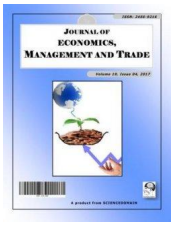

Journal of Economics, Management and Trade

24(2): 1-9, 2019; Article no.JEMT.48598
ISSN: 2456-9216
(Past name: British Journal of Economics, Management & Trade, Past ISSN: 2278-098X)

Effect of Director's Tunneling on Assets Utilization: Evidence from Corporate Organizations in Nigeria

Nwaorgu, Innocent Augustine[1*], O. Odesa, Jeff[2] and N. Nzoegbu, Jennifer[3]

[1]Department of Accounting, College of Management Sciences, Michael Okpara University of Agriculture, Umudike, Umuahia, Abia State, Nigeria.
[2]Department of Accounting, Faculty of Management Sciences, Anambra State University, Igbiriam Campus, Anambra State, Nigeria.
[3]Department of Accountancy, Faculty of Management Sciences, University of Mkar, Gboko, Benue State, Nigeria.

Authors' contributions

This work was carried out in collaboration among all authors. Author NIA designed the study, performed the statistical analysis, wrote the protocol and wrote the first draft of the manuscript. Author OOJ managed the analyses of the study. Author NNJ managed the literature searches. All authors read and approved the final manuscript.

Article Information

DOI: 10.9734/JEMT/2019/v24i230159
Editor(s):
(1) Dr. Ehlinaz Torun Kayabasi, Associate Professor, Department of Marketing and Advertising, Kocaeli University Arslanbey Vocational School, Turkey.
(2) Dr. Alfredo Jimenez Palmero, Kedge Business School, France.
Reviewers:
(1) Dr. L. I. Amaefule, University in Owerri, Nigeria.
(2) Romer C. Castillo, Batangas State University, Philippines.
(3) Stavroula Kourdoumpalou, University of Macedonia, Greece.
Complete Peer review History: http://www.sdiarticle3.com/review-history/48598

Original Research Article

Received 15 February 2019
Accepted 30 April 2019
Published 25 June 2019

ABSTRACT

This study evaluates the effect of director's tunnelling on asset utilization of companies in consumer goods sector in Nigeria using a panel data collected from annual financial report of thirty listed consumer goods firm in Nigeria between 2011 and 2016. The study was based on ex-post-facto research design and the data collected were analysed using descriptive statistics, correlation analysis and multiple regression. The study finds that the director's pay and equity holding varies widely among consumer goods firms. Chairman's pay and director's equity holding have a statistically significant effect on asset utilization at 5% level. While the director's pay policy has no statistically significant effect on asset utilization. The finding shows pay, chairman's pay and

**Corresponding author: E-mail: iannwarogu@yahoo.com, ianwaorgu@yahoo.com;*

director's equity holding are three major avenues used for tunnelling as they have a significant effect on tunnelling. The study recommends that policymaker should formulate a policy that will reduce the tunnelling tendency of directors and board chairman.

Keywords: Director's tunneling; director's pay; asset utilization; chairman's pay and director's equity holding.

1. INTRODUCTION

The competitive business environment has placed a greater responsibility on manager's which require the use of professional skill, experience and discretion taking some decision especially those relating to operations of the firm. This privilege most times enhances the manager's investment opportunity set which contributes to positively toward increasing the information asymmetry problems between executives and shareholders [1]. Elijah et al. [2] observed that in such an atmosphere, a greater degree of managerial discretion will be required and there is no assurance that the self-interested behaviour of directors will conform to the expectations of shareholders thereby reducing agency problems. In an attempt to reduce and ensure the conformity of executive interest to that of a shareholder, corporate governance and incentives package has been used as the alignment for both interest.

