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Ownership Structure and Goodwill Impairment in Listed Nigeria Financial Institutions

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Abstract

The broad objective of this study is to examine the effect of ownership structure on goodwill impairment in listed financial institutions in Nigeria. Ownership structure is proxies using director's shareholdings, ownership concentration, institutional ownership and chief executive officers shareholdings. The study used a purposive sampling technique and filter out financial institutions that do not satisfy the criteria set out for inclusion thereby arriving at the sample size of twenty five (25) financial institutions. Secondary source of data was used which was extracted from the annual financial statement of the sampled financial institutions from year 2011 to 2014. Logit multiple regression was adopted in this study. The findings reveal that ownership concentration and institutional ownership were both positive and statistically significantly related to goodwill impairment while chief executive officers shareholdings were positive but statistically insignificant to goodwill impairment decisions of listed financial institutions in Nigeria. It can be inferred to some extent that ownership structure and chief executive officers may not necessarily influence the goodwill impairment decision of managements in listed financial institution in Nigeria It is recommended among others that listed financial institutions should give more attention to their ownership concentration and institutional shareholdings in other to ensure the timely recognition of goodwill impairment so as to present their financial statement in its true and fair nature so that investor's interest will be protected.

Keywords: Ownership structures, Chief Executive Officer, Goodwill impairment, Financial Institutions, Nigeria.

JEL Classification: G2, G20, G3, H19.

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Introduction

Accounting for goodwill has been one of the most controversial issues in the globalization of accounting standards. Before the coming of international financial reporting standard (IFRS), goodwill was usually amortized but now with the introduction of IFRS there has been a significant change in the way goodwill is to be valued. Goodwill is now capitalized and subjected to yearly impairment testing. Goodwill impairment write-offs decision is more of principle based than rule based, thereby allowing management the laxity to

make decisions about the amount and timing of goodwill impairment. One of the most important features of how goodwill is accounted for under IAS 36 is the process by which goodwill is to be impaired (that is, subjecting goodwill to a yearly impairment test). Shahwan, (2004), claims that preliminary evidence suggests that the materiality of goodwill and identifiable intangible assets in corporate statements of financial position for a large number of firms is the reason for the considerable attention given to goodwill and identifiable intangibles. Bini, (2014), also suggested that goodwill impairment testing and related disclosure is sometimes the only way in which the shareholders can understand or evaluate whether the company could recover its investments. This is part of complete disclosure that will present the financial statement in its true and fair view which will increase stakeholders' confidence to invest in the financial institutions of their choice.

Managements tend to take advantage of the discretion afforded to them by the accounting rules to manipulate earnings either by not recognizing impairment when it has occurred or by recognizing it only when it is advantageous to them there by leaving investors and other stake holders at the mercy of their decisions. Zhang (2011), was also of the opinion that the complexity and subjectivity of goodwill impairment can be partially attributed to the fact that impairment decisions largely involve subjective judgments as well as valuation expertise about the future cash flow of the firm, the persistence of earnings and the general economic and industrial conditions. The decision to subject the goodwill to annual impairment tests and write-offs when there is clear evidence that the value of the goodwill is impaired is now left for management judgment. The calculation of goodwill impairment is subject to managerial manipulation and may be unreliable as it could be overstated, understated or not even recognized entirely. With the considerable growing proportion of goodwill in firm's financial value, accounting for goodwill now becomes a major concern to both shareholders and stakeholders of all the listed financial institutions in Nigeria since it can contribute significantly to their decision making.

Ownership structures of companies, specifically, outside ownership concentration and managerial ownership, may well influence the accounting choices related to goodwill impairment without the existence of a strong control mechanism for the impairment test (Abdulmajid 2013). Warfield, Wild & Wild, (1995), argue that as managerial ownership increases, their interests become closely aligned with those of outside shareholders, which results in less motivation for the managers to be involved in wealth transferring activities. This could be because they own large percentage of shares and they can use that power as an avenue to discipline management. Guler, (2006), stated that institutional ownership is an indication of an alternative governance mechanism, which actively monitors management's actions. They are expected to be more active because they are investing other investor's resources and it's natural for them to be more aggressive in checkmating management's action.

