

Research Article

Asset Structure, Corporate Governance, Capital Structure and Financial Performance of Construction and Manufacturing Firms Listed In Kenya

Dr. Peninah Jepkoge Tanui^{*1}, Dominic Omare² and Margaret Atieno Omondi²

¹Alupe University College, Kenya

²Kaimosi Friends University College, Kenya

*Corresponding Author

Dr. Peninah Jepkoge Tanui

Article History

Received: 10.05.2021

Accepted: 20.05.2021

Published: 30.05.2021

Citations:

Peninah Jepkoge Tanui, Dominic Omare & Margaret Atieno Omondi. (2021); Asset Structure, Corporate Governance, Capital Structure and Financial Performance of Construction and Manufacturing Firms Listed In Kenya. *Hmlyan Jr Eco Bus Mgn*; 2(3) 72-91

Abstract: Financial performance of listed firms draws attention not only from the government but also shareholders and other stakeholders. The management thus works around the clock to implement the strategic plans as well as turnaround strategies. To achieve this, more emphasize is on investment and financing decisions including the general corporate governance as key ingredients of boosting financial performance of firms in Kenya. Existing empirical studies have focused on the study variables even though not collectively. To fill the gap, the study therefore sought to establish the moderating effects of capital structure and corporate governance in the relationship between asset structure and financial performance of construction and manufacturing firms listed in Kenya. As guided by agency and stewardship theories, post positivist research paradigm and explanatory research design were used. Secondary panel data collected from 12 listed firms was analyzed using both descriptive and inferential statistics. From the panel regression analysis results, both noncurrent as well as current assets positively and statistically significantly affected financial performance. Given interaction analysis, capital structure had a negative and insignificant moderating effect in noncurrent assets-financial performance linkage. On the other hand, capital structure positively and significantly moderated current assets-financial performance linkage. Moreover, a positive and significant moderating effect of corporate governance was documented given the nexus between noncurrent assets and financial performance. Similarly, corporate governance positively and significantly moderated current assets-financial performance linkage. The study thus concluded the existence of enhancing moderating effect, since increase in capital structure increased the effect of current assets on financial performance. Moreover, corporate governance was an enhancing moderating given that its increase led amplified the effect of asset structure, that is, noncurrent and current assets, on financial performance. Other than the findings having theoretical and practical implications, further research was expected to extend the scope, model as well as measurement approaches for study variables.

Keywords: Assets Structure; Corporate Governance; Capital Structure; Financial Performance.

INTRODUCTION

Financial performance of the firm draws attention not only from the government but also its management and shareholders. Financial performance as an outcome variable (Richard, Devinney, Yip, & Johnson, 2009); Santos (Santos & Brito, 2012) is used to gauge how well a firm utilizes its assets to generate revenue hence an indicator of financial health (Brailsford, Oliver, & Pua, 2002). As a result, one of the key areas in the firm is investments in form of assets. Generally, the going concern of any firm depends on returns generated from investments (Ryan & Ryan, 2002). According to Financial Accounting Standards Board (FASB), assets comprise of tangible and intangible assets obtained and controlled for future economic benefit in the entity. Such assets are significant for enhancing corporate value and reducing risks (Xu & Xu, 2013), affects firm's survival (Reyhani, 2012) and capital structure (Campello & Giambona, 2013); (Koralun-Berežnicka, 2013). For investments that are capital in nature, the

firm will manage well the scarce financial resources (Bennouna, Meredith, & Marchant, 2010), achieve tradeoff between expected returns and risk, accelerate economic growth of a the country (Elumilade, Asaolu, & Ologunde, 2006), manage change strategically and enhance sustainable corporate performance (Emmanuel, Harris, & Komakech, 2010)). The firm's asset structure is thus formed as a result of adverse allocation of resources (Xu & Xu, 2013). This important structure as pointed out by (Reyhani, 2012) comprises of fixed and current assets.

In the 21st century, corporate governance is a subject whose time has come as all corporate entities need proper governing (Tricker & Tricker, 2015). As a result, (Tricker & Tricker, 2015) asserts that both advanced and advancing economies have introduced corporate governance codes as well as new company laws. In 1992, Cadbury Committee report recommended enhancement of corporate governance as the only

technique to discipline the organization (Cadbury, 1992). According to (Rajan & Zingales, 2003), corporate governance system of organization implements property rights structures, use of accounting standards, legal system that resolves disputes in contracts, protect consumers, promote competitive advantage and strengthen firm's ownership structure. In Kenya, there is the code of corporate governance practices guidelines issued by the Capital Markets Authority (CMA) in 2002 for public listed companies. The code refers corporate governance as a process and structure to direct and manage the affairs of the company as to enhance its prosperity, accounting and realize shareholders' long-term value. CMA code of 2015 however requires the boards to formulate additional internal policies and strategies of growing the company, protecting shareholders, stakeholders and community interests. Given their immense contribution in the firm, there is need to evaluate the structure of the board given assets, capital structure and financial performance. In a firm set up, corporate governance decisions rest on the board of directors (BOD) who are thus the governing body (Tricker & Tricker, 2015). In most cases, BOD in the company work around the clock to implement the strategic plans as to elevate financial performance. This is achieved through close monitoring and supervision of the management as well as making key decisions as investment, financing, dividends. Basing on this, corporate governance interferes with the investment decisions in form of assets which seek to improve firm's financial performance in the long run.

Most assets in the firm are financed through use of debt, equity or a mixture of the two. According to the pecking order theory of capital structure by (Myers & Majluf, 1984), internal finances are utilized first given investment before opting for debt, second option and equity as a last resort. For trade off theory proponents, the firm has to balance the costs and benefits when choosing between debt and equity finance (Kraus & Litzberger, 1973). This calls for a serious investment appraisal to be done before opting for these two giant sources of finance (debt and equity) in a company. Failure to do so, many agency problems and conflicts may arise as advocated by agency theory. Hence, capital structure, a mix between debt and equity (Modigliani & Miller, 1958); (Abor, 2005); (Saad, 2010); (Muradoğlu & Sivaprasad, 2012) and investment decisions inform of assets are related. Notably, firms aim at driving financial performance which in this case depends on the availability of resources. Despite this, financial resource defined inform of capital structure must be considered especially if the firm wish to succeed in driving its performance given its asset structure.

Construction and Manufacturing Sector in Kenya

In most countries across the world, construction and manufacturing sectors are crucial given their contributions towards economy. First and foremost,

Construction sector is currently regulated by the national construction authority (NCA) which was formed in 2011 after the national construction corporation (NCC) collapsed in 1987. This sector is the driver of economic growth given its contribution towards gross domestic product (GDP) (Kenya Institute for public policy research and analysis (KIPPRA), 2017). However, the sector is handicapped by several challenges which mainly relate to corruption, quality assurance, poor productivity and shortage of skilled labor (NCA, 2018). Despite this, the sector has struggled to record a growth rate of 13.6% in 2015 compared to 13.1% in 2014 (KIPPRA, 2016). This was mainly attributed to infrastructure development and real estate sector expansion. In 2016, the growth rate declined to 9.2% from 13.6% in 2015 and further declined to 8.6% in 2017 despite increase of credit to the sector of Kshs. 109.9 billion in 2017. Secondly, manufacturing sector on the other end contributes towards economic growth of most countries is in line with the Kaldorian economic growth model which affirms close relationship between manufacturing industry and gross domestic product (GDP) growth. Kenya as an active member in both regional and international integration has high hopes with the manufacturing sector. The sector is closely regulated by ministry of industry, trade and cooperatives (MITC), government energy bodies, Kenya revenue authority (KRA), KenInvest, Kenya bureau of standards (KEBS), Export Processing Zone Authority (EPZA), Kenya Industrial Estates Limited (KIE) among others. In Kenya, 95% of manufacturing sector is dominated by micro and small enterprises (MSEs) but contributes only 20% to sector's GDP leaving the lion share (60%) to medium and large firms (KIPPRA, 2017). Despite this, the key manufacturing sections to spur economy in achieving structural transformation from lower to upper middle income by the year 2030 include agro-processing, textile, leather and construction (KIPPRA, 2017). Moreover, vehicle assembly, electronics and technology related manufacturing sectors are found to be complex and weak contributors. As a source of GDP growth, Kenya's manufacturing firms contributed 6.3% (KIPPRA, 2017). Other than attaining the Vision 2030, manufacturing sector will help Kenya boost exports to increase her trade surplus and creation of employment.

Problem Statement

As to maximize profits and shareholders' wealth, management of most listed firms including Kenya seek to answer the question; how to enhance financial performance of the firm in the 21st century? In reality, there exists variation in performance reported by listed firms in Kenya. A few of the listed firms are top performing while the majority is falling on average performing and loss-making bracket. Indeed, most of the firms listed under construction and manufacturing sector in Kenya are not an exception. The study thus emphasized on financial management decisions that

touch on investment and financing decisions. Moreover, at firm level, decisions regarding the identified ingredients lie with the top management. As a result, the general corporate governance which rests with the BOD is the key ingredients of boosting financial performance of construction and manufacturing firms in Kenya. Asset structure, corporate governance and capital structure continue to play a critical role in influencing financial performance of the firm. First and foremost from empirical studies, there have been on asset structure as to link it with firm's performance (Iqbal, Hameed, & Qadeer, 2012); (Reyhani, 2012); (Kotšina & Hazak, 2012); (Xu & Xu, 2013); (Al-ANI, 2013). Others studies have opted to examine the link between asset and capital structure (Campello & Giambona, 2013); (Koralun-Berežnicka, 2013). Secondly, capital structure has been assessed in many studies on how it affects the performance (Abor, 2005); (El-Sayed Ebaid, 2009); (Memon, Bhutto, & Abbas, 2012); (Ahmed Sheikh & Wang, 2013); (Hull & Dawar, 2014); (Tarek Al-Kayed, Raihan Syed Mohd Zain, & Duasa, 2014); (Ramadan & Ramadan, 2015); (Vätavu, 2015); (Nassar, 2016). Lastly, corporate governance has attracted attention of significant number of researchers in the recent past. Some have examined corporate governance in general in relation to firm performance (Kyereboah-Coleman, 2008); (Thuraisingam, 2013) while others have linked it to capital (Rehman, Rehman, & Raof, 2010); (Achchuthan & Rajendran, 2013); (Alagathurai, 2013); (Ramin & Ling, 2016). Within the context of corporate governance, studies have specifically investigated the effect of board composition (Ezzamel & Watson, 1993); (D. R. Dalton, Daily, Ellstrand, & Johnson, 1998); (Rhoades, Rechner, & Sundaramurthy, 2000); (Weir & Laing, 2001) and board size (B. Hermalin & Weisbach, 2003); (De Andres, Azofra, & Lopez, 2005); (C. M. Dalton & Dalton, 2005); (Jackling & Juhl, 2009).