Asset utilization is a tool used in indentifying asset opportunity gap. It measures the difference between what an asset is capable of producing and what it actually produces. The opportunity gap if properly measured can be used as a metric for focusing reliability efforts or planning and performance enhancement. The non-directors and executive directors' compensation are based on the performance of the firm. A director like the chief executive officer has an incentive for a good performance. Hence the maximum utilization of asset is of great importance to the management like another organizational goal due to its interest in performance-based incentives. According to Weisbach [3], executive directors have the incentive to keep their jobs and they can provide additional benefit to non executive directors in many different ways. This gives the non executive directors the incentives to act on behalf of the executive directors. This give and take the relationship between the executive directors and the non executive directors has made the director's tunneling come under increased public scrutiny especially in most developed countries. The performance of every organization depends on how effective and efficient they are able to utilize the assets available. directors compensation increases when the performance of the organization is high compared to when it is low especially when the company operates a fractional compensation (when director bonuses is a percentage of the profit). This compensation system encourages the executive director to work harder and it also aliens the interest of both the shareholder to that of the executive director. Such a system can reduce tunnelling tendencies [3].

Various studies have been carried out on the effect of director's tunnelling on the performance of firms those studies include; [4,5,6,7,8,9,10,11] most of those studies were carried out in developed countries whose legal and business environment differs from developing nation like Nigeria and they evaluate the nexus between tunnelling and performance. There is a need to evaluate this relationship under the Nigeria context. Thus the main objective of the study is to evaluate the effect of director's tunnelling on asset utilization of companies in the consumer goods sector of Nigeria. Its specific objectives include:

i. Ascertain the effect of Director's pay on assets utilization of firms in Nigeria.
ii. Examine the effect of Chairman's pay on assets utilization of firms in Nigeria.
iii. Determine the effect of Director's Equity Holding on assets utilization of firms in Nigeria.

2. LITERATURE REVIEW

2.1 Conceptual Framework

The term tunnelling was coined originally to characterize the expropriation of minority shareholders in the Czech Republic to describe the transfer of assets and profits out of firms for the benefit of those who control them [12]. Director's tunnelling is the transfer of company resources out of its shareholder reach for personal use and gain. This may come in two ways: A controlling shareholder can transfer resources using the executive director (which his appointment and continuation of the office can be

majorly determined by him) from the firm for his own benefit through insider dealings and transactions. Such transaction includes theft or fraud which is illegal, it can also use assets sales (below market value) and contracts such as transfer pricing advantageous to the controlling shareholder, excessive executive compensation, loan guarantees, expropriation of corporate opportunities. Secondly; the controlling shareholder can increase his share in the firm without transferring any assets through dilutive share issues, right issue, minority freeze out, insider trading, creeping acquisition or other financial transactions that discriminate the minority shareholder.

The main conditions enabling such fraud are weak law against conflict of interest, non-existent legal liability of managers for leading their employer towards bankruptcy, and incompetence of financial authorities. In tunnelling assets, profits, or corporate opportunities, the controlling shareholder can expropriate minority shareholders through financial transactions, such as diluting their stakes through a closed subscription to new shares. Dwinanto [1] examine the effect of insider director on tunnelling activities using a cross-section of 395 firms listed in Indonesia stock exchange in 2009. The finding reveals that firms with a high level of insider director are highly prone to resource tunnelling than firms with lower insider director. Guohua et al. [4] examine tunnelling in China, using inter-corporate loans as a measure of tunnelling. The made use of selected listed firms in Shanghai stock exchange between 1996 and 2006. The data collected were analysed using panel regression approach. The finding reveals that the director's incentives to tunnel firms resources diminish as controlling shareholder ownership increase.

2.2 Theoretical Literature

2.2.1 Director's expropriation, tunneling, and shareholders of quoted firms'

Expropriation is an action taken by controlling shareholders with the intention to benefit through either legal or illegal methods [13]. When the flow of benefits that are enjoyed by the controlling shareholders is clearly perceptible, it can be identified as moving in one of two directions: from the subsidiary to the parent company or from the parent company to its subsidiary. Johnson et al. [14] argue that the term of tunnelling refers to the expropriation activity conducted by the controlling shareholders of a company in the lower level (e.g., subsidiary) to the higher level (parent company). The term "propping" leads to the opposite condition in which the controlling shareholders drain either funds or resources from the parent company to a subsidiary.

