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Shareholders' Wealth Maximization, Capital Structure And Management Satisfaction In Nigeria Corporate Organizations: The Goal Mix Dynamisms

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The study is an examination of the relationship between the shareholders' wealth maximization objective of the firm and the management goal of increase remuneration and satisfaction. It is of note that this relationship do lead to agency problem-the age long dichotomy of corporate and personal objectives differences within the firm. The agency dichotomy is a subject of corporate governance. The study uses the agency theory, information asymmetry theory and the capital structure theory to examine the shareholders' wealth maximization and the management personal wealth maximization (satisfaction). The study apply both survey and expost-facto research design technique, using structured questionnaire and secondary data from the financial report of selected firms of the firm.. The data span a period of 10years. The simple linear regression analysis, correlation coefficient, and t-test were used for the analysis of data collected. Findings from the study revealed that organization assets portfolio and leverage will impact on the shareholders' wealth as measured by market value of the firm. However, dividend payment and timing of payment will more affect the value of the firm. Moreover, it was revealed that due to the asymmetric information dichotomy between the firm's owners and management, hence management is able to pursue their personal satisfaction at the expense of the shareholders' wealth maximization, The study recommended that business organization should strike a balance between investments in assets, Dividend payment and leverage as they influence the market value of the firm and hence the shareholders wealth. Shareholders should also seek more information about their firm than the statutory information in the financial report.

Keywords: agency cost, asymmetric information, shareholders, market value, and capital structure.

1. Introduction

The management of a business organization is employed by the shareholders of the firm, in the corporate organization environment the shareholders are most time different from the managers of the firm. The management operates in fiduciary capacity to the management; basically the management are the agents of the shareholders. They manage the firm on behalf of the shareholders, hence, it is incumbent on them to pursue policy meant to increase the wealth of the shareholders or to maximize the wealth of the shareholders. However, many at times the managers of the corporate organization rather than pursue goals to the satisfaction of both the shareholders and other stakeholders they pursue policy that will enhance the growth of the firm and their own personal goal and objective. The issue of deference in goal of both the shareholders and the management of the firm do give rise to agency problem. The difference in goal of management and that of the shareholders do lead to corporate governance dichotomy and most time lead to friction.

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The fact that the shareholders own their business is not in doubt the fact also that they cannot possibly stay at the saddle to directly manage the business is another issue. They must rely on the expertise of professionals to manage the business on their behalf. The shareholders want business growth and also increase in earnings and dividend while the management wants increase welfare and emoluments. The management and the shareholders will tangle on the growth- goal objective and survival or continuity objective while they will differ on increase earnings and dividend to the shareholders. Increase in income to the shareholders will mean decrease in return and emolument to the management to the firm. However, both the management and shareholders will agree on the growth and survival of the firm. The measurement of return to shareholders is market value and payment of dividend is also another hence if more of growth is the objective then less will be left for distribution as dividend. Thus if growth will be pursued then dividend will reduce since more of dividend will be less of earning for growth purpose. It is therefore incumbent on the management to balance the difference and achieve optimal mix of divergent goals these are the problems and issues raised in this study. Thus, this study is an evaluation of the shareholders wealth maximization objective of the firm in congruency with the personal goal of the management of the firm. The study uses the agency theory, information asymmetry theory and the capital structure theory to examine the shareholders wealth maximization and the management personal wealth maximization (satisfaction).