Problem Statement

The complexity and subjectivity surrounding goodwill impairment still caused large debate such as the doubt about inappropriate managerial discretion over goodwill impairment. Past studies argued on the existence of managerial discretion in the impairment test of goodwill but, their findings on the motives for reporting impairment losses are inconclusive. One stream of research e.g., Beatty and Weber, (2006); Ramanna and Watts, (2012) found that reporting incentives influences the reporting of the impairment losses, whereas the reporting of goodwill impairment losses reflects the underlying economic attributes of goodwill (AbuGhazaleh, Al-Hares, & haddad,2011; Godfrey & Koh, 2009). The inconclusive evidence documented by those past studies suggests that there is dearth in literature on goodwill impairment. In the same vain Financial institution been one of the most productive institutions in the private sector in Nigeria, there are needs for decisions making that will protect the interest of both their shareholders and stakeholders (Faccio & Lang, 2002). This suggested that ownership concentration is a common feature in many public corporations. However, to the best of the researchers' knowledge, there are scanty studies that had analyzed the link between ownership structures, change in chief executive officers and managers' decisions in reporting goodwill impairment losses. Hence, there is a need to understand the effect of ownership structure, chief executive officers turnover and goodwill impairment in listed financial institutions in Nigeria. In view of the research problems that are presented above, specifically in the Nigerian context as, this study seeks to address the core research question of to what extent does ownership structure impact on Management decision to impaired goodwill?

Scope of the study

The scope of this study will be restricted to assessing the role of ownership structure and chief executive officers turnover in influencing goodwill impairment write-offs of the listed financial institutions in Nigeria (i.e. banks and insurance companies) covering a period of four (4) years from (2011–2014).The justification for choosing the domain and the period under review is the importance of the financial institution to the Nigerian economy, that was the period that the implementation of IAS 36 became compulsory in Nigeria

Significance of the study

Goodwill impairment write-offs is relatively a new area of study and has been one of the primary research in the last couple of decades and will continue to be a primary focus in the nearest future. Goodwill impairment have been frequently studied however, most of the researches carried out in this area are in developed countries and have not addressed the issues based on ownership structure. To the best of the researcher's knowledge, there is scarce evidence from prior literatures that examined the relationship between ownership structures, chief executive officers turnover and goodwill impairment in Nigeria. This research however will provide empirical evidence on the subject matter. In view of the above, the significance of the study will be as follows;

First, the outcome of this research would help in confirming the researchers' view about the role of ownership structure and chief executive officers turnover in influencing goodwill impairment in listed financial institutions in Nigeria.

Secondly, managers will be more informed on the importance of improving the in-formativeness of the financial statement by recognizing, and impairing goodwill when it occurred. They should ensure to reveal the true and fairness of their financial statement. Tax authorities will also benefit from this because they will have a clearer picture of the financial statement and know the exact amount to expect from the banks for their tax remission.

1. Literature Review

1.1 Concept of Goodwill

Klaassen & Helleman, (2004) have defined goodwill as the value of a firm on top of the value of equity that is visible on the balance sheet. Goodwill is a resultant whose size depends on two pillars. The first pillar is the value of the business and the second the meaning of the term equity. Glaum, Landsman &Wyrwa (2015), is of the view that "Goodwill arises when the price paid for a target company by an acquirer exceeds the fair value of the target's net assets that the acquirer recognizes in its consolidated financial statements". Bradley, Desai, & Kim. (1988), also claimed that "Synergy goodwill is the value created by a business combination that may result from more efficient management, economies of scale, integration of resources, the improvement in production techniques, and the redeployment of assets to more profitable uses". IFRS 3 defined goodwill as the excess of cost of acquisition over the net of the amount of the assets and liabilities that are acquired. Thus, goodwill is any amount that is in excess of the fair value of a particular company at any given point in time. Castellano, Corsi& Del Gobbo, (2015), using non-parametric tests, carried out a research on Goodwill Disclosure in Europe, sampling of 100 European listed companies, covering a period of three (3) years from 2008-2010. they found out that Conversely allocation of goodwill at segment level, high free float, large size, low ownership concentration, medium-low incidence of goodwill, old listing age, medium-low capitalization are associated with medium-high levels of goodwill disclosure