Generally, from the empirical studies reviewed, there has been a tremendous contribution from the findings regarding asset structure, corporate governance and capital structure. However, to the best of the authors' knowledge, the linkages between asset structure, corporate governance and capital structures with financial performance have not yet been addressed explicitly and modeled collectively in Kenya's construction and manufacturing sectors. To address the gap, the study modeled corporate governance and capital structure to moderate the relationship between asset structure and financial performance of listed construction and manufacturing firms at the Nairobi securities exchange (NSE) in Kenya. This is because these listed firms are bigger, professionally managed with high turnover and asset value (Ayot, 2013). The findings of the study could help these largest and most sophisticated sectors in East Africa to spur their performance and thereby economic growth. The managers and other policy holders in the firm could utilize the findings of the study in devising policies,

activities and strategies to improve performance in full view of interaction with board and capital structure. Therefore, to address the research gap, the study tested the following hypotheses;

H₀₁: There is no significant effect of asset structure on financial performance of construction and manufacturing listed firms in Kenya

H_{01a}: There is no significant effect of noncurrent assets on financial performance of construction and manufacturing listed firms in Kenya

H_{01b}: There is no significant effect of current assets on financial performance of construction and manufacturing listed firms in Kenya

H₀₂: There is no significant moderation effect of capital structure on the relationship between asset structure and financial performance of construction and manufacturing listed firms in Kenya

H_{02a}: There is no significant moderation effect of capital structure on the relationship between noncurrent assets and financial performance of construction and manufacturing listed firms in Kenya

H_{02b}: There is no significant moderation effect of capital structure on the relationship between current assets and financial performance of construction and manufacturing listed firms in Kenya

H₀₃: There is no significant moderation effect of corporate governance on the relationship between asset structure and financial performance of construction and manufacturing listed firms in Kenya

H_{03a}: There is no significant moderation effect of corporate governance on the relationship between noncurrent assets and financial performance of construction and manufacturing listed firms in Kenya

H_{03b}: There is no significant moderation effect of corporate governance on the relationship between current assets and financial performance of construction and manufacturing listed firms in Kenya

LITERATURE REVIEW

Theoretical Framework

In a company, there exist the shareholders whose aim is to maximize their wealth by all means. Shareholders look upon the managers as to realize their goal. According to agency theory, there exist conflicts between the interests of shareholders (principals) and managers (agents) (Jensen & Meckling, 1976). As a means of enhancing monitoring and control, it calls for the need to separate ownership and control (Fama & Jensen, 1983), use of board comprising more of independent directors from outside the firm and elimination of chief executive officer (CEO) duality (Cadbury, 1992); (OECD, 2004). Contrary to agency theory, stewardship theory by (L. Donaldson & Davis, 1991) are of the opinion that managers are stewards who can be entrusted with the firm's resources. Indeed, the proponents of this theory affirm the need to constitute boards with high proportion of inside as opposed to outside directors and also use of CEO duality. The two theories however seem to differ but aim at ensuring that resources of the firm utilized

effectively and efficiently. Agency theory therefore underpins this study since through asset and capital structure, agency relationship is created between the shareholders, managers and debt holders. Stewardship theory on the other hand forms the basis of conceptualization of corporate governance given asset structure, capital structure and financial performance. As stewards, the board members are therefore entrusted to enhance monitoring and control not only to protect shareholders from potential manager's conflicts of interest but also enhance utilization of resources, both assets and finances.

Asset Structure and Financial Performance

Each firm aims at making sound investment decisions as to revitalize their performance in the industry and sector at large. These decisions commit firm's financial resources to both short- and long-term investments. The former refers to those investments vehicles the firm intends to hold for less than a year while the latter is held for more than a year. Capital budgets relate to planning of long-term investments which involve significant amounts of money in the company compared to short term investments. More caution is thus taken by managers when preparing and allocating funds in such budgets. From the word capital budgets, there emerges capital budgeting. According to (Shah, 2007), capital budgeting evolution started from early 1930s. The evolution was relating to capital budgeting in government. After going through several stages (first in early 1930s to sixth stage in late 1990s), capital budgets relating to long term investments have been applicable not only to the government but to other areas including companies. Despite the differences between long term and short-term investment, both constitute the asset structure of the firm. However, more resources need to be allocated towards long term investments (Mwaniki & Omagwa, 2017) than short term investments. Therefore, asset structure was viewed to consist of noncurrent (long term or permanent) and current (short term) assets (Koralun-Bereznicka, 2013).

Asset structure has attracted attention from significant number of researchers in view of the firm's performance. The key scopes of study have been listed firms (Reyhani, 2012); (Al-ANI, 2013); (Mwaniki & Omagwa, 2017), banking (Olatunji & Adegbite, 2014); (Yahaya, Kutigi, Solanke, Onyabe, & Usman, 2015) and manufacturing or industrial sectors (Okwo, Okelue, & Nweze, 2012); (Ishmael & Kehinde, 2013); (Xu & Xu, 2013). Among these studies, the effect of asset structure comprising of noncurrent and current assets collectively has been investigated. From the findings, it has been found that there exist a positive statistical relationship between investment in fixed assets and firm performance while current assets have no impact (Xu & Xu, 2013); (Al-ANI, 2013); (Mwaniki & Omagwa, 2017). Secondly, studies have found investment in fixed assets to have significant impact on firm performance (Iqbal *et al.*, 2012); (Reyhani, 2012); (Olatunji &

Adegbite, 2014). As opposing to this finding, (Okwo *et al.*, 2012) found investment in fixed assets lacking significant impact while (Kotšina & Hazak, 2012) established a negative relationship with firm performance. Lastly from findings by (Ishmael & Kehinde, 2013), current assets positively impact on firm's profitability. In (Yahaya *et al.*, 2015), investment in current assets as financial assets held for trading, loans, advances to customers, cash and bank balances positively affect performance. For other category of current assets (derivative assets, loans and advances to banks), their impact on firm's ROA is negative. The study thus sought to test H_{01} ; there is no significant effect of asset structure on financial performance of construction and manufacturing listed firms in Kenya.

Moderating Effect of Capital Structure

Capital structure is associated with financing decisions in the firm. Hence, the mix between debt and equity was first described by described Franco Modigliani and Merton Miller, popularly known as MM in 1958. Debt represents a liability (Ross, Westerfield, Jaffe, & Helmuth, 2002) which according to (Swanson, Srinidhi, & Seetharaman, 2003) refers to a contractual arrangement between the firm and debt holder stating the principal, relevant interest and maturation date. Long term debt differs from short term debt as the former takes more than one year from the date of current balance sheet. Equity being the residual of the difference between total assets and total liabilities (Ross, 2011) gives holders form of certain rights to determine overall direction of the firm and disposition of assets if the firm is dissolved (Swanson *et al.*, 2003). Through this form of capital, equity holders as residual claimants (Jensen & Meckling, 1976); (Booth, Aivazian, Demirguc-Kunt, & Maksimovic, 2001) of which they can influence and monitor management's decisions (Kisgen, 2009). Notably, capital structure decisions are complicated by perpetual changes in business environment (Bubic & Susak, 2016) hence existence of several determinants of capital structure as highlighted by several scholars in 1970s and 1980s. Common determinants include transaction costs (Titman & Wessels, 1988), collateral, non-debt tax shields (DeAngelo & Masulis, 1980), growth opportunities (Myers, 1977); (Jensen & Meckling, 1976), uniqueness of a firm, industry classification (Titman, 1984), firms size (Warner, 1977); (Ang, Chua, & McConnell, 1982), costs of issuing debt and equity securities (Smith Jr, 1977), profitability and volatility of operating earnings (Myers & Majluf, 1984). Among the capital structure determinants identified, there are those relating to assets characteristics of the firm. They include value of assets (Ellili & Farouk, 2011), asset structure, tangibility of the firm (Akhtar, 2005); (Hall, 2012) and liquidity (Morellec, 2001); (Sibilkov, 2009).

Given the debt equity mix and availability of growth opportunities, more equity than debt finance is required by the firm (Jensen, 1986). On the other hand, more debt than equity is used as firm matures (Hovakimian, Opler, & Titman, 2001); Frielinghaus (Frielinghaus, Mostert, & Firer, 2005) or when it has more growth opportunities (Datta, Iskandar-Datta, & Raman, 2005). As result, more debt than equity signifies high financial leverage (Ward & Price, 2006). Regardless of the state of maturity, firms need finances to undertake various projects (Chechet & Olayiwola, 2014). In this case, a single source of financing is not reliable hence debt and equity are incorporated (Cheng, 2009). Financial managers are tasked with establishing the optimum combination between debt and equity (Akeem, Terer, Kiyanjui, & Kayode, 2014) as wrong mix may seriously impact on firm's performance (Chinaemerem & Anthony, 2012). Therefore, from the tradeoff theory of capital structure, there is need to balance different benefits and costs associated financing. With this in mind, capital structure plays an important role in performance of the firm based on its valuation (Welch, 2004). Therefore, a positive relationship existed between capital structure and firm performance (Tarek Al-Kayed *et al.*, 2014) but more specifically if equity unlike debt financing is used (Vätavu, 2015). In addition, positive relationship between equity and long term debt on performance has been reported among listed firms (Githire & Muturi, 2015). In the study by (Abor, 2005), there existed a significant positive relationship between total debt to total asset ratio and performance. Given capital structure and firm performance relationship, other studies have found negative (Ahmed Sheikh & Wang, 2013); (Hull & Dawar, 2014); (Nassar, 2016), inverse (Memon *et al.*, 2012); (Ramadan & Ramadan, 2015), weak to no impact (El-Sayed Ebaid, 2009) and no impact absolutely (Pratheepkanth, 2011); (Al-Taani, 2013).

Other than affecting performance of the firm, capital structure represents major claims to corporation assets (Riahi-Belkaoui, 1999) and makes up the sources of corporate assets (Pandey, 2000). Generally, asset structure significantly affects capital structure (Koralun-Bereźnicka, 2013) but to some extent, the relationship may be curvilinear (Muscuttola, 2014). Moving away from the general view, many assets' characteristics and capital structure relationship has yielded mixed results as evident from various studies. To begin with, a positive relationship exists between collateral value of assets and debt (Hirota, 1999); (Thomhill, Gellatly, & Riding, 2004); (Akhtar, 2005). Contrary to these, (Cornelli, Portes, & Shaffer, 1996) pinpoints negative relationship. Secondly, some findings indicate a positive relationship between liquidity of assets and debt financing (Shleifer & Vishny, 1992) while study by (Sibilkov, 2009) attained negative effect. Lastly based on tangibility of the firm, there exist either positive (Frank & Goyal, 2009); (Charalambakis & Psychoyios, 2012); (Hall, 2012); (Campello &

Giambona, 2013); (Skoogh & Swärd, 2015) and or negative relationship (Harris & Raviv, 1991); (Morellec, 2001) in relation to firm's capital structure. In studies relating to asset and capital structure relationship, capital structure has been the independent variable. (Setiadharna & Machali, 2017) tested the mediating effect of capital structure given the relationship between asset structure and firm value. Given that capital structure interferes with the relationship between asset structure and financial performance, the study extended the existing literature by testing the hypothesis H_{02} ; there is no significant moderation effect of capital structure on the relationship between asset structure and financial performance of construction and manufacturing listed firms in Kenya.

