Control Variable
Yosha (1995) suggest that companies with potentially valuable future growth projects would not raise public debt due to high disclosure costs of revealing sensitive information. Thus, there should be a negative relationship between growth and debt financing. This means that high growth firms will face lower levels of financial distress as they employ less debt financing. Assuming that firms are particular about the future as well as with current financing problems, there is a high chance that firms with great expected growth opportunities will maintain a low-risk debt capacity. Therefore, the econometric specification of the functional form of equation (1) is presented in the equation below as:

$$leve_{it} = \beta_0 + \beta_1 CEOG_{it} + \beta_2 CEON_{it} + \beta_3 CEOQ_{it} + \beta_5 REVG_{it} + e_{it} \dots (2)$$

Where:

LEVE	=	Firm Financial Leverage
CEON	=	CEO nationality
CEOG	=	CEO gender
CEOQ	=	CEO qualification
REVG	=	Revenue Growth
"{i}"	=	Cross Section (Sample Companies)
"t"	=	Time Frame (2010 to 2019)
e_{it}	=	Stochastic error Term

Table 1   Operationalization of Variables

Variables	Measurement	Source
Leverage (Dependent Variable)	Ratio of debt to total asset	Frank. & Goyal, (2007).
Revenue growth (Control Variable)	Computed as change in current revenue divided by revenue of previous year $\{(REV_t - REV_{t-1})/REV_{t-1}\}$	Xiuhua & Zheng (2001)
CEO nationality (Independent Variable)	Measured as a dummy variable of "1" if the CEO is of a foreign origin and "0" if the CEO is not	Huang & Kisgen, 2013
CEO gender (Independent Variable)	Measured as a dummy variable of "1" if the CEO is female and "0" if the CEO is not	Huang & Kisgen, 2013
CEO qualification (Independent Variable)	Measured as a composite score of CEOs with first degree taking the value of (1), second degree taking the value of (2) and third degree taking the value of (3).	Huang & Kisgen, 2013

Source; Authors' Compilation 2022

IV.   Results and Discussion

The study evaluates the effect of CEO demographics on capital structure of listed manufacturing firms in Nigeria drawing samples from industrial, consumer goods and health care firms. While capital structure proxied by leverage is the dependent variable, the independent variables adopted for this study includes CEO gender, CEO nationality and CEO educational qualification. In line with related extant literature, the study employed the variable of revenue growth to control the specified model. Data set employed in this study spans through the periods between 2010 and 2019. Table 1 describes the statistics and provide some insight into the nature of the selected Nigerian listed manufacturing companies that were employed in this study.

Descriptive Analysis

The study examines the descriptive statistics for both the independent and dependent variables of interest based on the mean, standard deviation, maximum and minimum.

Table 1 Descriptive Statistics

VARIABLES	MEAN	SD	MIN	MAX	NO OBS
LEVE	57.88	26.20	-17.16	224.11	359
CEOG	0.01	0.11	0	1	325
CEON	0.53	0.50	0	1	314
CEOQ	2.20	1.14	1	6	312
REVG	12.18	43.02	-125.36	336.35	324

Source: Authors' Computation (2022)

From the table it is observed that leverage (LEVE) on average is 57.88 with a standard deviation of 25.20. CEO gender diversity (CEON) on average is observed to be 0.02 indicating that about 2% of firms in the sample hired female CEOs during the period under review. We find that the mean value for CEO nationality (CEON) is 0.53 with a standard deviation of 0.50 indicating that about 53% of the firms in the sample hired foreign CEOs. For the variable of CEO qualification (CEOQ) it is observed that the average CEO possess a second degree (2.20). However, for the control variable of sales growth (REVG) the mean value is seen to be 12.18 with a standard deviation of 12.18 during the period under investigation.

Regression Results

Specifically, to examine the cause-effect relationships between the dependent variable and the independent variables as well as to test the formulated hypotheses, we present a panel ordinary least square regression estimates as well as a panel fixed, and random effect regression estimates in the table 2.

Table 2 Regression Result

	Capital Structure Model (Panel OLS)	Capital Structure Model (Fixed Effect)	Capital Structure Model (Random Effect)
C	38.76 {0.000} ***	-41.63 {0.000} ***	40.26 {0.000} ***
CEOG	2.14 {0.829}	-1.12 {0.902}	-0.60 {0.947}
CEON	1.54 {0.502}	15.75 {0.000} ***	8.60 {0.004} **
CEOQ	0.40 {0.686}	2.06 {0.093}	1.27 {0.248}
REVG	0.10 {0.001} **	0.11 {0.000} ***	0.10 {0.000}
F-Stat/Wald Stat	19.45 (0.00) ***	18.87 (0.00) ***	134.67 (0.00) ***
R- Squared	0.31	0.33	0.32
VIF Test	1.32		
Heteroscedasticity Test	777.390 (0.000)		

HAUSMAN   Prob>chi2 =   19.09 (0.0079)
 Note: (1) bracket {} are p-values
(2) **, ***, implies statistical significance at 5% and 1% levels respectively
Source: Authors' Computation (2022)