1.1.2 Goodwill Impairment

Before the coming of IFRS, goodwill was considered as an asset that could be amortized over a period of time but now with the coming of IFRS, goodwill amortization is no longer allowed. Now, goodwill has to be tested for annual impairment. (Jerman&Manzin, 2008) stated that goodwill which has been acquired in a business combination has to be allocated to a cash generating unit that are expected to benefit from the synergies of the combination when tested for impairment. The annual impairment test for a cash-generating unit to which goodwill has been allocated may be performed at any time during an annual period, provided the test is performed at the same time every year. Different cash generating units may be tested for impairment at different times. However, if some or all of the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. The Standard permits the most recent detailed calculation made

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in a preceding period of the recoverable amount of a cash-generating unit (group of units) to which goodwill has been allocated to be used in the impairment test for that unit (group of units) in the current period, provided specified criteria are met.

Verriest & Gaeremynck (2009) carried out a research on the determinants of goodwill impairment. They used the multi-variate regression as their tool of data analysis and they limited their sample to 62 firms in 2005 and 2006 that have positive goodwill on their statement of financial position. Their univariate results show that the decision to impair goodwill is significantly and positively influenced by a firm's corporate governance quality. They also concluded that firms with high ownership concentration are less likely to impair, and that better performing firms are more likely to engage in goodwill impairment when they need to do so. Further, they found that outside investor rights are positively associated with the likelihood of a firm to impair its goodwill. In addition Glaum, Landsman &Wyrwa (2015), carried out an examination on determinants of impairment under IFRS their empirical analysis was based on data for seven (7) years (2005-2011) for 8,110 non-financial firms and 1,358 financial firms from 21 countries where firms apply IFRS.

The result of their findings revealed that firms 'decisions are related to measures of performance, but also to CEO tenure, income smoothening and firms ownership structure (Institutional ownership). Their investigations also reveal that the timeliness of goodwill impairment depends on the strength of national accounting and auditing enforcement systems. While Omar & Mohd-Saleh's (2011) study includes family controlled firms as a determinant of goodwill impairment. They find a positively significant relationship between family-controlled firms and goodwill impairment beyond other traditional factors and indicators (such as the transition year, leverage, performance, change in performance and firm size).Eng & Mak (2003) however found that for data on firms in Singapore, the levels of managers' stockholdings are negatively associated with disclosure quality. Cotter, Stokes & Wyatt (1998), investigate the determinants of the magnitude of write-offs of Australian companies, focusing on management incentives. Using an income strategy approach they find a significant relation between management changes and the magnitude of write-offs. They also find a relationship with the amount of cash reserves, which they interpret as the capacity to absorb write-offs. They also concluded that the quality of corporate governance mechanisms do not vary systematically with the magnitude of write-downs.

1.2 Concept of Ownership Structure

The concept of ownership structure can be defines along two (2) dimensions: ownership concentration and ownership mix (Gursoy&Aydogan, 2002). Ownership concentration is defined as the shares of the largest owners and is influenced by absolute risk and monitoring cost (Peterson and Thomsen 1999), while ownership mix is related to the identity of the major shareholders (Maru 2014). Jensen &Meckling 1976, also defined ownership structure as the distribution of equity with regards to votes and capital as well as the identity of the equity owners.