Moderating Effect of the Corporate Governance

Corporate governance of the firm especially in the 21st century is becoming a household name across the world. It is evident that governance practices in the firm associated with financial management decisions and performance (Andreou, Louca, & Panayides, 2014). Pointing out financial management, key decisions are made regarding financing, investment and dividend in the firm. First, corporate governance is associated with investment decisions in the firm. Adam Smith in 1776 while describing the wealth of nations referred company directors as '*managers of other people's money*'. However, (Fama & Jensen, 1983) state that managers (agents) can deviate from shareholders' (principals') interests if there are no corporate governance controls. These managers have tendency to invest by undertaking projects that benefit themselves and aim in any way at maximizing shareholders' wealth (Jensen & Meckling, 1976). To avoid this mess, agency theory emphasizes incorporation of non-executive directors on the BOD and discouraging CEO duality. Stewardship theory which is seen as extension of agency theory supports the use of non-executive BOD but encourage CEO duality and reduction of BOD size. While explaining the free cash flow hypothesis, (Jensen, 1986) states that corporate managers are agents to increase the resources under their control for the firm to grow beyond its optimal size. As free cash flows (excess of that required to fund investment in all viable projects) increases, conflicts between managers and shareholders become severe. Hence, Jensen's free cash flow hypothesis explains how debt can reduce these conflicts while motivating manager to avoid investing the excess cash on projects below cost of capital.

Corporate governance plays a major role in re-vamping the structures and systems of organizations. These roles include reduction of agency conflicts by aligning organization's and stakeholders goals (Bhagat & Bolton, 2008), reduce control rights managers have, increase investment in viable projects (Shleifer & Vishny, 1997), safeguard stakeholders' interests (Danielson & Kapoff, 1998), protect consumers, promote competitive advantage (Rajan & Zingales,

2003). (J. Donaldson & Fafaliou, 2003) posit that good governance enhances investor confidence and improves liquidity in the market. Over time, corporate governance in a firm has been defined based on audit committees (Thuraisingam, 2013), leadership structure (Achchuthan & Rajendran, 2013) and corporate governance committee (Andreou *et al.*, 2014). Others include ownership structure (Rehman *et al.*, 2010); (Andreou *et al.*, 2014); (Rostami, Rostami, & Kohansal, 2016), CEO characteristics (Alagathurai, 2013); (Rostami *et al.*, 2016) and board (Hossain, Prevost, & Rao, 2001); (Rehman *et al.*, 2010); (Achchuthan & Rajendran, 2013); (Thuraisingam, 2013); (Alagathurai, 2013); (Rostami *et al.*, 2016); (Ramin & Ling, 2016). In the study, firm's BOD is entrusted to make several key decisions on behalf of the firm. As a result, board structure was singled out because the board enforces corporate governance controls to prevent managers from deviating from shareholders' interests (Jensen & Meckling, 1976); (Fama & Jensen, 1983) but instead increase investments in positive net present value (NPV) projects (Shleifer & Vishny, 1997). Basing on this, the corporate governance interferes with the direct nexus between assets structure of the firm and financial performance.

From empirical studies examining corporate governance from financing decision perspective, there exists a positive relationship between board size (Rehman *et al.*, 2010); (Alagathurai, 2013), board committee (Achchuthan & Rajendran, 2013), board

composition and CEO duality (Alagathurai, 2013) and capital structure. Lastly from performance perspective, corporate governance positively affects the market value (Black, Jang, & Kim, 2006); (Chen, 2008). (Rostami *et al.*, 2016) study found corporate governance aspects (ownership concentration, board independence, CEO duality and tenure) to positively affect performance unlike institutional ownership and board size which causes a negative effect. According to (Hutchinson, 2002) and (Thuraisingam, 2013), presence of non-executive directors in the board weakens firm's performance while (Gupta & Sharma, 2014) conclude that corporate governance limits financial performance. Moreover, board comprising of non-executive directors positively affect performance (Rhoades *et al.*, 2000); (Weir & Laing, 2001) which (Agrawal & Knoeber, 1996) negates. Board composition has also been determined to have no substantive effect on performance (B. E. Hermalin & Weisbach, 1991); (D. R. Dalton *et al.*, 1998). Board size affects performance ranges from positive (C. M. Dalton & Dalton, 2005); (Jackling & Juhl, 2009); (Van den Berghe & Levrau, 2004) to negative (B. Hermalin & Weisbach, 2003); (De Andres *et al.*, 2005). Having seen corporate governance from investment, financing and performance perspective, the study sought to test the hypothesis (H_{03}); there is no significant moderation effect of corporate governance on the relationship between asset structure and financial performance construction and manufacturing listed firms in Kenya.

Conceptual Framework

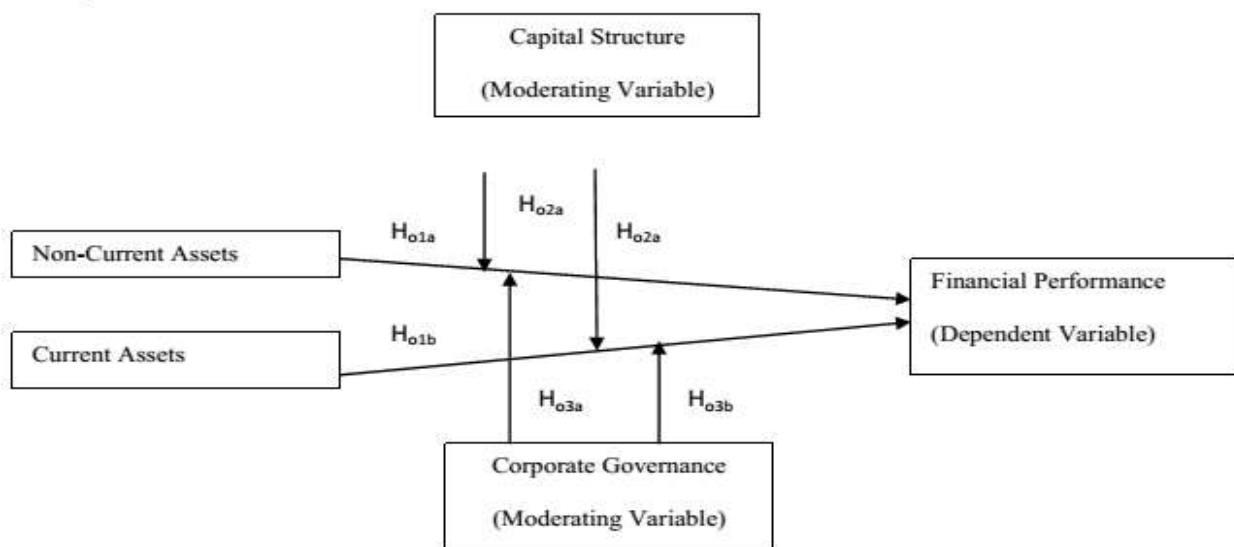


Figure 1; Conceptual Framework
 Source; Researcher (2018)

MATERIALS AND METHODS

The research was based on post positivist paradigm and explanatory research design as to understand and predict relationships between study variables. The target population comprised of 14 listed firms from 2008 to 2017 under construction and manufacturing

sectors who have met the requirements given the listing rules at the NSE, Kenya. However, inclusion criteria were based on firms that have complete data for the entire study period. As a result, using document analysis of audited annual financial reports, panel data was collected from 12 listed firms.

Measurement of Variables

Independent Variable (Asset Structure)

Asset structure has been measured based on the values of current assets, long term investments, plant, property and equipment including other assets (Pandey, 2000). In study by (Reyhani, 2012), asset structure is defined to consist of fixed and noncurrent assets. (Setiadharna & Machali, 2017) defined assets structure using ratio of fixed assets to total assets in the firm. Asset structure has further been identified with components as financial assets, current investments, cash in hand and at bank, tangible, fixed and current assets (Koralun-Bereznicka, 2013). Basing on the past studies, asset structure was measured based on the book values of current and noncurrent assets as reported in the audited financial statements for each company. However, to reduce disparities, the study determined the natural logarithm of the book values of current and noncurrent assets.

Dependent variable (Financial Performance)

Financial performance has been measured using earnings before interest and tax (EBIT) (Reyhani, 2012), earnings per share (EPS), current ratio (Mwaniki & Omagwa, 2017) and profit margin (Iqbal *et al.*, 2012); (Ishmael & Kehinde, 2013); (Mwaniki & Omagwa, 2017). Other common indicators include return on assets (ROA) (Kotšina & Hazak, 2012); (Al-ANI, 2013); (Yahaya *et al.*, 2015); (Mwaniki & Omagwa, 2017) and return on equity (ROE) (Al-ANI, 2013); (Mwaniki & Omagwa, 2017). Given that in listed firms shareholders are interested more on the returns, ROE (net income divided by shareholder's equity) was adopted as an indicator of financial performance.

Moderating Variable (Corporate Governance)

Organization for Economic Cooperation and Development (OECD) in 2004 termed corporate governance a system to direct and control corporations (OECD, 2004). (Danielson & Karpoff, 1998) points out the existence of several relevant players hence need of corporate governance framework to control and safeguard their interests. Given that most decisions in listed firms are made by the board of directors, corporate governance was thus defined based on size as the key characteristic of the board. In the past studies,

board size has been determined based on the number of directors in the company's board (C. M. Dalton & Dalton, 2005); (Jackling & Johl, 2009); (Rehman *et al.*, 2010); (Ramin & Ling, 2016). The study adopted the same measure of board size while investigating the moderating effect of corporate governance in the relationship between asset structure and financial performance among listed construction and manufacturing firms in Kenya.

Moderating Variable (Capital Structure)

Empirically, capital structure has been measured using debt equity ratio (Setiadharna & Machali, 2017), capital asset ratio (Tarek Al-Kayed *et al.*, 2014) and ratio of total debt, both short term and long term, to total assets (Rajan & Zingales, 2003); (El-Sayed Ebaid, 2009); (Ramadan & Ramadan, 2015); (Vätavu, 2015); (Nassar, 2016). Other studies have measured capital structure using the ratio of short term as well as long term debt to total assets (El-Sayed Ebaid, 2009); (Ramadan & Ramadan, 2015); (Vätavu, 2015). Borrowing from other studies, the study assessed capital structure based on debt equity ratio.