The motivation for this study is the recurrent friction in management and shareholders relationship in Nigeria, it is a noticeable fact in Nigeria that management personal goals and shareholders wealth maximization goals many times run counter, most especially when the shareholders are institutional investors, at other times the capital structure mix of Nigeria profit organization remain issue in point vice-a-vice the dividend payment and growth objective of the firm, cases abound in Nigeria over this issues. Moreover, in the recent there are very few research works done on the subject of shareholders' wealth in Nigeria. There are works on corporate governance and shareholders wealth maximization but almost none on the subject of management personal goal satisfaction and shareholders wealth maximization goal within the corporate goal mix. (Omoregie,2016. Adelegan, 2007. David, 2003. Oboh et al,2012)). It needs to be noted that past studies on this subject has the limitation of orientation and data availability. It also suffers from prospective orientation problem of master/servant relationship between shareholders and management rather than assignment differentiation orientation. The objective of this study is to evaluate the capital structure theory, the agency theory and the asymmetric information theory in relation to the dichotomy of wealth maximization and management satisfaction. It is of the common knowledge that there is friction of interest between the management and the shareholders of the firm; it is more acute and potent when the largest memberships of the management are not shareholders of the firm organization. The objective therefore, of this study is to examine and synchronize three different arguments in literature of capital structure, shareholders wealth maximization and management personal interest satisfaction as tripartite goal of the firm.

Research Question

The research questions are:

- Could management while ensuring the shareholders wealth maximization still able to satisfy personal goals in friction-free situation?

- Is there any relationship between shareholders' wealth maximization and capital structure of the corporate organization?

The rest of the paper is organized as follows, Section 2 deals with Literature review and conceptual framework, Section 3 contains methodology, Section 4 provides analysis of findings and Section 5 focuses on conclusion.

2. Literature Review

Wealth Maximization and Investment Decision

According to Kehinde (2011), the basic financial management objective is to maximize the shareholders' wealth. The shareholders' wealth is the present value of future cash flow or present value of future dividends payable to the shareholders infinitely. This is achieved through a combination of goals such as Increase in the market share of the firm, Increase in reported profit, Continuous survival of the business, Provision of valued services to customers, Ensuring public acceptability of the firm and its products/services coupled with both social acceptability and legal acceptability.

Ryerson (2008) noted that corporate finance is concerned with the effective use of financial resources in creating corporate value. The providers of fund require appropriate returns on their investments in form of dividend and share price appreciation, commensurate with the levels of risk they are prepared to accept associated with the type of businesses and industrial sectors in which they invest. The executive have the twine responsibility of pursuing wealth maximization objective that is, value creation through making 'real' investments in projects that return the highest possible positive net present values in cash flows, it also ensure that appropriate financial strategies are adopted that reflect this in value created for shareholders.

Jörg, Loderer & Roth (2003) study the goals of 313 SWISS firms in relation to shareholders wealth maximization and concluded that most managers pursue conflicting targets. Many also do not maximize shareholder value. And those who claim they do sometimes rely on investment criteria that are inconsistent with that target. Finally, they find that share-price performance is marginally better when managers claim to maximize shareholder value, particularly when stock prices have fallen. Myers (1977) argues that leverage (debt finance) can make firms to under-invest because the gains from investment are shared with the existing risky bonds of the firm. In effect, the agency effect of financing decision works through profitability and can make firms to take better or worse investments and to use assets more or less efficiently.

Adelegan (2007) empirically examine the effect of taxes on business financing decisions and firm's value in Nigeria. The study which analyzed 85 manufacturing firm in Nigeria from 1984 to 2004 found that dividend and debt covey information about profitability of the firm. This information obscures any tax effect of financing decision. However, there was evidence that earnings and investment were key determinants of the firms' value in Nigeria. The study also found positive relationship between dividend and value and negative relationship between debt and value in firms examined.

Adamodar (2014) stated that the firm's investments are generically termed assets, although assets are often categorized by accountants into fixed assets, which are long-lived, and current assets, which are short-term. To finance these assets, the firm can raise money from two sources. It can raise funds from investors or financial institutions by promising investors a fixed claim (interest payments) on the cash flows generated by the assets, with a limited or no role in the day-to-day running of the business, this is generally known as debt finance. This is also equity finance where they shareholders has the power of appointment and do vote in the AGM of the organization. The compensation for their finance is by way of dividned-a return for equity ownership. Thus in summation Adamodar (2014) posit that two financing method exist for the assets of the firm, With different return and wealth creation possibility.