Eliasson&Ericstam, (2014), carried out an examination on the Identification of Intangible Assets in a Business Combinations. Using secondary data from databases and annual reports for U.S and Swedish companies, covering a period of three (3) years (2010-2012), and testing their hypotheses with kruskal-Wallis tests and multiple linear regression models. Their findings reveal that the characteristics, debt to equity ratio as well as ownership concentration, did not show any significant result and thereby cannot be said to influence the recognition in the US, based on the sample used in their thesis. While, Al-aidaros carried out an assessment on managerial incentives. Ownership structure and goodwill impairment, using secondary data of listed firms in Bursa Malaysia, covering a period of five (5) years from 2007- 2011 and using Tobit multiple regression technique. In he's analysis, he suggested that ownership structure was positively related to goodwill impairment while institutional ownership was found to be negatively correlated with goodwill impairment in Malaysia

1.2.1 Ownership Concentration

Ownership concentration as defined by financial times refers to the amount of stock owned by individual investors and large-block shareholders (investors that hold at least 5 per cent of equity ownership within the firm). Ownership concentration as defined by Zhang (2005) is the stockholders ownership proportion that is, the concentration degree of ownership in firms which means large shareholders proportion in firms. Ownership concentration is also defined by Claessens, Djankov, & Lang (1999) as the voting rights and uses of deviations from one-share one-vote, pyramiding schemes, and cross-holdings as means of separating cash flow and voting rights. Concentration of ownership allows shareholders to have power to control the firm

and they usually decide the composition of the board and can closely monitor the activities and management of the board. They can also use their voting powers to improve their position A higher level of ownership concentration suggest a stronger monitoring power from investors over a firm's managerial decisions because of the incentives from these owners to proactively safeguard their investment. Owners with significant amount of shares may take aggressive actions, either directly or indirectly, over firm decisions such as the election of board members and replacement of CEO or poor management with their voting power. As such, ownership concentration can be an internal governance mechanism that helps reduce the likelihood of managerial opportunism because managers and boards of directors are more likely to take into accounts the preferences and interests of large shareholders.

1.2.2 Managerial Shareholders

Hashim (2008), defined managerial ownership as a percentage of stake owned by independent non-executive directors, executive directors and non-independent non-executive directors. Che (2003), claimed that managerial ownership could be divided into two; insider ownership and outsider ownership, the inside ownership is defined as a percentage of shares owned by inside board members including executive directors and non-independent non-executive directors while outside board ownership is defined as a percentage of shares only by independent non-executive directors. The incentive alignment perspective proposes that as managerial ownership increases, managers' interests become closely aligned with those of outside shareholders, resulting in less motivation for the managers to be involved in wealth transferring activities (La Fond & Roychowdhury, 2008). In contrast, the managerial entrenchment perspective posits that when managerial ownership increases beyond a certain point, the large shareholding might also motivate managers to influence accounting earnings in their own self-interest (Bergstresser & Philippon, 2006).

1.2.3 Institutional shareholdings

Institutional shareholders as defined by financial times refer to large block holders in publicly traded firms in the form of pension funds and mutual funds (LEXICON). Ordinarily, institution ownership could be seen as the proportion of shares owned by institutions to tonal number of shares issued by a firm. They are usually investors with large sums of money who invest their monies on securities, real property and other assets. They invest those monies on behalf of other investors. Institutional investors compared to individual investors have the capability of gathering, interpreting financial reports and detecting managerial opportunism over earnings figures (Velury & Jenkings 2006). They are usually interested in monitoring management's actions and influencing management since they are entitled to voting rights. Jung & Kown, (2002), stated that the active monitoring hypothesis views institutional investors as long term investors with raving incentives and motivations to closely monitor management action. Firms with a high level of institutional shareholders might indicate better governance power because investors with more ownership interests have more incentive to pay attention to the strategic decisions of the firm and are highly motivated to closely monitor and discipline top executives. The attributes of institutional shareholders are different because they use different means to monitor the firm's decision-making. Transparent accounting information facilitates institutional shareholder monitoring and the effective exercise of shareholder rights under existing securities laws (Bushman, Chen & Smith, 2000). In addition, Al-Aidaros (2014), made an analysis on managerial incentives, ownership structure and goodwill impairment in Malaysia covering a period of five years and using Tobit multiple regression. His analysis revealed that the higher the concentration of ownership, the higher the amount of goodwill impairment recognized he also concluded that institutional ownership is not significantly related to the magnitude of goodwill impairment