The exploitation of minority shareholders by controlling shareholders has attracted the attention of researchers. For instance, [15] find that when the majority shareholders control the company, the agency problem is no longer about the conflict of interest between management and shareholders but about how to prevent controlling shareholders from exploiting minority shareholders. Tunnelling is not only detrimental to the interests of minority shareholders but also seriously precludes the development of the capital market [16,17].

2.2.2 Director's tunneling and asset utilization

Asset utilization can be used as a tool used to identify the asset opportunity gap and it could be measured the difference between what an asset is capable of producing and what it actually produces. The director can approve the sales of asset which they underutilize to another company which the major shareholder has interest in. The underutilization of the asset is to show that the asset is absolute or not functioning properly. They also support the transfer pricing scheme which favours the other firm which the major shareholder has interest in. The diversion of resources using such scheme favour's the majority shareholder at the expense of the minority shareholder and can be successfully done with the collaboration of the board of director which the majority shareholder control through its agent in the board. Tunnelling can be done through high compensation scheme to the board members. The resulting concerns have led to demands for greater transparency in executive stock option programs and, possibly, the elimination of the programs altogether. Since additional incentives are tied to performance, executive directors tries all within their reach to improve and increase their performance, this have direct impact on the level of asset utilization.

2.3 Theoretical Framework

2.3.1 The agency theory

This study is anchored on the agency theory as propounded by Jensen and Meckling [18]. The

agency theory mainly explains the relationship between the principal (shareholders) and the agent (Managers) of the principal and how it relates to the investment decisions of the firm. They postulated that due to a continuous devaluation of equity ownership of large corporations, ownership and control became more separated. This situation gives directors the opportunity to pursue their interest at the expense of that of the shareholders as this goes a long way in explaining the tunnelling decisions of directors and what they stand to gain.

2.3.2 Empirical review

Several studies have been carried out on directors tunnelling and performance of firms below are some of the works revealed.

Thomes [5] study executive tunnelling and executive compensation of listed firms in the United State of America between 2000 and 2005. Thomas develops a new model in which resource diversion, director compensation and corporate performance are simultaneously and endogenously determined. The finding reveals that the director's compensation directly reduces the director's tunnelling tendency. The study of Takao and Cheryl [7] evaluate executive compensation, firm performance and corporate governance in of listed firms in Shanghai stock exchange between 1998 and 2002. The findings reveal that: Executive compensation positively affects sales growth. Government ownership negatively affects director compensation.

In another related study carried out by Ridwan et al. [9] on the director's tunnelling: using firms quoted in Indonesia stock exchange using 277 listed firms between 2005 and 2012. The study used board size, outsider's directors, group ownership and big five ownership. The finding reveals that firms with family and state ownership experience more tunnelling activities than others. The study also finds that family, state and leverage ownership structure has a positive effect on tunnelling. A related study was carried out in the USA between 1992 and 1993 by Elijah et al. [2], abnormal accrual was used as a measure for the director's tunnelling. The study finds that firm's with majority independent director to minority independent director structure experience a large increase in abnormal accrual than other with minority independent director.

Kun and Xing [8] examine controlling shareholder tunnelling and executive compensation of 6,670 quoted firms from China between 1999 and 2005. The finding shows that if the director's incentives scheme are adopted, controlling shareholders who obtain private benefit from companies will have less incentive to do so. In another study by Chrisostomos and Aydin [19] on the impact of managerial entrenchment using firm quoted in UK stock exchange. The study finds a negative relationship between asset turnover ratio (an inverse proxy for agency cost) and managerial entrenchment. The finding also reveals that managerial incentives positively moderate managerial entrenchment and asset turnover.