Adamodar (2014) further noted that in most firms, the managers of the firm, rather than the owners, make the decisions about where to invest or how to raise funds for an investment. Thus, if share price maximization is the objective, a manager choosing between two alternatives will choose the one that increases share price the most. The objective is stated in terms of maximizing some function or variable, such as profits or growth, or minimizing some function or variable, such as risk or costs. There is general agreement, at least among corporate finance theorists that the objective when making decisions in a business is to maximize value. (Adamodar, 2014) There is some disagreement on whether the objective is to maximize the value of the shareholder's stake in the business or the value of the entire business, which besides shareholders includes the other financial claim holders (debt holders, preferred shareholders, etc.).

Those who argued for shareholders' wealth maximization also averred that there is a question about whether this translates into maximizing the share price. The less restrictive of the two objectives, in terms of assumptions needed, is to maximize the firm value, and the most restrictive is to maximize the share price. Shareholder wealth maximization is therefore concerned with maximizing the value of the firm to its owners. The ownership value of the firm is the market value of the shares owned.

Maximizing's wealth is done through increasing value of the firm which can be achieved through increasing profitability, through cost reduction and efficiency programs, Investing in profitable projects or investments, expanding through new products and new markets, acquiring or merging with other organizations. Pandey(2005), Koutsoyannis (1979) and Okafor (1988) noted that the fundamental and traditional objective of business organizations is maximization of shareholders' wealth.

The shareholders' wealth maximization (SWM) principle states that the immediate operating goal and the ultimate purpose of a public corporation is and should be to maximize return on equity capital. The SWM specification of what is often termed the corporate objective makes operating goal and ultimate purpose the same noting that managers and investors should focus narrowly on SWM.

The "primary" goal of shareholder's value creation is "a little vague" (Ross et al., 2002). Managers tend to maximize corporate wealth, under their control, rather than shareholders' wealth (Ross et al., 2002). The available evidence and theory are consistent with the ideas of shareholders' control and shareholders' value maximization. However, there can be no doubt that at times corporations pursue managerial goals at the expense of shareholders'. There is also evidence that the diverse claims of customers, vendors, and employees must frequently be considered in the goals of the corporation (Ross et al., 2002).

Shareholder wealth maximization focuses on the motives and behaviors of financial stakeholders. The doctrine of separation of ownership and control (Berle and Means 1932) posits that principals (or shareowners) employ agents (or management) who must have some reasonable discretion (e.g., the business judgment rule). At law, officers and directors have a fiduciary duty to safeguard the financial interests of the shareholders (or shareowners) (Kehinde 2011).

The SWM principle can be stated, however, in two forms.the strong form and thye weak form. The stronger form argues that, within any set of legal and ethical constraints, the corporate objective is and should be strictly SWM. The operating goal and ultimate purpose of the public corporation are the same. Fiduciary duty ought therefore to be tightly focused on SWM.(Windsor, 2008), The United States is the prime example of a strongly shareholder-oriented business system. The prevailing assumption is that SWM will tend most efficiently and effectively to resolve stakeholder issues and contribute to social welfare. The public firm is directed by a board of directors elected solely by the shareholders.

There are four key questions concerning the SWM principle. Two intertwined questions are normative. The first question concerns the ultimate purpose of a business: In principle, what should a business strive to do? Financial economics theory posits that the ultimate purpose (and immediate operating goal) of any business is to maximize its market value. This corporate objective should, under certain conditions, maximize social welfare. This specification of the corporate objective reflects utilitarianism in the sense that everyone should gain over the longer run from freer markets if the necessary conditions obtain. None utilitarian business ethics, corporate social responsibility, and stakeholder theory provide different answers concerning ends and means of business activity.

The second question is a normative question which concerns property ownership and corporate governance: Who has rights to control or influence the objective function of the corporation? These rights might be moral as well as legal, linked to SWM as a corporate objective is a particular understanding of the firm, in a capitalist market economy, as attracting and employing capital. (Capital owners need not be the organizers of a firm. Anyone, such as an entrepreneur, might organize a firm and then seek capital.) Allocation of capital is a key dimension of the functioning of the market economy.