1.3 Theoretical Framework: Agency Theory

The theory used in this study is the agency theory first propounded by Jensen &Meckling (1976). The theory explains the relationship that exists between the owners of the business (shareholders) called the principals and those that manage the business (managers) called; the agents. They define the agency relationship as: a contract under which one or more persons (the principal(s) engage another person (the agent) to perform some service on their behalf which involves delegating some decision making authority to the agent.

In describing the agency relationship, agency theory assumes that both the principal (owner) and the agent (manager) are utility maximizers. Based on this assumption, the theory predicts that the agent may not always act in the best interests of the principal which may lead to agency conflict between the two parties (Jensen &Meckling, 1976). The divergence of interests (and therefore the potential conflict between the principal and the agent) generates agency costs. The separation of ownership and control brought about the

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questions of managers incentives to take action in the best interest of the owners. Since the relationship between the stockholders and the managers of a corporation fits the definition of a pure agency relationship, it should come as no surprise to discover that the issues associated with the "separation of ownership and control" in the modern diffuse ownership corporation are intimately associated with the general problem of agency (Jensen & Meckling, 1976).

The separation of ownership and control, and the attending agency cost, yield compensating advantages that include diversification, specialization and economies of scale (watts & Zimmerman, 1986). This theory helps in providing insight into not only the problem arising between management and shareholders but also between management and other classes of shareholders. The theory as stated by Ferdinand, Stephen & Judy (2002), predicts that managers who own less equity in a corporation has the incentives to pursue non value maximizing goals. A shareholder with substantial amount of shares should be able to monitor management and collect information that will limit any problem. Warfield, *et* al (1995), argued that an increase in managerial ownership will reduce the conflict of interest that exists between owners and managers.

2. Methodology

The research design that was used in this study is the correlational research design; this is because the design is appropriate in determining the relationship and the degree to which the ownership structure influence the decision to impair goodwill. The population of the study will consist of all the financial institutions listed (Banks and Insurance companies) in the Nigerian Stock Exchange as at 31st December, 2014. The number of financial institutions were (confirm) as at that date. The data to be used in this study will be secondary in nature and will be extracted from the audited financial statements of banks used in this study. This is due to the nature of the model estimated for the study that will require the use of quantitative data in the form of financial information as contained in the published financial information of the sampled banks.

Table 1. Variables and their Measurements

S/No	Variable	Nature of Variable	Measurment
1	Impairment	Dependent variable	Takes the value of one (1) if the financial institution is impairing goodwill in year t and zero (0) if otherwise.
2	Ownership concentration	Independent variable	Measured by as summation of all above 5% Ownership stakes to total number of shares.
3	Chief executive officers shareholding	Independent variable	Measured by percentage number of shares owned by top management to total number of shares.
4	Institutional shareholding	Independent variable	Measured by percentage number of shares owned by institutional shareholders to total number of shares.
5	Firm size	Control variable	

Source: compiled be auhors.

Model specification

The recognition model of this study is stated as follows,

$IMPAIR_{it} = \beta 0 + \beta 1$ (PERC_OWN_CON)$_{it}$ $+ \beta 2$ (PERC INST-SH) it $+ \beta 3$ (CEO SH)$_{it}$ $+ \beta 4$ (f size)$_{it}$ $+ \varepsilon_{it}$ (1),

where:

IMP= Impairment

PERC_ OWN_CON = Ownership Concentration

PERC INST SH = Institutional Shareholders

CEO SH = CEO Shareholding

F size = firm size

ε = Error Term

ß0 = Intercept/Constant

ß1, ß2, ß3, ß4, ß5 = Parameters

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This study intends to adopt the logit multiple regression as a tool of data analysis. This method is relevant because the dependent variable is dichotomous in nature and the data used are not normally distributed. To test for the normality of data, Shapiriwilk W test was carried out. This method has however been used by many empirical researches reviewed in this study.