Control Variables

In this study, firm size and age were controlled while examining the relationships between variables. Naturally, large firms who have existed for several years are characterized by better performance, good reputation, ease accessibility to capital market and other opportunities. Firms are required enlarge their size as to comply with institutional environment requirements (Jónsson, 2007). Firm size as a determinant of capital structure positively affects the leverage of the firm (Frank & Goyal, 2009); (González & González, 2011); (Kushev & Strebulaev, 2015). Given performance, firm size has also been found to have significant impact (Papadogonas, 2006); (Lee, 2009); (Vijayakumar & Tamizhselvan, 2010); (Doğan, 2013). Firm age as determined by number of years since incorporation positively affects performance (Bhayani, 2010); (Coad, Segarra, & Tenuel, 2013); (Ilaboya & Ohiokha, 2016). Firm age was therefore measured based on the natural logarithm of number of years since listed while firm size was established through determination of natural logarithm of firm's total assets.

Data analysis approach

First and foremost, descriptive statistics were handy in organizing and describing the data. These included the mean, standard deviation, minimum and maximum. Later, multiple regression analysis was conducted as to test the hypotheses. The regression models were as follows;

Direct effects with and without controls

$$\text{Model 1: } FP_{it} = \beta_0 + \beta_1 FA_{it} + \beta_2 FS_{it} + \beta_3 NCA_{it} + \beta_4 CA_{it} + e_{it}$$

Moderating effect of Capital Structure

$$\text{Model 2: } FP_{it} = \beta_0 + \beta_1 FA_{it} + \beta_2 FS_{it} + \beta_3 NCA_{it} + \beta_4 CS_{it} + \beta_5 NCA * CS_{it} + e_{it}$$

$$\text{Model 3: } FP_{it} = \beta_0 + \beta_1 FA_{it} + \beta_2 FS_{it} + \beta_3 CA_{it} + \beta_4 CS_{it} + \beta_5 CA * CS_{it} + e_{it}$$

Moderating effect of Corporate Governance

$$\text{Model 4: } FP_{it} = \beta_0 + \beta_1 FA_{it} + \beta_2 FS_{it} + \beta_3 NCA_{it} + \beta_4 CG_{it} + \beta_5 NCA * CG_{it} + e_{it}$$

$$\text{Model 5: } FP_{it} = \beta_0 + \beta_1 FA_{it} + \beta_2 FS_{it} + \beta_3 CA_{it} + \beta_4 CG_{it} + \beta_5 CA * CG_{it} + e_{it}$$

Where; AS (asset structure); NCA (noncurrent assets); CA (current assets); CS (capital structure); CG (corporate governance); FP (financial performance); FS (firm size); FA (firm age)

RESULTS AND DISCUSSIONS

The main aim of this paper was to assess the moderating effect of capital structure and corporate governance given asset structure-financial performance linkage. However, prior to testing the stated hypothesis

using multiple regression analysis, secondary panel data was analyzed descriptively in Table 1 using the mean, standard deviation (std. dev.), maximum and minimum. Moreover, diagnostics as well as panel unit root test was conducted as shown in Table 2 and 3 respectively.

Table 1. Descriptive Statistics

	FP	CA	NCA	CG	CS	FA	FS
Mean	0.201	15.003	15.333	8.417	1.610	3.337	22.888
Maximum	2.888	17.054	18.290	13.000	30.842	4.190	25.236
Minimum	-8.953	12.493	12.024	4.000	0.096	0.693	20.465
Std. Dev.	1.021	1.077	1.574	2.318	2.928	0.707	1.285
Observations	120	120	120	120	120	120	120

*FP (Financial performance); CA (Current assets); NCA (Noncurrent assets); CG (Corporate governance); CS (Capital structure); FA (Firm age); FS (Firm size)
Source; Research data (2018)

Financial performance in Table 1 had a mean of 0.201 and standard deviation of 1.021 with maximum of 2.888 and minimum of -8.953. Maximum value indicated that listed firms were able to generate profits without the need of more capital from the shareholders. On the contrary, a negative minimum value was a clear indication that net income was negative. Current assets had a lower standard deviation (1.077) compared to that of noncurrent assets (1.574). Hence, book values of current assets were closer to the mean than those of noncurrent assets. Corporate governance as indicated by board size had a mean of 8.417 with the standard

deviation of 2.318. Furthermore, the maximum numbers of directors in the board were 13 while the minimum number was 4. The maximum value of capital structure was 30.842 implying that some listed firms had huge debts. The possible explanation is that firms under construction and manufacturing sector require huge capital which can be raised in form of debt to finance their capital-intensive projects. The mean size of listed firms was found to be 22.888 with a standard deviation of 1.285. Lastly, firm age had most numbers closer to the mean of 3.337 given a lower standard deviation of 0.707 compared to that of firm size (1.285).

Table 2. Diagnostics Tests

Regression Assumption	Test	Hypothesis	Finding	Remark
Normality	Jarque-Bera	H ₀ ; Data is normally distributed H ₁ ; Data is not normally distributed	P-value = .170 > .05	Data was normally distributed
Serial correlation	Durbin Watson		1.402	Residuals were independent
Homoscedasticity	Breusch-Pagan/Cook-Weisberg	H ₀ ; Residual variances are homogeneous H ₁ ; Residual variances are not homogeneous	P-value = .149 > .05	Variances of residuals were homogeneous
Multicollinearity	Variance Inflation Factor (VIF)	CA = 1.723; NCA = 2.103; CS = 3.349; CG=2.677; FA = 4.482; FS = 3.419		There was no multicollinearity as all VIF were less than 10

*CA (Current assets); NCA (Noncurrent assets); CS (Capital structure); CG (Corporate governance); FA (Firm age); FS (Firm size)

Source; Research data (2018)

Panel data in nature is stochastic or probabilistic given that there is no accurate formula when prediction needs to be done. The study thus utilized Levin, Lin and Chu (LLC), Im, Pesaran and Shin (IPS) to test for unit root. Ideally, the null hypothesis for both LLC and IPS test is that panels are not stationary against the

alternative hypothesis (panels are stationary). From the findings in Table 3, all the probability values (p-values) for LLC and IPS tests were less than 5% level of significance. This led to rejection of the null hypothesis thereby implying that panels were stationary.

Table 3. Panel Unit Root Test

Variable	Levin, Lin and Chu (LLC) test p-values	Im, Pesaran and Shin (IPS) test p-values
Current assets	.0000	.0000
Noncurrent assets	.0001	.0018
Corporate governance	.0000	.0042
Capital Structure	.0000	.0000
Firm age	.0000	.0000
Firm size	.0001	.0045
Financial performance	.0000	.0283

Source; Research data (2018)

Hypothesis Testing

The study sought to test hypotheses using regression analysis given the direct relationship between asset structure and financial performance of listed construction and manufacturing firms at NSE. In addition, hypotheses stated given the moderating effect of corporate governance and capital structure was also tested.

Results on the Direct Effects

Prior to presentation of direct effects findings, there was need to select the appropriate panel regression

model. Basically, the null hypothesis states that random effect model is appropriate against the alternative hypothesis which states that fixed effect model is appropriate. As a result, Hausman test was conducted where by Probability of the Chi Square (Chi²) was found to be .0090 < .05. Basing on this, the null hypothesis was rejected thereby implying that fixed effect model was appropriate in this study. In Table 4, R-Squared of 0.482 implied that 48.2% variations in financial performance (dependent variable) of listed construction and manufacturing firms at NSE in Kenya were explained by independent variables.

Table 4. Regression Results for Direct Effects

Dependent Variable: Financial Performance
 Periods included: 10
 Cross-sections included: 12
 Total panel (balanced) observations: 120
 Prob (F-statistic) = .000
 R –Squared = 0.482

Variable	Coefficient	t-Statistic	Prob.
Constant	8.466 (7.371)	1.149	.253
Current Assets	1.452 (0.340)	4.268	.000
Nun Current Assets	1.389 (0.612)	2.269	.025
Firm Age	-1.128 (0.427)	-2.643	.001
Firm Size	-2.079 (0.823)	-2.524	.013

*Standard errors are shown in parenthesis
 Source; Research data (2018)

In Table 4, there was a positive ($\beta = 1.389$) and statistically significant ($p\text{-value} = .025 < .05$) relationship between noncurrent assets and financial performance. Hence, 1 unit increase in noncurrent assets led to increase in financial performance by 1.389 units. The study thus rejected H_{01a} and concluded that there was a statistically significant relationship between noncurrent assets and financial performance of listed construction and manufacturing firms in Kenya. This finding thus were in line with those by (Iqbal et al., 2012), (Mwaniki & Omagwa, 2017). However, the result contradicts (Okwo et al., 2012), (Kotšina & Hazak, 2012) who documented no and negative relationship respectively between noncurrent assets and financial performance. In addition, there was a positive

($\beta = 1.452$) and statistically significant ($p\text{-value} = .000 < .05$) relationship between current assets and financial performance. As a consequence, 1 unit change in current assets led to increase in financial performance by 1.452 units. Based on this result, hypothesis H_{01b} was rejected; there is no significant relationship between current assets and financial performance of listed construction and manufacturing firms at NSE in Kenya. The study thus in tandem with Ishmael and (Ishmael & Kehinde, 2013) as well as (Yahaya et al., 2015) concluded that there exist a positive and statistical significant relationship between current assets and financial performance of listed construction and manufacturing firms in Kenya. From the results in Table 4, model 1 was fitted as follows;

$$\text{Model 1: } FP_{it} = 8.466 - 1.128FA_{it} - 2.079FS_{it} + 1.389NCA_{it} + 1.452CA_{it}$$

(7.371) (0.427) (0.823) (0.612) (0.340)

Results for Moderation effect

As to assess the moderating effect, an interaction was created between capital structure and noncurrent assets. In Table 5, a positive ($\beta = .366$) and statistically significant ($p\text{-value} = .024 < .05$) relationship between noncurrent assets and financial performance was

maintained even though it was lower than in direct effects results ($\beta = 1.389$). Moreover, there was a positive ($\beta = .734$) but insignificant ($p\text{-value} = .267 > .05$) relationship between capital structure and financial performance.