The third question is instrumental: What are the practical alternatives for maximizing the firm's value and the shareholders' value and over what relevant time horizon? And are these alternatives equally satisfactory? Key stakeholders, in addition to shareholders and executives, and customers and employees, a balanced approach to value creation, defined as one empirically treating multiple constituencies as if effectively equal, might perform better in the marketplace than an approach asserting a purely normative theorem. A fourth, and final, question is descriptive: What are the conditions external to the firm affecting the normative and instrumental variables.

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According to Jorg, Loderer and Roth (2005), the gains in shareholding accrued to shareholders in form of dividends and capital appreciation in the values of the stocks held by them. The stock price appreciation and dividends received constitute the total returns to shareholders. Dividends are payable out of distributable profits and management is not under any obligation to pay dividend. Management is charged with the responsibility of deciding whether to distribute all its earnings (profits attributable to ordinary shareholders) to shareholders in form of dividends or retain part of the earnings to finance future growth. Sveiby (1997) also stated that shareholders' wealth is measured by the returns that they receive on their investments.

These returns emanate from two source; Earning per Share (EPS) and changes in the market price of the shares held by them during the fiscal year. Therefore wealth maximization means maximum EPS plus maximizing the market price of the shares. With greater profit, the EPS (Earning per Share) goes up, resulting in an increase in the price of shares belonging to the shareholders. For definition of wealth creation during the period ending at time t, it is supposed that, Vt-1 is the value of the total investment (Share Price) in the firm at the end of period t-1. Similarly, by the end of period t the firm's investors own a firm worth (Share Price) Vt and receive a cash distribution (EPS) equal to Ct. To assess the wealth created during period t, it is compared with the value of the investment and cash flow received at the end of the period with the value of the investment at the beginning of the period. However, it is not enough that (Vt + Ct) exceed Vt-1. Since the firm's investors have invested an amount equal to Vt-1 in the firm on which they require a return k. Therefore, a firm creates wealth for its investors during period t only where (Vt + Ct) returns the value of the firm's invested capital (Vt-1) plus the investor's required return on the invested capital, kVt-1. Investment assets are "assets" that are intended to achieve long-term objectives they can also be regarded as investments for maximizing the corporate objectives of an organization.

Conceptual Framework

Capital structure theory

The Modigliani-Miller theorem of dividend irrelevant offers a sound understanding of the relationship between dividend and value of the firm. At its heart, the theorem is an irrelevance proposition. It provides conditions under which a firm's financial mix does not affect its value. Modigliani-Miller (1958) explains this in theorem that with well-functioning market (and neutral taxes) and rational investors, who can undo the corporate financial structure by holding positive or negative amount of debt, the market value of the firm(debt plus equity), depends only on the streams of income generated by its assets. It follows, in particular, that the value of the firm should not be affected by the share of debt in its financial structure or by what will be done with the returns paid out as dividend or reinvested.

Modigliani and Miller capital structure irrelevant theory is of value to the modern financial theory of the capital structure and market value of the firm. Villami (undated) in this stratum noted that what is currently understood as the Modigilani and Miller theorem comprises four distinct results from a series of paper (1958,1961,1963). The first proposition establishes that under certain conditions a firm's debt-equity ratio does not affects its market value. The second proposition establishes that firms leverages has no affect on market value. The second proposition averages establishes that a firm's leverage has no effect on the weighted averages cost of capital (ie the cost of equity capital is linear function of the debt equity ratio). The third proposition establishes that firm market value is independent of its dividend policy. The fourth proposition establishes that equity –holders are indifference about the firm's financial policy.