3. Results, Hypothesis Testing and Discussions

The summary of the logistic regression result shows the impact and significant of ownership structure and change in chief executive officer on goodwill impairment. The hypothesized relationships were tested. Properties of the casual paths, including standardized path co-efficient, std.err, z values and p values for the equation in the hypothesized model are presented in table 4.0

Table 2. Summary of regression result

Variables	Co-efficient	Std. error	Z	p> [z]	[95% confidence interval	
Constant	-9.036074	3.272637	-2.76	0.006	-15.45033	-2.621823
Dish	.0082514	.9393784	0.021	0.993	-1.832896	2.810419
Owncon	70.19774	29.21128	2.40	0.016	12.94468	127.4508
Instown	89.29116	29.22332	3.06	0.002	32.0145	146.5678
Ceosh	-.1338505	1.522889	-0.09	0.930	-3.118658	2.850957
Ceoturn	.5499165	.53828986	1.02	0.307	-.5051121	1.604945
fsize	.0316262	.2768457	.011	0.909	-.5109814	.5742338
Number of observations						100
LR chi2 (5)						20.93
Prob > chi2						0.0019
Pseudo R^2						0.1826

Source: Stata Output (2016).

The above regression model result is specified as follows;

Goodwill impairment (cons) = -9.036074 + 0.0083dihod +70.19774ownco + 89.29116inowc -.1338505ceosh +.5499165ceoturn +.0316262fsizes (2)

The result in table 4.0 shows that the co-efficient of determination (pseudo R^2) overall has a value of 0.1826. This means that director shareholding, ownership concentration, institution ownership, and chief executive officers shareholding occupy 18.26 percent in the factors that account for goodwill impairment decision of managements in listed financial institution in Nigeria and other factors account for the remaining 81.74 percent. It can be inferred to some extent that ownership structure and chief executive officers turnover may not necessarily influence the goodwill impairment decision of managements in listed financial institution in Nigeria. This indicates that the explanatory variables may not influence the goodwill impairment decision of managements. The wall chi2 and prob. Chi2 explains the overall impact of the independent variables on the dependent variables.

3.1 Director Ownership and Goodwill Impairment

From table 4.0, it is observed that director ownership (dihod) has a p value of 0.993 and a Z value of 0.01, and a coefficient value of 0.083. This signifies that director ownership statistically has no strong influence on goodwill impairment of listed financial institutions in Nigeria. The co-efficient value of 0.083 implies that for every one percent (1) increase in director ownership, the chance of goodwill impairment of listed financial institutions in Nigeria will increase by 0.083. This could mean that directors with shareholdings will be able to influence the recognition and subsequent recording of goodwill impairment. This may eventually increase the reliability of financial statements. The regression result was used for the hypothesis test as follows:

$H0_1$: Directors Shareholding has no significant impact on goodwill impairment of listed financial institutions in Nigeria

Director ownership measured as the percentage of share held by directors to the total number of shares is found to positive but insignificant. This means it has no significant relationship with goodwill impairment of listed financial institutions in Nigeria. Therefore, directors' shareholding has no significant effect on goodwill impairment.

As a result of the above result presented as regards to direct shareholding which shows that the variable is statistically insignificant in influencing goodwill impairment. This therefore provides an evidence of failing to reject the null hypothesis. In one of the study thus; for hypothesis I, HO1 is failed to be rejected.

3.2 Ownership Concentration

The regression result revealed that ownership concentration as shown in table 4.0 have a p value of 0.016, a Z value of 2.40, and a coefficient value of 70.198. The p value of 0.016and a Z value of 2.40 signifies that ownership concentration has a statistically strong influence on goodwill impairment of listed financial institutions in Nigeria. While the coefficient value of 70.198 implies that for every 1 percent increase in ownership concentration, there will be a corresponding 70.198 increase in chance of goodwill impairment to be recognized. This could be as a result of the fact that the concentration of ownership is expected to serve as a monitoring technique that is expected to prevent managers from tendencies of opportunistic behaviors, which eventually present the financial statement in its true and fair nature. The regression result was used test hypothesis as follows:

$H0_{2:}$ Ownership concentration has no significant impact on management decisions to engage in goodwill impairment.