Panel ordinary lest square regression result recorded in Table 2 show an R-squared value of 0.31 indicating that about 31% of the systematic variations in capital structure of manufacturing firms in Nigeria over the period of interest is jointly explained by the independent and control variables specified in the model. The F-statistic value of 19.45 and its associated P-value of 0.00 shows that the panel ordinary least square regression model overall is statistically significant at 1% level, meaning that the regression model is valid. The absence of multicollinearity is also documented in the panel ordinary least squared regression model obtained from a mean VIF value of 1.32 which falls within the benchmark value of 10 after which the problem of multicollinearity becomes eminent. However, the panel ordinary least square model for capital structure is observed to suffer the problem of heteroscedasticity due to observed low probability value which is statistically significant at 1% [777.39 (0.00)]. The presence of heteroscedasticity clearly shows that our sampled firms are heterogeneous in nature. Thus, the need for effects regression approach that controls for firm heteroscedasticity becomes necessary. The study adopted panel regression method using fixed and random effect models. The F-statistic and Wald-statistic value of 18.87 (0.00) and 134.67 (0.00) for fixed and random effect models respectively shows that both models are valid for drawing inference since they are both statistically significant at 1%. In the case of the coefficient of determination (R-squared), it was observed that 33% and 32% systematic variations in capital structure is explained jointly by the independent and control variables in both specified models respectively. This clearly suggest that more of the variation in capital structure is explained when compared to panel ordinary least square model. In selecting from the two panel regression estimates, the Hausman specification test is conducted, and the test is based on the null hypothesis that the random effect model is preferred to the fixed effect model. A look at the p-value of the specification test (0.0079), indicates rejection of the null hypothesis at 5% level of significance. This implies that the fixed effect panel regression results should be employed in drawing conclusion and making recommendations.

V.   Discussion of Findings

CEO Gender (Fixed Effect Regression = -1.12 (0.902)) as an independent variable appears to have insignificant effect on capital structure. Therefore, the null hypothesis {**H0₁: CEO Gender has no significant effect on capital structure of listed manufacturing firms in Nigeria} is accepted.** This outcome is in inconsistent with prior studies of Fondas & Sassalos (2000) who suggest that women bring different points of view and ideas to discussions hence enhance decision-making in terms of financing the business. Further, the

outcome negates those of Arch, (1993); Bernasek & Shwiff, (2001); Byrnes, Miller, & Schafer, (1999); Eckel & Grossman, (2008); Jianakoplos & Bernasek, (1998); Sundén & Surette, (1998) who document a negative significant effect of CEO gender on capital structure and concluded that female CEOs are more risk adverse than their male counterpart. However, our finding is consistent with findings of Barber & Odean, (2001); Deaux & Farris, (1977); Lenney, (1977); Lundeberg, Fox, & Punccohar, (1994). **CEO Nationality (Fixed Effect Regression = 15.75 (0.000))** as an independent variable appears to have a positive significant effect on capital structure which suggest an outright rejection of the null hypothesis {**H0$_2$: CEO Nationality has no significant effect on capital structure of listed manufacturing firms in Nigeria**}. The result implies that the impact of hiring a foreign CEO is detrimental on debt financing. This outcome negates the proposition of Hambrick & Mason, (1984), who posit that one's place of birth and upbringing ingrains certain cultural values and beliefs which may positively affect a person's cognitive base. This finding is consistent with the outcomes of Black et al. (1999), Carpenter et al. (2000) and Rahman et al. (2007) who document that foreign CEO (CEO from a different nationality other than the place of business location) may not be well equipped and informed of the local environment hence decision making becomes difficult. However, the finding is seen to be inconsistent with similar studies of Sergiy and Ayse (2015), Stephen (2015) Bokpin and Arko (2009) Aideed and Muzaffar (2018), Le and Tannous (2016), Anderson et al. (2004), Bhathala et al. (1994), and Fosberg (2004) who document significant positive effect of CEO nationality on capital structure. **CEO Qualification (Fixed Effect Regression = 2.06 (0.093))** as an independent variable reveal an insignificant effect on capital structure which align with the null hypothesis {**H0$_3$: CEO Qualification has no significant effect on capital structure of listed manufacturing firms in Nigeria**}. This position is at variance with those of Amran, Yusof, Ishak, and Aripin (2014) who argued that CEOs with high education background are valuable to their company as they have good cognitive ability, capacity for decision processing, high tolerance for ambiguity and propensity or receptivity to innovation, which will equip them with effective solutions for complex decision-making tasks. Furthermore, Farag and Mallin (2018) document that different educational backgrounds bring management to different viewpoints, perspectives, as well as cognitive paradigms and different professional development, in which their knowledge, ability, and intellect help them better understand firms' operation and deal with challenging intellectual activities.

VI.   Conclusion and Recommendation

The optimal choice of capital structure at diverse situations among other existing investment opportunities, which can gain the highest rate of return at the lowest cost are strongly related to firm's capability to fulfill the requests of its various stakeholders. This reality highlights the importance of capital structure decisions. In relation to the number of principal executives, the board of directors is an important element in corporate governance to regulate the company's operational effectiveness and suitability. However, all major corporate decisions are either made by the CEO or are the product of consensus in the board. Since the board is the information processing center of the firm, one could argue that firms have inefficient information-processing when the CEO is able to make all major decisions. In the light of this, the empirical result of this study leads to the conclusion that CEO nationality have significant effect on capital structure of listed manufacturing firms in Nigeria. Following the empirical evidence recorded in this study, we carefully recommend that, management of listed manufacturing firms in Nigeria may need to reconsider the policy of hiring foreign personalities as Chief Executive Officer following the fact that such policy application may result to higher leverage positions which could be detrimental to the health of the organization. In this study the author notes that the recommendation should be treated with caution as the entire study is limited to listed manufacturing firms in Nigeria. Further, only one measure of leverage (debt to equity) against other measures (long term debt & short-term debt) have been employed of which can limit the conclusion obtained in this study.

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