Table 5. Moderating Effect of Capital Structure in the Relationship between Noncurrent assets and Financial Performance

Variable	Coefficient	t-Statistic	Prob.
Constant	3.101 (1.444)	2.147	.013
Firm Age	0.276 (0.104)	2.657	.010
Firm Size	-0.400 (0.241)	-1.663	.100
Non-Current Assets	0.366 (0.134)	2.742	.024
Capital Structure	0.734 (0.657)	1.117	.267
Interaction	-0.057 (0.039)	-1.483	.141

*Standard errors are shown in parenthesis
Source; Research data (2018)

Checking on the interaction result, there was a negative ($\beta = -.057$) and insignificant ($p\text{-value} = .141 > .05$) moderating effect of capital structure in the relationship between noncurrent assets and financial performance. The study sought to test hypothesis H_{02a} ; there is no significant moderation effect of capital structure on the relationship between noncurrent assets and financial performance of construction and manufacturing listed firms in Kenya. From the results, H_{02a} was failed to be rejected thereby concluding that capital structure does not moderate the relationship between noncurrent assets and financial performance of construction and manufacturing firms listed in Kenya. From the mod graph presentation in Figure 2, it is

evident from the two parallel lines that there is no moderating effect of capital structure. Thus, at low levels of noncurrent assets, there is high financial performance for listed firms with high capital structure compared to those with low capital structure. At high levels of noncurrent assets, financial performance of firms with low and high capital structures slightly increase but the former still remains below those firms with high capital structure. This therefore implies that interaction effect of capital structure does not have impact on the effect of noncurrent assets on financial performance of listed construction and manufacturing firms at NSE in Kenya.

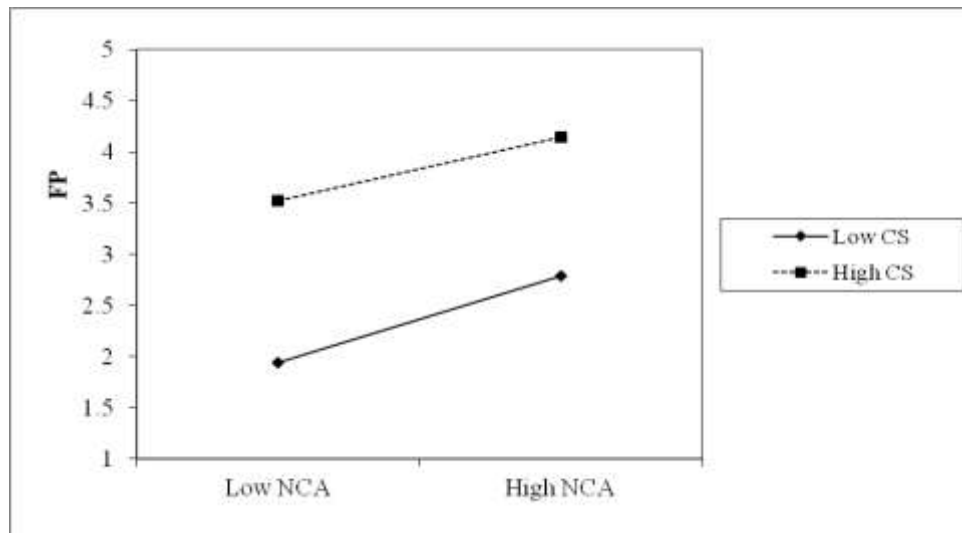


Figure 2; Nature of Moderating effect of Capital Structure in the Relationship between Noncurrent Assets and Financial Performance
 Source; Research Data (2018)

Based on the results in Table 5, model 2 was fitted as follows;

$$FP_{it} = 3.101 + 0.276FA_{it} - 0.400FS_{it} + 0.366NCA_{it} + 0.7234CS_{it} - 0.057NCA * CS_{it}$$

(1.444) (0.104) (0.241) (0.134) (0.657) (0.039)

The study further tested H_{02b}, there is no significant moderation effect of capital structure on the relationship between current assets and financial performance of construction and manufacturing listed firms in Kenya. Prior to checking for interaction effect, the study found in Table 6 that current assets positively ($\beta = 2.266$) and statistically significantly ($p\text{-value} = .034 < .05$) related

with financial performance. The estimate in this case was higher compared to 1.452 found during the estimation of direct effects. On the other hand, there was a positive ($\beta = .832$) and statistically significant relationship ($p\text{-value} = .000 < .05$) with financial performance. This finding thus concurred with those of (Abor, 2005) and (Tarek Al-Kayed et al., 2014).

Table 6. Moderating Effect of Capital Structure in the Relationship between Current assets and Financial Performance

Dependent Variable: Financial Performance
 Periods included: 10
 Cross-sections included: 12
 Total panel (balanced) observations: 120
 Prob. F Statistic = .000
 R-Squared = 0.664

Variable	Coefficient	t-Statistic	Prob.
Constant	5.549 (2.162)	2.566	.000
Firm Age	0.225 (0.085)	2.643	.009
Firm Size	0.080 (0.028)	2.842	.025
Current Assets	2.266 (1.144)	1.981	.034
Capital Structure	0.832 (0.350)	2.380	.000
Interaction	1.177 (0.424)	2.776	.000

*Standard errors are shown in parenthesis
 Source; Research data (2018)

In Table 6, capital structure positively ($\beta = 1.177$) and statistically significantly ($p\text{-value} = .000 < .05$) moderated the relationship between current assets and financial performance. Thus, 1 unit increase in the interaction between capital structure and current assets led to the increase in financial performance by 1.177 units. In the end, hypothesis H_{02b} was rejected and

concluded that capital structure does significantly moderate the relationship between current assets and financial performance of construction and manufacturing firms listed at NSE in Kenya. More importantly, capital structure had an enhancing moderating effect since it increases the effect of current assets on financial performance.

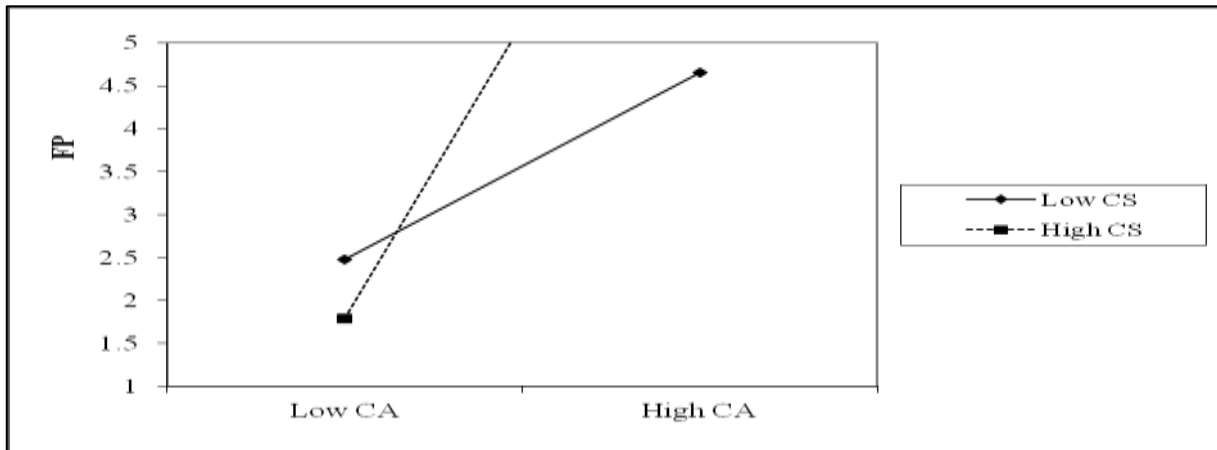


Figure 3; Nature of Moderating effect of Capital Structure in the Relationship between Current Assets and Financial Performance

Source; Research Data (2018)

At low levels of current assets in Figure 3, financial performance of listed firms with low capital structure is higher compared to those with higher capital structure. At high levels of current assets, financial performance of listed firms with high capital structure increased rapidly than for firms with lower capital structure. Practically, listed firms with high capital structure are

said to have more levels of debt compared to equity capital proportion. Hence, firms with high current assets and high capital structure have higher ROE which is an indicator of financial performance. This further implies that management is utilizing capital raised in form of equity well and that the net income for such firms is positive. Model 3 was therefore fitted as follows;

$$FP_{it} = 5.549 + 0.225FA_{it} + 0.080FS_{it} + 2.266CA_{it} + 0.832CS_{it} + 1.177CA * CS_{it}$$

(2.162) (0.085) (0.028) (1.144) (0.350) (0.424)

Table 7. Moderating Effect of Corporate Governance in the Relationship between Noncurrent assets and Financial Performance

Dependent Variable: Financial Performance			
Periods included: 10			
Cross-sections included: 12			
Total panel (balanced) observations: 120			
Pro. F-Statistic = .003			
R-Squared = 0.514			
Variable	Coefficient	t-Statistic	Prob.
Constant	3.964 (1.438)	2.757	.022
Firm Age	0.334 (0.152)	2.198	.030
Firm Size	-0.079 (0.347)	-0.227	.821
Non-Current Assets	0.975 (0.400)	2.436	.014
Corporate Governance	1.180 (0.505)	2.338	.021
Interaction	1.700 (0.783)	2.172	.032

*Standard errors are shown in parenthesis

Source; Research data (2018)

From Table 7, the study found a positive ($\beta = .975$) and statistically significant ($p\text{-value} = .014 < .05$) relationship between noncurrent assets and financial performance. Furthermore, there was a positive ($\beta = 1.180$) and statistically significant ($p\text{-value} = .021 < .05$) relationship between corporate governance and financial performance. This finding supports those by (Van den Berghe & Levrau, 2004), (C. M. Dalton & Dalton, 2005) as well as (Jackling & Johl, 2009). Once noncurrent assets were interacted with corporate governance, there was a positive ($\beta = 1.700$) and statistically significant ($p\text{-value} = .032 < .05$) effect on

financial performance. Thus, there was rejection of hypothesis H_{03a} ; there is no significant moderation effect of corporate governance on the relationship between noncurrent assets and financial performance of construction and manufacturing listed firms in Kenya. It was instead concluded that corporate governance do moderate the relationship between noncurrent assets and financial performance of firms listed under construction and manufacturing sectors in Kenya. Notably, capital structure had enhancing moderating effect since its increase increased the effect of noncurrent asset on financial performance.