Ownership concentration is measured as the percentage of shares held in block holdings i.e. those that have up to 5ºh of shares held and more in the financial institutions to total number of shares held. This is found to be positive and statistically significant at 5% with the dependent variable (goodwill impairment). This means that ownership concentration is significant and positively associated with goodwill impairment of listed financial institutions in Nigeria. Therefore ownership concentration has significantly affected goodwill impairment of listed financial institutions in Nigeria. This finding is in accordance with the findings of Abdulmajid 2015 and Al-aidaros 2014 but differs from the finding of Verriest and Gaeremyneck 2009.

In line with the above outcome as reported regards ownership concentration which shows that the variable is statistically significant in influencing goodwill impairment. There is therefore enough evidence of rejecting the null hypothesis (2) two. Thus for hypothesis 2, HO_2 is rejected

3.3 Institutional ownership

Institutional ownership has a p-value of 0.002, a z-value of 3.06 and coefficient value of 89.291. The p-value of 0.002, a z-value of 3.06 signifies that institutional ownership is positively and significantly influencing goodwill impairment decisions of listed financial institutions in Nigeria. While the coefficient value of 89.291 implies that for every 1 percent increase in institutional shareholdings, there will be an 89.291 percent increase in the chance of goodwill impairment to be recognized. This could indicate the strong managerial influence institutional owners have on managements of listed financial institutions in Nigeria. This could be as a result of the fact that the Institutional ownership is expected to serve as a monitoring technique that is expected to prevent managers from tendencies of opportunistic behaviors, which eventually present the financial statement in its true and fair nature. The regression result was used test hypothesis as follows:

$H0_3$: Institutional ownership has a significant impact on management decision to engage in goodwill impairment.

Institutional ownership is measured as a percentage of shares held by institutions to total number of shares. This is also found to be statistically significant at 5% and positively associated with the goodwill impairment indicating that when there is increase in the level of shares held by institutional investors will have a significant influence on goodwill impairment of listed financial institutions in Nigeria. Therefore, institutional shareholding has significantly affected goodwill impairment. Al-aidaros 2014 study found a negative relationship between goodwill impairment and institutional ownership.

In view of the above result stated with respect to institutional shareholding showing that the variable is statistically significant in influencing goodwill impairment. This therefore provides the evidence of rejecting null hypothesis 3 (three) of the study. Thus hypothesis 3, HO_3 is rejected

3.4 Chief executive officers shareholding

The regression result revealed that Chief executive officers shareholding as shown in table 4.0 have a p value of 0.930, a Z value of -0.09, and a coefficient value of -.1339. The p value of 0.930, a Z value of-0.09 signifies that Chief executive officers turnover has no statistical influence on goodwill impairment of listed financial institutions in Nigeria. While the coefficient value of -.1339 implies that for every 1 percent

increase in Chief executive officers shareholding, there will be no corresponding change in the recognition of goodwill impairment. This could be that the Chief executive officers shareholding has no statistical influence on their goodwill impairment recognition decision. The regression result was used test hypothesis as follows:

$H0_4$: Chief executive officers shareholding is measured as the proportion of shares held by management to total number d shares is found to be positive but insignificant, which means that it has no significant relationship with goodwill impairment of listed financial institutions in Nigeria. Therefore, chief executive officers shareholding has not significantly affected goodwill impairment. This findings is supported by the findings of Abdulmajid (2015) and LA pointe (2005).

As a result the above result presented as regards to chief executive officers shareholding which shows that the variable is statistically insignificant in influencing goodwill impairment. This therefore provides an evidence of failing to reject the null hypothesis 4 (four) of the study. Thus, for hypothesis 4, $H0_4$ has failed to be rejected.