3. METHODOLOGY

The study used longitudinal data and was based on ex-post-facto research design. The longitudinal data used were collected from the financial statement of quoted consumer goods firms in the Nigeria Stock Exchange between 2007 and 2016. The longitudinal data were collected from all the quoted consumer goods companies in Nigeria within the period of ten years. The variables and their proxy were operationalization of variables are follow.

Variables	Proxy/ Measurement	Authority's
Dependent variable		
Asset utilization (ASUT)	Total asset turnover = Sales revenue / Total asset-depreciation	Gladys, & Job, [20] and Kakja (2009).
Mediating variables		
Director pay (DAY)	Director's pay /Operating expenses	Thomas (2007) Kelvin et al. (2003)
Chairman pay (CHPAY)	Chairman pay / Staff cost	Imam and Dewi [21]
Director's equity holding (DEQH)	Director's equity holding/ Total equity	Kun and Xing [8]
Covariate		
Firm performance	Return on Assets = net earnings / Total asset	Ifurueze et al. (2013)
Firm size (SIZE)	Log of total assets	Ifurueze et al. (2013)

Model Specification

The model for this study is premised on the main objective and was adopted from the work of [8] and modified to suit the variables used in this study.

The model for the study is anchored on the objective.

$$ASUT = f(DPAY, CHPAY, DEQH, ROA, SIZE) \quad (1)$$

This can be econometrically express as

$$ASUT_{it} = d_0 + d_1DPAY_{it} + d_2CHPAY_{it} + d_3DEQH_{it} + d_4DIVP_{it} + d_5ROA_{it} + d_6SIZE_{it} + \mu_{it} \quad (2)$$

Equation 1 is the linear regression model used in testing the null hypotheses.

Where:

ASUT = Asset utilization; DPAY = Director's pay; CHPAY = Chairman Pay; DEQH = Director's equity holding; ROA = return on asset; SIZE = Firm size; d_0 = Constant; d_1… d6 = are the coefficient of the regression equation. μ = Error term; *i*= is the cross section of firms used; t = is year (time series); log = Logarithm.

3.1 Data Analysis and Discussion of Findings

In analyzing the data, the study adopted multiple regressions. However, some preliminary analysis such as descriptive statistics, correlation matrix and diagnostic test like normality test, multi-collinearity and autocorrelation test were done to ascertain the nature, characteristics and normality of the data used in the study. The variables for this study included firm financial performance metric like assets utilization (ASUT), as the response variable while the explanatory variables are the director's pay, chairman pay, and director's equity holding. Firm size and firm performance were used as covariate variable.

3.2 Descriptive Statistics

The descriptive statistics result shows the mean (average) for each of the variables, their maximum values, minimum values, standard deviation and the Ryan-joiner test (normality test). Descriptive Statistics Table 1.

The result provided some insight into the nature of the data collected from the selected firms that were used in the study. Firstly, it was observed that within the period under review, the sampled firms asset utilization have a mean value of 1.1142, maximum and minimum value of 2.3899 and 0.1224 respectively. The large difference between the maximum value and the mean value and between the minimum value and the mean value shows that the sampled firms used for the study are not dominated by either firm with high asset utilization ratio or firm with low asset utilization ratio. Secondly, it was observed that on the average over the period, the selected firms have director pay value of 0.1644, maximum and minimum director's pay value of 0.0700 and 0.4909 respectively, the large difference between the maximum and minimum director's pay reveals that gyrating nature of the director's pay among the selected firms. The causes of the large variation in director's payment may be attributable to the size of the firm and director's influence in the board which fix the pay. Director's equity holding has a mean value of 0.3484, the maximum value of 0.5100 and a minimum value of 0.1820. The mean value indicates that the director's holds about 34.8 per cent of the shares of the selected firms. While in some firms the director's holding is about 18.2 per cent. On the maximum, the director's holding is about 56 per cent. The table also reveals the chairman's pay's for the selected firms, the ratio of chairman's pay to total staff pay on the average is 13.54 per cent, the minimum payment is 10 per cent while the maximum pay is 18 per cent of total staff pay. The close value between the maximum and minimum chairman's pay reveals that the chairman's pay of the selected firms are almost similar. Lastly, the Ryan joiner (RJ) which test for normality of the data or the existence of outlier or extreme value among the data in the variables used shows that all the variables are normally distributed at 1% level of significance except asset utilization. The result means that there is no independent variable with outliers, even if there is any variable with outlier, they are not likely to distort our conclusion, hence our result is reliable for drawing generalization. This also means that ordinary least square estimation techniques can be used to estimate the panel regression model.