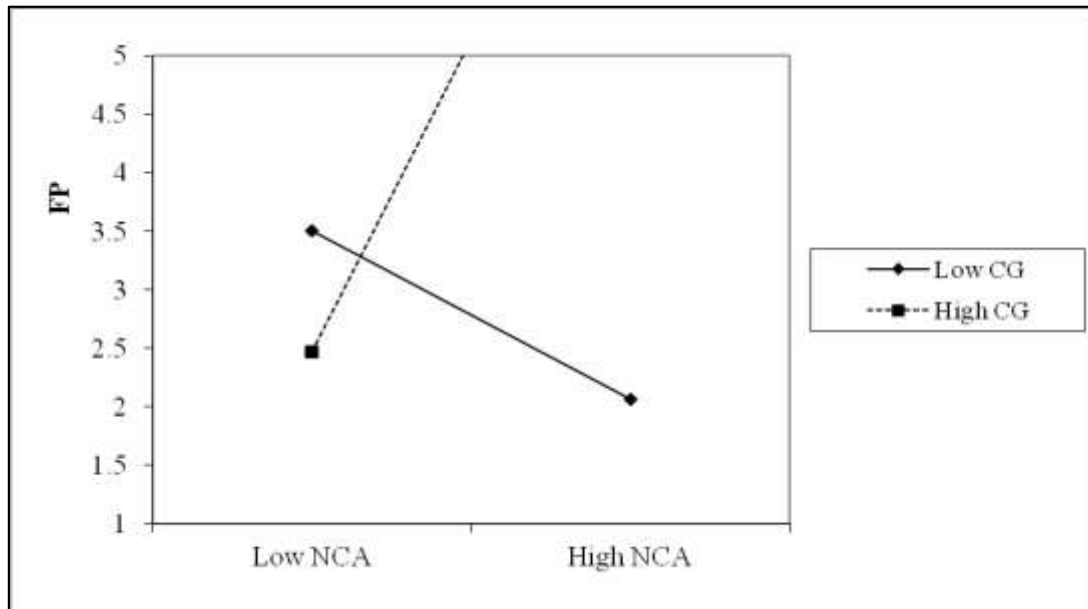


Figure 4; Nature of Moderating effect of Corporate Governance in the Relationship between Noncurrent Assets and Financial Performance
 Source; Research Data (2018)

At low levels of noncurrent assets in Figure 4, financial performance of firms with low corporate governance is higher than for those with high corporate governance. Generally, noncurrent assets are not liquid hence cannot easily be converted into cash. This will force a firm to maintain low levels of noncurrent assets as to enhance liquidity position and thereby financial performance. As the number of members in board increases, decision making regarding performance could be lengthened thus not favorable to a firm. To overcome this, listed firms will decrease its board size as to advance financial performance. At high levels of

noncurrent assets in Figure 4, financial performance of firms with high corporate governance is higher than for those firms with lower corporate governance. Practical implication is that as the number of noncurrent assets increases, listed firms tend to perform better. This is arises given that high number of board members have diverse opinions which may be favorable to elevating financial performance in the long run. Moreover in line with the opinion by (J. Donaldson & Fafaliou, 2003), increased corporate governance boosts investor confidence which in turn improves liquidity in the firm. Model 4 was fitted as follows;

$$FP_{it} = 3.964 + 0.334FA_{it} - 0.079FS_{it} + 0.975NCA_{it} + 1.180CG_{it} + 1.700NCA * CG_{it}$$

(1.438) (0.152) (0.347) (0.400) (0.505) (0.783)

Table 8. Moderating Effect of Corporate Governance in the Relationship between Current assets and Financial Performance

Dependent Variable: Financial Performance			
Periods included: 10			
Cross-sections included: 12			
Total panel (balanced) observations: 120			
Prob. F-statistic = .000			
R-squared=0.338			
Variable	Coefficient	t-Statistic	Prob.
Constant	3.774 (0.705)	5.350	.000
Firm Age	0.082 (0.143)	0.569	.571
Firm Size	-0.304 (0.134)	-2.270	.025
Current Assets	1.243 (0.347)	3.579	.001
Corporate Governance	1.207 (0.204)	5.922	.000
Interaction	2.204 (0.389)	5.672	.000

*Standard errors are shown in parenthesis
Source; Research data (2018)

In Table 8, current assets positively ($\beta = 1.243$) and statistically significantly ($p\text{-value} = .001 < .05$) affected financial performance. Thus, 1 unit increase in current assets led to change in financial performance by 1.243 units. In regards to corporate governance, a positive ($\beta = 1.207$) and statistically significant ($p\text{-value} = .000 < .05$) was found given financial performance of listed construction and manufacturing firms at NSE in Kenya. This was in line with (Jensen & Meckling, 1976) who set forth boards of directors are tasked with

enforcing corporate governance controls. This will go a long way in hindering managers from pursuing their selfish interests and in turn improve financial performance. The study further found a positive ($\beta = 2.204$) and statistically significant ($p\text{-value} = .000 < .05$) moderating effect of capital structure. As a result, hypothesis H_{03b} was rejected and concluded that capital structure does moderate the relationship between current assets and financial performance of listed construction and manufacturing firms at NSE in Kenya.

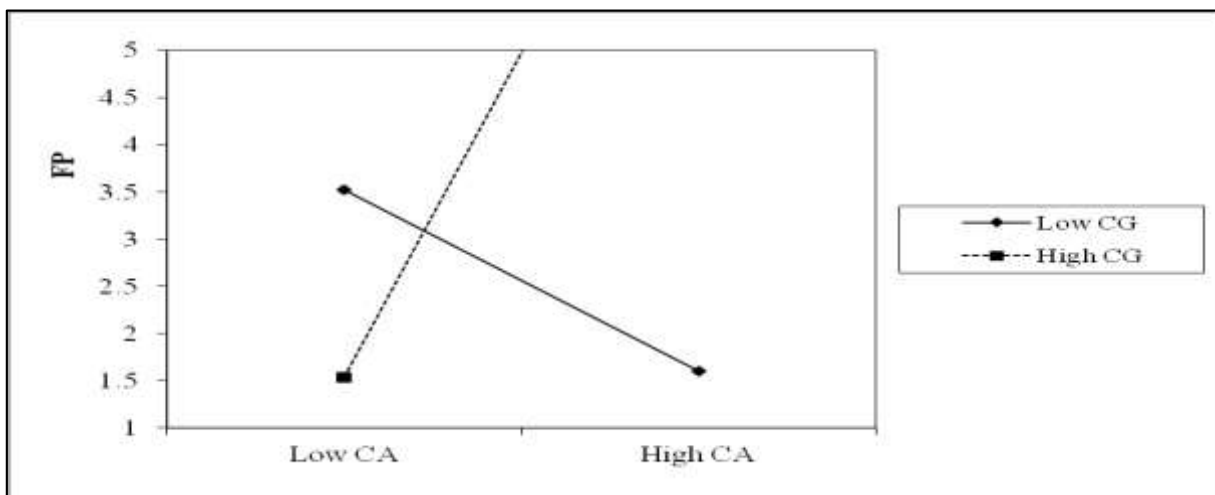


Figure 5; Nature of Moderating effect of Corporate Governance in the Relationship between Current Assets and Financial Performance
Source; Research Data (2018)

At low levels of current assets in Figure 5, financial performance of listed firms with low corporate governance is higher compared to those with high. Hence, despite that a firm has few current assets, high

financial performance is still possible so long as the number of directors in the board remains low. Practically, these few directors in the board will make decisions which not only increase current assets from

the low levels but also increase financial performance. At high levels of current assets, financial performance of firms with high corporate governance increases while those of firms with low corporate governance declines. Hence, corporate governance had an enhancing effect since by increasing it, effect of current assets on financial performance was evident in Figure 5. In

$$FP_{it} = 3.774 + 0.083FA_{it} - 0.304FS_{it} + 1.243CA_{it} + 1.207CG_{it} + 2.204CA * CG_{it}$$

(0.705) (0.143) (0.134) (0.347) (0.204) (0.389)

CONCLUSIONS

Generally, asset structure of firms comprises of current and noncurrent assets. This structure as pointed out by (Reyhani, 2012) determines the survival of the firm. Moreover, a firm is in a better position to boost its value as well as reduce risks using its asset structure (Xu & Xu, 2013). In most listed firms, with no exception of those in Kenya, the BOD as one of the vital elements of corporate governance are tasked with making decisions regarding financial performance. Hence, this board participates actively on making key decisions as financing and investing. The former relates to those decisions to raise capital through debt and equity while the latter allocates resources to key areas as to generate future economic benefits. Investing and financing decisions thus yield key concepts as asset structure and capital structure respectively. On the other hand, corporate governance comes into play given the monitoring role of the board in line with financial performance of the firm. In view of this therefore, the study successfully filled the gap in existing literature by examining asset structure, capital structure, corporate governance and financial performance collectively among listed construction and manufacturing firms at NSE in Kenya. From the analysis, both current and noncurrent assets positively affected financial performance of the listed firms. Given the interaction effect, capital structure failed to moderate the relationship between noncurrent assets and financial performance. In conclusion therefore, high and low levels of capital structure had no impact on the effect of noncurrent assets on financial performance. On the contrary, capital structure was an enhancing moderator since it positively and significantly moderated the relationship between current assets and financial performance. Thus, as the levels of capital structure were increased, effect of current assets on financial performance also increased. Lastly, corporate governance was concluded to be an enhancing moderator given the relationships between noncurrent as well as current assets and financial performance.

Theoretical, Practical Implications and Recommendations for Further Research

As per stewardship theory, the BOD is steward with the whole task of protecting shareholders and resources of the firm in general. The study extends this theory which focuses on the stewardship aspect by examining

support of the opinion by (J. Donakson & Fafaliou, 2003), liquidity arising from increased number of current assets thrives as a result of the board. Thus, the high number of directors in the board alongside current assets the higher the financial performance. Using the results in Table 8, model5 was fitted as follows;

the extent to which board given its size interferes with the relationship asset structure and financial performance of the firm. Given the agency conflicts between shareholders and principals, agency theory proposes the use of board which comprise of independent directors to enhance monitoring and control in the firm. The study contributes to agency theory by bring in the aspect of the board in terms of their size and not composition as to not only examine their key role but the extent to which they interfere with firm's asset structure and financial performance nexus. Other than theoretical implications, the study brings in new knowledge which consists of the moderating effect of capital structure in current assets-financial performance linkage as well as the moderating effect of corporate governance in the relationship between assets structure concepts (both current and noncurrent assets) and financial performance. Moreover, the practical implications arose given the findings of the study. First and foremost, listed construction and manufacturing firms were suggested to increase the amount of investment in their current and noncurrent assets due to their positive impact on financial performance. As to increase financial performance, listed firms with low levels of current assets were suggested to maintain low levels of capital structure as well as corporate governance defined in terms of board size. On the other hand, those listed firms with high levels of current assets were suggested to improve their financial performance by maintaining high levels of both capital structure and corporate governance. Lastly, financial performance of listed firms with low levels of noncurrent assets could be derived by having low levels of capital structure as well as corporate governance. On the contrary, high capital structure and corporate governance are catalysts for better financial performance in listed firms with high levels of noncurrent assets. The study had its own limitations thereby creating a golden opportunity for future research researchers. First and foremost, the scope of the study could be extended from listed firms in construction and manufacturing sectors. This will help in incorporating listed firms in other sectors as well as unlisted firms. In terms of measurement of variables, the study suggested the use of other indicators of capital structure as well as market-based approaches as Tobin's q in measuring financial performance. In the same breadth, other corporate governance mechanisms other than board size could be examined in future research.