Recommendations and Conclusion

In light of the various findings of this study, the following measures are hereby recommended for listed financial institutions as a means of enhancing their ownership concentration and institutional shareholdings and most importantly, carrying out an impairment test and subsequent recognition when its necessary in other to present their financial statement in its true and fair nature so that investors interest will be protected. Management of listed financial institutions in Nigeria should also ensure right timing and adequate recording of goodwill impairment.

More attention should be given to ownership concentration and institutional investors of the respective financial institutions. Although it may look like giving the total control to block holders and institutional investors, the benefit that it will bring to the financial institutions will outweigh the cost. This will ensure that goodwill impairment is recognized, and at the right time; and it will also give users of financial statement more trust and confidence in terms of quality of reports. Less attention should be given to director's shareholding, chief executive officers shareholding and chief executive officers turnover as they have no statistically significant role in ensuring impairment of goodwill.

Limitation of the Study

The study is limited to only list of financial institutions in Nigeria. The findings and recommendations is only applicable to them, as their ownership structure chief executive officers turnover may differ from other industries or sectors. Also, the study only looked at goodwill impairment from the recognition point of view. Other researchers could carry out research from either the measurement or disclosure point of view or even combine them. That is looking at it from recognition, measurement and disclosure point of view

Suggestions for Further Research

The study only made use of four (4) ownership structure variables (Directors shareholding, ownership concentration, institutional shareholding and chief executive officers shareholding. It is therefore suggested that other studies in this area should focus on foreign ownership, family ownership state ownership in their ownership structure. This study only looked at variables that influence goodwill impairment but has not examined factors that may act as a monitoring mechanism to reduce the managerial opportunism. These include strong governance mechanisms, such as an independent board and the number of meetings held by the board of directors during the financial year, audit committee etcetera. These factors represent another potentially interesting area for future research.

Author Contributions

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Appendix

```
. xtset id fyear
       panel variable:  id (strongly balanced)
        time variable:  fyear, 2011 to 2014
                delta:  1 unit

. sum impair ownco inowc fsize ceosh, detail

                           IMPAIR
-------------------------------------------------------------
      Percentiles      Smallest
 1%            0              0
 5%            0              0
10%            0              0       Obs                 100
25%            0              0       Sum of Wgt.         100

50%            0                      Mean                .24
                        Largest       Std. Dev.      .4292347
75%            0              1
90%            1              1       Variance       .1842424
95%            1              1       Skewness       1.217562
99%            1              1       Kurtosis       2.482456

                            OWNCO
-------------------------------------------------------------
      Percentiles      Smallest
 1%            0              0
 5%            0              0
10%            0              0       Obs                 100
25%           24              0       Sum of Wgt.         100

50%           35                      Mean              36.16
                        Largest       Std. Dev.      19.70321
75%           51             64
90%           60             64       Variance       388.2166
95%           61             82       Skewness      -.1884894
99%         83.5             85       Kurtosis       2.546854

                            INOWC
-------------------------------------------------------------
      Percentiles      Smallest
 1%            0              0
 5%            0              0
10%            0              0       Obs                 100
25%           19              0       Sum of Wgt.         100

50%           34                      Mean              34.12
                        Largest       Std. Dev.      18.87454
75%           49             60
90%           58             60       Variance       356.2481
95%           60             82       Skewness      -.0596533
99%         83.5             85       Kurtosis       2.746182

                            FSIZE
-------------------------------------------------------------
      Percentiles      Smallest
 1%        5.785           5.74
 5%         5.99           5.83
10%        6.485           5.87       Obs                 100
25%         6.97           5.88       Sum of Wgt.         100

50%        7.435                      Mean             8.1206
                        Largest       Std. Dev.      1.576229
75%         9.23          11.76
90%        9.805          11.78       Variance       2.484499
95%       11.655          11.85       Skewness       .7483913
99%        11.91          11.97       Kurtosis       2.854504
```

Figure 1. Ownership structure variables

Source: compiled by authors.