3.3 Correlation Analysis

In examining the relationship between the variables, the study employed the Pearson correlation coefficient.

Table 1.

Variables	Mean	Max	Min	Std Dev	Ryan-Joiner (RJ)	RJ (P-value)
ASUT	1.1142	2.3899	0.1224	0.4688	0.078	0.130
DPAY	0.1644	0.4909	0.0700	0.0673	0.896	0.010*
DEQH	0.3484	0.5600	0.1820	0.0783	0.983	0.017*
CHPAY	0.1325	0.1889	0.1000	0.1701	0.896	0.010*
SIZE	0.3589	0.9570	0.1388	0.1812	0.898	0.001*
ROA	7.1065	8.1438	5.6314	0.6350	0.977	0.010*
No of cross section		-	37			

*Source: Researcher's (2017) summary of descriptive statistics from Minitab 16; Note: *1% level of significance*
***5% level of significance*

The use of a correlation matrix is to check for multi-collinearity and to explore the relationship between the explanatory variable and the dependent variable.

The findings from the correlation analysis table show that asset utilization has a negative relationship with the director's pay, director's shareholding, chairman' pay, return on asset. But has a positive relationship with firm size. This shows that large firms have a high asset utilization ratio than smaller firms and the higher the director's pay, director's shareholding, chairman' pay, the less the firm utilizes their assets. Director's pay has a positive relationship with the chairman's pay, director's shareholding, firm's size and returns on asset, this reveals the give and takes politics of the board. When the director's pay increases, chairman pay tend to increase also, this increases the wealth of the director with which they increase their shareholding. Chairman's pay has a strong positive relationship with director's equity holding, return on asset and weak relationship with firm size. The strong relationship between the chairman's pay and director's equity holding shows the influence of director's in fixing the chairman pay.

In checking for multi-colinearity the study noticed that no two explanatory variables were perfectly correlated. This indicates the absence of multi-collinearity problem in the model used for the analysis and justifies the use of the ordinary least square.

Table 2. Pearson correlation analysis

Variables	ASUT	DPAY	DEQH	CHPAY	SIZE	ROA
ASUT	1.000					
DPAY	-0.035	1.000				
DEQH	-0.287	0.009	1.000			
CHPAY	-0.334	0.256	0.227	1.000		
SIZE	0.193	0.322	0.061	-0.481	1.000	
ROA	-0.224	0.031	0.741	0.156	0.064	1.000

Source: Researchers summary (2017) of Minitab 16 correlation analysis

Table 3. Summary of regression analysis

	DPAY	CHPAY	DEQH
Coefficient	0.5459	2.5778	1.5959
T-value	0.78	2.47	-2.36
P- value	0.439	0.014	0.020
R. sq	59.5		
R. sq(Adj)	54.2		
F-start	3.71		
F-stat P-value	0.002		
Durbin Watson	1.7146		

Source: Researchers summary of OLS regression Analysis from E-view 9.5

3.4 Regression Analysis

The above table report, the OLS regression result. The OLS result follows the assumption of homogeneity hence there is the absence of heteroscedasticity. In the table above, the study observed from the result the R. sq value of 59.50 and R-sq(adj) 54.2(54.2%) this indicates that all the independent variables jointly explain about 54.2% of the variation in asset utilization of the sampled firms. Hence about 54.2% of the asset utilization level of consumer goods firms can be attributable to the director's tunnelling. The F-statistics value of 3.71 and its probability value of 0.002 shows that director's tunnelling has an effect on asset utilization and the effect is statistically at 1% levels. The Durbin Watson statistics result was 1.7146 can be approximated into two, this indicates the absence of autocorrelation in our model hence the model used is appropriate for the study.