As to extend the study model, corporate governance could be examined as a mediating variable between asset structure and financial performance. In the same model, capital structure could be maintained as moderator in the relationship between asset structure and financial performance.

REFERENCES

1. Abor, J. (2005). The effect of capital structure on profitability: an empirical analysis of listed firms in Ghana. *The Journal of Risk Finance*, 6(5), 438-445.
2. Achchuthan, S., & Rajendran, K. (2013). Corporate governance practices and its impact on working capital management: Evidence from Sri Lanka. *Research Journal of Finance and Accounting*, 4(3), 23-31.
3. Agrawal, A., & Knoeber, C. R. (1996). Firm performance and mechanisms to control agency problems between managers and shareholders. *Journal of financial and quantitative analysis*, 31(3), 377-397.
4. Ahmed Sheikh, N., & Wang, Z. (2013). The impact of capital structure on performance: An empirical study of non-financial listed firms in Pakistan. *International Journal of commerce and Management*, 23(4), 354-368.
5. Akeem, L. B., Terer, E., Kiyanjui, M. W., & Kayode, A. M. (2014). Effects of capital structure on firm's performance: Empirical study of manufacturing companies in Nigeria. *Journal of Finance and Investment analysis*, 3(4), 39-57.
6. Akhtar, S. (2005). The determinants of capital structure for Australian multinational and domestic corporations. *Australian Journal of management*, 30(2), 321-341.
7. Al-ANI, M. K. (2013). *Effects of assets structure on the financial performance: Evidence from sultanate of Oman*. Paper presented at the 11th EBES CONFERENCE.
8. Al-Taani, K. (2013). The relationship between capital structure and firm performance: evidence from Jordan. *Journal of Finance and Accounting*, 1(3), 41-45.
9. Alagathurai, A. (2013). Impact of Corporate Governance Practices on Firm Capital Structure and Profitability: A Study of Selected Hotels and Restaurant Companies in Sri Lanka. *Research Journal of Finance and Accounting*, 4(10).
10. Andreou, P. C., Louca, C., & Panayides, P. M. (2014). Corporate governance, financial management decisions and firm performance: Evidence from the maritime industry. *Transportation Research Part E: Logistics and Transportation Review*, 63, 59-78.
11. Ang, J. S., Chua, J. H., & McConnell, J. J. (1982). The administrative costs of corporate bankruptcy: A note. *The Journal of finance*, 37(1), 219-226.
12. Ayot, K. O. (2013). *Capital Structure Of Listed Firms In Kenya: The Case Of Non Financial Firms*. University of Nairobi.
13. Bennouna, K., Meredith, G. G., & Marchant, T. (2010). Improved capital budgeting decision making: evidence from Canada. *Management Decision*, 48(2), 225-247.
14. Bhagat, S., & Bolton, B. (2008). Corporate governance and firm performance. *Journal of Corporate Finance*, 14(3), 257-273.
15. Bhayani, S. J. (2010). Determinant of Profitability in Indian Cement Industry: An Economic Analysis. *South Asian Journal of Management*, 17(4).
16. Black, B. S., Jang, H., & Kim, W. (2006). Does corporate governance predict firms' market values? Evidence from Korea. *The Journal of Law, Economics, and Organization*, 22(2), 366-413.
17. Booth, L., Aivazian, V., Demirguc-Kunt, A., & Maksimovic, V. (2001). Capital structures in developing countries. *The Journal of finance*, 56(1), 87-130.
18. Brailsford, T. J., Oliver, B. R., & Pua, S. L. (2002). On the relation between ownership structure and capital structure. *Accounting & Finance*, 42(1), 1-26.
19. Bubic, J., & Susak, T. (2016). *Distinctive features of companies with optimal capital structure*. Paper presented at the Economic and Social Development (Book of Proceedings), 16th International Scientific Conference on Economic and Social.
20. Cadbury, A. (1992). *Report of the committee on the financial aspects of corporate governance* (Vol. 1): Gee.
21. Campello, M., & Giambona, E. (2013). Real assets and capital structure. *Journal of financial and quantitative analysis*, 48(5), 1333-1370.
22. Charalambakis, E., & Psychoyios, D. (2012). What do we know about capital structure? Revisiting the impact of debt ratios on some firm-specific factors. *Applied Financial Economics*, 22(20), 1727-1742.
23. Chechet, I. L., & Olayiwola, A. B. (2014). Capital structure and profitability of Nigerian quoted firms: The agency cost theory perspective. *American International Journal of Social Science*, 3(1), 139-158.
24. Chen, Y. R. (2008). Corporate governance and cash holdings: Listed new economy versus old economy firms. *Corporate Governance: An International Review*, 16(5), 430-442.
25. Cheng, M.-T. (2009). Relative effects of debt and equity on corporate operating performance: A quantile regression study. *International Journal of Management*, 26(1), 142.
26. Chinaemerem, O. C., & Anthony, O. (2012). Impact of capital structure on the financial performance of Nigerian firms. *Oman Chapter of Arabian Journal of Business and Management Review*, 34(969), 1-19.
27. Coad, A., Segarra, A., & Teruel, M. (2013). Like milk or wine: Does firm performance improve with age? *Structural Change and Economic Dynamics*, 24, 173-189.
28. Cornelli, F., Portes, R., & Shaffer, M. E. (1996). The capital structure of firms in Central and Eastern Europe.
29. Dalton, C. M., & Dalton, D. R. (2005). Boards of directors: Utilizing empirical evidence in developing practical prescriptions. *British Journal of Management*, 16, S91-S97.

30. Dalton, D. R., Daily, C. M., Ellstrand, A. E., & Johnson, J. L. (1998). Meta-analytic reviews of board composition, leadership structure, and financial performance. *Strategic Management Journal*, 19(3), 269-290.
31. Danielson, M. G., & Karpoff, J. M. (1998). On the uses of corporate governance provisions. *Journal of Corporate Finance*, 4(4), 347-371.
32. Datta, S., Iskandar-Datta, M., & Raman, K. (2005). Managerial stock ownership and the maturity structure of corporate debt. *The Journal of finance*, 60(5), 2333-2350.
33. De Andres, P., Azofra, V., & Lopez, F. (2005). Corporate boards in OECD countries: Size, composition, functioning and effectiveness. *Corporate Governance: An International Review*, 13(2), 197-210.
34. DeAngelo, H., & Masulis, R. W. (1980). Optimal capital structure under corporate and personal taxation. *Journal of Financial Economics*, 8(1), 3-29.
35. Doğan, M. (2013). Does firm size affect the firm profitability? Evidence from Turkey. *Research Journal of Finance and Accounting*, 4(4), 53-59.
36. Donaldson, J., & Fafaliou, I. (2003). Business ethics, corporate social responsibility and corporate governance: a review and summary critique. *European Research Studies*, 6(1-2), 90-110.
37. Donaldson, L., & Davis, J. H. (1991). Stewardship theory or agency theory: CEO governance and shareholder returns. *Australian Journal of management*, 16(1), 49-64.
38. El-Sayed Ebaid, I. (2009). The impact of capital-structure choice on firm performance: empirical evidence from Egypt. *The Journal of Risk Finance*, 10(5), 477-487.
39. Ellili, N., & Farouk, S. (2011). Examining the capital structure determinants: empirical analysis of companies traded on Abu Dhabi Stock Exchange.
40. Elumilade, D., Asaolu, T., & Ologunde, A. (2006). Capital budgeting and economic development in the third world: the case of Nigeria. *International Research Journal of Finance and Economics*, 2(2), 136-152.
41. Emmanuel, C., Harris, E., & Komakech, S. (2010). Towards a better understanding of capital investment decisions. *Journal of Accounting & Organizational Change*, 6(4), 477-504.
42. Ezzamel, M., & Watson, R. (1993). Organizational Form, Ownership Structure and Corporate Performance: A Contextual Empirical Analysis of UK Companies 1. *British Journal of Management*, 4(3), 161-176.
43. Fama, E. F., & Jensen, M. C. (1983). Separation of ownership and control. *The Journal of law and economics*, 26(2), 301-325.
44. Frank, M. Z., & Goyal, V. K. (2009). Capital structure decisions: which factors are reliably important? *Financial management*, 38(1), 1-37.
45. Frielinghaus, A., Mostert, B., & Firer, C. (2005). Capital structure and the firm's life stage. *South African Journal of Business Management*, 36(4), 9-18.
46. Githire, C., & Muturi, W. (2015). Effects of capital structure on financial performance of firms in Kenya: Evidence from firms listed at the Nairobi securities exchange. *International Journal of Economics, Commerce and Management*, 3(4), 1-13.
47. González, V. M., & González, F. (2011). Firm size and capital structure: evidence using dynamic panel data. *Applied Economics*, 44(36), 4745-4754.
48. Gupta, P., & Sharma, A. M. (2014). A study of the impact of corporate governance practices on firm performance in Indian and South Korean companies. *Procedia-Social and Behavioral Sciences*, 133, 4-11.
49. Hall, T. W. (2012). The collateral channel: Evidence on leverage and asset tangibility. *Journal of Corporate Finance*, 18(3), 570-583.
50. Harris, M., & Raviv, A. (1991). The theory of capital structure. *The Journal of finance*, 46(1), 297-355.
51. Hermalin, B., & Weisbach, M. (2003). Board of Directors as an Endogeneously Determined Insitution: A Survey of the Economic Literature (p. 25): Unpublished.
52. Hermalin, B. E., & Weisbach, M. S. (1991). The effects of board composition and direct incentives on firm performance. *Financial management*, 101-112.
53. Hirota, S. i. (1999). Are corporate financing decisions different in Japan? An empirical study on capital structure. *Journal of the Japanese and International economics*, 13(3), 201-229.
54. Hossain, M., Prevost, A. K., & Rao, R. P. (2001). Corporate governance in New Zealand: The effect of the 1993 Companies Act on the relation between board composition and firm performance. *Pacific-Basin Finance Journal*, 9(2), 119-145.
55. Hovakimian, A., Opler, T., & Titman, S. (2001). The debt-equity choice. *Journal of financial and quantitative analysis*, 36(1), 1-24.
56. Hull, R. M., & Dawar, V. (2014). Agency theory, capital structure and firm performance: some Indian evidence. *Managerial Finance*.
57. Hutchinson, M. (2002). An analysis of the association between firms' investment opportunities, board composition and firm performance. *Asia-Pacific Journal of Accounting & Economics*, 9(1), 17-38.
58. Ilaboya, O. J., & Ohiokha, I. F. (2016). Firm age, size and profitability dynamics: a test of learning by doing and structural inertia hypotheses. *Business and Management Research*, 5(1), 29-39.
59. Iqbal, A., Hameed, I., & Qadeer, M. (2012). Impact of diversification on firms' performance. *American Journal of Scientific Research*, 80, 42-53.
60. Ishmael, O., & Kehinde, J. (2013). Profitability analysis trend of components of current assets and their prospects in Ajaokuta iron industry. *eCanadian Journal of Accounting and Finance*, 1(2), 28-37.
61. Jackling, B., & Johl, S. (2009). Board structure and firm performance: Evidence from India's top companies. *Corporate Governance: An International Review*, 17(4), 492-509.
62. Jensen, M. C. (1986). Agency costs of free cash flow, corporate finance, and takeovers. *The American economic review*, 76(2), 323-329.

63. Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: Managerial behavior, agency costs and ownership structure. *Journal of Financial Economics*, 3(4), 305-360.
64. Jónsson, B. (2007). Does the size matter?: the relationship between size and profitability of Icelandic firms.
65. Kisgen, D. J. (2009). Do firms target credit ratings or leverage levels? *Journal of financial and quantitative analysis*, 44(6), 1323-1344.
66. Koralun-Bereznicka, J. (2013). How Does Asset Structure Correlate with Capital Structure?—Cross-Industry and Cross-Size Analysis of the EU Countries. *Universal Journal of Accounting and Finance*, 1(1), 19-28.
67. Kotšina, S., & Hazak, A. (2012). *Does investment intensity impact company profitability? A cross-country empirical study*. Paper presented at the 2012 2nd International Conference on Economics, Trade and Development, IPEDR.
68. Kraus, A., & Litzenberger, R. H. (1973). A state-preference model of optimal financial leverage. *The Journal of finance*, 28(4), 911-922.
69. Kurshev, A., & Strebulaev, I. A. (2015). Firm size and capital structure. *Quarterly Journal of Finance*, 5(03), 1550008.
70. Kyereboah-Coleman, A. (2008). Corporate governance and firm performance in Africa: A dynamic panel data analysis. *Studies in Economics and econometrics*, 32(2), 1-24.
71. Lee, J. (2009). Does size matter in firm performance? Evidence from US public firms. *international Journal of the economics of Business*, 16(2), 189-203.
72. Memon, F., Bhutto, N. A., & Abbas, G. (2012). Capital structure and firm performance: A case of textile sector of Pakistan. *Asian Journal of Business and Management Sciences*, 1(9), 9-15.
73. Modigliani, F., & Miller, M. H. (1958). The cost of capital, corporation finance and the theory of investment. *The American*, 1, 3.
74. Morellec, E. (2001). Asset liquidity, capital structure, and secured debt. *Journal of Financial Economics*, 61(2), 173-206.
75. Muradoğlu, Y. G., & Sivaprasad, S. (2012). Capital structure and abnormal returns. *International Business Review*, 21(3), 328-341.
76. Muscettola, M. (2014). Structure of assets and capital structure. What are the relations with each other? An empirical analysis of a sample of Italy. *European Journal of Economics and Finance*, 5, 12.
77. Mwaniki, G., & Omagwa, J. (2017). asset Structure and Financial Performance: Evidence A Case of The Nairobi Securities Exchange, Kenya. *Research Journal of Finance and Accounting*, 8, 192-200.
78. Myers, S. C. (1977). Determinants of corporate borrowing. *Journal of Financial Economics*, 5(2), 147-175.
79. Myers, S. C., & Majluf, N. S. (1984). Corporate financing and investment decisions when firms have information that investors do not have. *Journal of Financial Economics*, 13(2), 187-221.
80. Nassar, S. (2016). The impact of capital structure on Financial Performance of the firms: Evidence From Borsa Istanbul.
81. OECD, O. (2004). The OECD principles of corporate governance. *Contaduría y Administración*(216).
82. Okwo, I. M., Okelue, U. D., & Nweze, A. U. (2012). Investment in fixed assets and firm profitability: Evidence from the Nigerian brewery industry. *European Journal of Business and Management*, 4(20), 10-17.
83. Olatunji, T., & Adegbite, T. (2014). Investment in Fixed Assets and Firm Profitability: Empirical Evidence from the Nigerian Banking Sector. *Asian Journal of Social Sciences and Management Studies*, 1(3), 78-82.
84. Pandey, I. (2000). Financial Management theory and practices. *Edition-8th*, pp-144, "The information regarding the format of comparative balance sheet and profit and loss account.
85. Papadogonas, T. A. (2006). The financial performance of large and small firms: evidence from Greece. *International Journal of Financial Services Management*, 2(1-2), 14-20.
86. Pratheepkanth, P. (2011). Capital structure and financial performance: evidence from selected business companies in Colombo stock exchange Sri Lanka. *Researchers World*, 2(2), 171.
87. Rajan, R. G., & Zingales, L. (2003). The great reversals: the politics of financial development in the twentieth century. *Journal of Financial Economics*, 69(1), 5-50.
88. Ramadan, Z. S., & Ramadan, I. Z. (2015). Capital structure and firm's performance of Jordanian manufacturing sector. *International Journal of Economics and Finance*, 7(6), 279-284.
89. Ramin, A. K., & Ling, K. S. S. (2016). Corporate Governance Practices and Firm's Capital Structure. *International Business Management*, 10(17), 3973-3981.
90. Rehman, M., Rehman, R. U., & Raoof, A. (2010). Does corporate governance lead to a change in the capital structure. *American Journal of Social and Management Sciences*, 1(2), 191-195.
91. Reyhani, A. (2012). The Investigation of Effect of Asset Structure on Performance of Accepted Companies of Tehran Stock Exchange (TSE). *Journal of Basic Applied Scientific Reaserach*, 2(2), 1086.
92. Rhoades, D. L., Rechner, P. L., & Sundaramurthy, C. (2000). Board composition and financial performance: A meta-analysis of the influence of outside directors. *Journal of Managerial issues*, 76-91.
93. Riahi-Belkaoui, A. (1999). *Capital structure: determination, evaluation, and accounting*: Quorum Books.
94. Richard, P. J., Devinney, T. M., Yip, G. S., & Johnson, G. (2009). Measuring organizational performance: Towards methodological best practice. *Journal of management*, 35(3), 718-804.
95. Ross, S. A. (2011). *Corporate finance: Core principles and applications*: McGraw-Hill Education.
96. Ross, S. A., Westerfield, R., Jaffe, J. F., & Helmuth, J. (2002). *Solutions manual for use with corporate finance*: McGraw-Hill/Irwin.

97. Rostami, S., Rostami, Z., & Kohansal, S. (2016). The effect of corporate governance components on return on assets and stock return of companies listed in Tehran stock exchange. *Procedia Economics and Finance*, 36, 137-146.
98. Ryan, P. A., & Ryan, G. P. (2002). Capital budgeting practices of the Fortune 1000: how have things changed. *Journal of business and management*, 8(4), 355-364.
99. Saad, N. M. (2010). Corporate governance compliance and the effects to capital structure in Malaysia. *International Journal of Economics and Finance*, 2(1), 105-114.
100. Santos, J. B., & Brito, L. A. L. (2012). Toward a subjective measurement model for firm performance. *BAR-Brazilian Administration Review*, 9(SPE), 95-117.
101. Setiadharna, S., & Machali, M. (2017). The effect of asset structure and firm size on firm value with capital structure as intervening variable. *Journal of Business & Financial Affairs*, 6(4), 1-5.
102. Shah, A. (2007). *Budgeting and budgetary institutions*: The World Bank.
103. Shleifer, A., & Vishny, R. W. (1992). Liquidation values and debt capacity: A market equilibrium approach. *The Journal of finance*, 47(4), 1343-1366.
104. Shleifer, A., & Vishny, R. W. (1997). A survey of corporate governance. *The Journal of finance*, 52(2), 737-783.
105. Sibilkov, V. (2009). Asset liquidity and capital structure. *Journal of financial and quantitative analysis*, 44(5), 1173-1196.
106. Skoogh, J., & Swärd, P. (2015). The Impact of Tangible Assets on Capital Structure-An analysis of Swedish listed companies.
107. Smith Jr, C. W. (1977). Alternative methods for raising capital: Rights versus underwritten offerings. *Journal of Financial Economics*, 5(3), 273-307.
108. Swanson, Z., Srinidhi, B. N., & Seetharaman, A. (2003). *The capital structure paradigm: evolution of debt/equity choices*: Greenwood Publishing Group.
109. Tarek Al-Kayed, L., Raihan Syed Mohd Zain, S., & Duasa, J. (2014). The relationship between capital structure and performance of Islamic banks. *Journal of Islamic Accounting and Business Research*, 5(2), 158-181.
110. Thornhill, S., Gellatly, G., & Riding, A. (2004). Growth history, knowledge intensity and capital structure in small firms. *Venture Capital*, 6(1), 73-89.
111. Thuraisingam, R. (2013). The effects of corporate governance on company performance: Evidence from Sri Lankan financial services industry. *Journal of Economics and Sustainable Development*, 4(17), 103-110.
112. Titman, S. (1984). The effect of capital structure on a firm's liquidation decision. *Journal of Financial Economics*, 13(1), 137-151.
113. Titman, S., & Wessels, R. (1988). The determinants of capital structure choice. *The Journal of finance*, 43(1), 1-19.
114. Tricker, R. B., & Tricker, R. I. (2015). *Corporate governance: Principles, policies, and practices*: Oxford University Press, USA.
115. Van den Berghe, L. A., & Levrau, A. (2004). Evaluating boards of directors: what constitutes a good corporate board? *Corporate Governance: An International Review*, 12(4), 461-478.
116. Vătavu, S. (2015). The impact of capital structure on financial performance in Romanian listed companies. *Procedia Economics and Finance*, 32, 1314-1322.
117. Vijayakumar, A., & Tamizhselvan, P. (2010). Corporate size and profitability: An empirical analysis. *Journal for Bloomers of Research*, 3(1), 44-53.
118. Ward, M., & Price, A. (2006). *Turning vision into value: corporate finance for non-financial executives*: Van Schaik.
119. Warner, J. B. (1977). Bankruptcy costs: Some evidence. *The Journal of finance*, 32(2), 337-347.
120. Weir, C., & Laing, D. (2001). Governance structures, director independence and corporate performance in the UK. *European Business Review*, 13(2), 86-95.
121. Welch, I. (2004). Capital structure and stock returns. *Journal of political economy*, 112(1), 106-131.
122. Xu, Z., & Xu, N. (2013). Research on the Optimal Allocation of Assets Structure and Corporation Management Performance: A Case Study of China Textile Machinery Co., Ltd. *Asian Journal of Business Management*, 5(4), 332-338.
123. Yahaya, O. A., Kutigi, U. M., Solanke, A. A., Onyabe, J. M., & Usman, S. O. (2015). Current assets management and financial performance: Evidence from listed deposit money banks in Nigeria. *International Journal of African and Asian Studies*, 13(2), 45-56.