1: *Board of Director's pay does not have a significant effect on the asset utilization of companies in the consumer goods sector in Nigeria*. The analysis result showed a coefficient value of 0.5459, t-value of 0.78 and a P-value of 0.439. The coefficient value which reveals the degree of variation caused by the individual independent variable to the dependent shows a positive value of 0.5459, this reveals that directors pay positively influences the asset utilization of firms. The t-value of 0.78 shows that directors pay has a positive effect on the asset utilization of firms (though the effect is small). The probability value of 0.439 shows that the effect of directors pay on asset utilization of firms is not statistically significant.

2: *Chairman's pay does not have significant effects on the asset utilization of firm in the consumer goods sector in Nigeria.* The result of the regression analysis of the effect of Chairman's pay on asset utilization showed a coefficient value of 2.5778, t-value of 2.47 and a P-value of 0.014. The coefficient value of 2.5778 indicates that a 1 unit increase in chairman pay may lead to about 2.58% positive increase in the asset utilization of firm in Nigeria. The t-value of 2.47 reveals that the changes in chairman pay have a strong effect on the asset utilization of firms in Nigeria. The probability value of 0.014 reveals that the effect of chairman pay on the asset utilization of firms in Nigeria is statistically significant at 1% level.

3: *Director's equity holding has no significant effect on asset utilization of companies in the consumer goods sector in Nigeria.* The analysis result showed a coefficient value of 1.5959, t-value of -2.36 and a P-value of 0.020. The coefficient value which reveals the degree of influence/variation caused by the Director's equity holding to the dependent shows a positive value of 1.5959, this reveals that Director's equity holding positively influence the asset utilization of consumer goods firms. The t-value of 2.36 (above absolute 2) reveals that the director's shareholding has a positive effect on the asset utilization of firms in Nigeria. The probability value of 0.020 reveals that the effect of director's shareholding on asset utilization is statistically significant.

3.5 Discussion of Finding

The analysis result shows that the director's pay and director's equity holding varies widely among consumer goods firms. The dividend policy of consumer goods firm also varies widely within the period under review. The result (correlation) shows that asset utilization is negatively related to the director's pay, chairman pay and director's equity holding, thus the higher the tunnelling the lower the asset utilization. The strong positive relationship between director's pay and director's equity reveals that director tunnel firms using pay and other incentives scheme. The regression analysis reveals that the chairman's pay and director's equity holding are statistically significant. Hence the director's pay, chairman's pay and director's equity holding are three major avenues for director's tunnelling. The more the director's tunnel the firm's resources the less they tend to be in their asset utilization.

The result also reveals that the director's equity holding and board chairman pay has a positive influence and effect on asset utilization of consumer goods firms. This finding is in line with that several author [21,7], but contrary to that of Guohua et al. [4]. While director's pay and dividend policy has an effect but the effect is not statistically significant on the asset utilization of consumer goods firms in Nigeria this finding is in line with the study of several author [5] and [19].

4. CONCLUSION

The result provides useful information insight for managers, shareholder and policymaker which can aid them in planning and formulating policy that can curtail the tunnelling activities of directors. A well-motivated employee can achieve much with little hence the welfare of the

director should be of most importance to shareholding but the give and take politics of the board has bred a moister on his wing tunnelling strive.

5. RECOMMENDATION

Based on the findings, the study recommends that relevant Regulatory agency should formulate a policy that increases and regulates director equity holding as this will reduce the incentive to tunnel. Also, the chairman (non-executive director) allowances should not be fixed by the executive directors rather it should be fixed by the entire shareholder during the annual general meeting to reduce the influence of the executive directors and the give and take politics of the board. Furthermore, a joint committee comprising of members of the board of director and selected shareholder be set up to review the proposed non-executive directors allowances before the final approval by the entire members during the annual general meeting.

COMPETING INTERESTS

Authors have declared that no competing interests exist.

REFERENCES

1. Dwinanto J. Pengaruh merger dan akuisisi terhadap kekayaan pemegan-gsaham minoritas. Thesis MM UI. Jakarta; 2010.
2. Elijah B, William C, William E. Deregulation and the relationship between bank CEO compensation and risk-taking. Journal of Accounting and Economics. 2003;32:237–333.
3. Weisbach MS. Optimal executive compensation vs. managerial power: A review of Lucian Bebchuk and Jesse Fried's" Pay without Performance: The unfulfilled promise of executive compensation. National Bureau of Economic Research; 2006.
4. Guohua J, Charles M, Heng Y. Tunneling in China: The remarkable case of inter-corporate loans; 2008.
5. Thomes HN. Tunnel-proofing the executive suite: Temptation, and the design of executive compensation. Oxford University Press Ltd Journal. 2013;1–20.
6. Kevin A, Leigh D. Executive remuneration and firm performance: Evidence from a panel of mutual organizations. Journal of Financial Economics. 2003;51:493-509.
7. Takao C, Cheryl H. Executive compensation firm performance and corporate governance in china: Evidence from listed firms. Journal of Accounting and Economics. 2005;7:11–42.
8. Kun W, Xing X. Controlling shareholders' tunneling and executive compensation: Evidence from China. Journal of Accounting Research. 2012;42:269-312.
9. Ridwan N, Fitri S, Berto U. Tunneling: Evidence from Indonesia stock exchange Asian academy of management. Journal of Accounting and Finance AAMJAF. 2015;11(2):127–150.
10. Mohammad Y. Effect of executive compensation on firm performance. Thesis submitted in fulfillment of the requirements for the degree of Master of Science in Management (Finance). Goodman School of Business, Brock University St Catharines, Ontario. Journal of Accounting and Public Policy. 2015;29(1):1-26.
11. Wenqian Z, Georgakopoulos G, Ioannis S, Konstantinos Z. The impact of executive payment on firm performance of the financial enterprises in China. Asian Social Science. 2011;7(8).
Available:www.ccsenet.org/ass
12. Henemana S, Schwab C. Tunneling, propping, and expropriation: Evidence from connected party transactions in Hong Kong. Journal of Financial Economics. 1972;82(2):343-386.
13. Faccio M, Larry L, Leslie Y. Dividends and expropriation. American Economic Review. 2001;91:54-78.
14. Johnson S, Peter B, Alasdair B, Eric F. Corporate governance in the Asian financial crisis. Journal of Financial Economics; 2000,
15. Shleifer Andrei, Robert W. Vishny. Large shareholders and corporate control. Journal of Political Economy. 1986;94:461-488.
16. Wurgler Jeffrey. Financial markets and the allocation of capital. Journal of Financial Economics. 2000;58:187-214.
17. Bertrand M, Paras M, Sendhil M. Ferreting out tunneling: An application to Indian business groups. Quarterly Journal of Financial Economics. 2002;37:39-65.
18. Jensen M, Meckling W. Theory of the firm: Management behavior, agency costs, and capital structure. Journal of Financial Economics. 1976;3(1):305-360.

19. Chrisostomos F, Aydin O. What reduces the impact of managerial entrenchment on agency cost? Evidence from firms in UK. Journal of Applied Corporate Finance. 2006;17(4):8-22.
20. Gladys M, Job O. Asset structure and financial performance: A case of firms quoted under commercial and services sector at the Nairobi Securities Exchange, Kenya. Research Journal of Finance And Accounting. 2017;8(4):192-210. Available:www.iiste.org
21. Imam N, Dewi A. Family management, executive compensation and financial performance of Indonesian listed firms. Australian Journal of Management. 2015;7:139-157.

Peer-review history:
The peer review history for this paper can be accessed here:
http://www.sdiarticle3.com/review-history/48598