Capital structure and agency cost the Jensen- Meckling theory

Jensen and Meckling (2000) using the –property theory, right theory, agency theory and the financial theory develop the ownership theory structure for the firm the theory posit that agency cost exist between the owners of the business and the management of the business and the agency cost do impact on the return to the outside owner of the business it is a different case when the owner of the business are outside shareholders only, in other cases where the firm has both inside owner and outside owners the agency cost is reduced. Also when the capital structure of the firm is divided between debt and equity then agency cost exist on debt that is interest paid and also on the equity and that is the dividend paid however, a rising agency cost on debt can erode interest to the equity holders, thus most business will prefer to operate using only equity but this will be limited to available fund with increasing investment opportunity the business owner will be left with no choice than to finance by debt incurring the agency cost. The theory also noted that business owner will be willing to incur agency cost on debt if all requisite cost has been provided for which include payment to creditors, government(taxes) and other social responsibility could be provided for. Agency costs are as real as any other costs. Jensen and Meckling also noted that the level of agency costs depends, among other things, on statutory and common law and human ingenuity in devising contracts. Both the law and the sophistication of contracts relevant to the modern corporation are the products of a historical process in which there were strong incentives for individuals to minimize agency costs'.

Asymmetric information theory

Myers and Majluf (1984) emphasizes frictions due to asymmetric information between managers and outside investors, while the managements wishes to maximize the wealth of the shareholders as well as that of other stakeholders they still want to maximize their own satisfaction order this selfish goal of management is made most time due to the asymmetric information or information gap between the shareholders and the managers of the firm. Jörg, Loderer& Roth(2003) noted that Managers claim to pursue multiple targets simultaneously. For instance, they apparently maximize customer satisfaction, stakeholder value, and profits while at the same time striving to maintain independence (that is satisfaction of their own personal goal and maximization of their wealth). Since most of these targets are not positively and monotonically related, these preferences are logically inconsistent.

Problems with previous studies

The study review literatures on shareholders' wealth maximization and capital structure of the firm, most literatures reviewed noted the very need of the frim to maximize the shareholders wealth through dividend payment. It is noted that dividend is a measure of value of the firm as dividend against the cost of capital will produce the market value of the firm, the impact of dividend on value measure of the firm cannot be over emphasized. Other literatures measure the relationship between the two basic constituents of ownership structured of the firm (debt and equity) and noted that the value of the firm could be maximize through the equity-value without recur to the effect of debt since it will not impact on the value of the firm. However, none of the literature reviewed cognately seek the effect of the personal goal and interest of the management on the value of the firm. Most literatures are of the assumption that the management are the agent of the shareholders and should automatically ensure the maximization of the shareholders wealth, this is the view of the agency theory school of thought as reviewed in the literature. The limitation and weakness in these literature is consequence on the fact that most of the authors look off the interest of the management which sometimes is inimical to the shareholders interest. While shareholders wants more return the management want growth of the firm, they want to keep their job. This thus create a gap in literature that this study want to exploit. Also these is a gap in literature as to the import of symmetric information on the ability of the management to satisfy their personal interest against the shareholders. The theories have mostly been deployed to how the return and share trading respond to market information, however, this study want to examine the effect of symmetric information on the ability of management to fulfill personal goal against corporate and shareholders objective.

Hypotheses

1) Capital structure mix is not the bane of poor shareholders wealth maximization in public firm in Nigeria
2) The asymmetric information and agency cost dichotomy between management and shareholders is not the bane of poor shareholders wealth maximization in Nigerian public firm

3. Research Method

The study is an evaluation of the relationship between the shareholders wealth maximization and investment in assets and debt finance of the firm. The study made use of triangulation method using both secondary and primary data, the study made use of time series data that span the period of ten years from 2004 to 2013. The data were obtained from the annual financial report of the firms and the Central Bank of Nigeria Fact Book 2014. The data is for the purpose of the study, the data was delimited to a half yearly data. The study also made use of primary data collected using the survey method. Structured questionnaire was used for the study. This was distributed to top managements of 10 firms selected (as the issue is that of corporate governance) a total of 85 questionnaires were collected and used out of 100 distributed. The simple linear regression analysis was adopted for the study. Chi-square was also used for the primary data analysis. The adoption of the triangulation method was used due to the nature of the study that made use of both secondary and primary data, it is noted that where secondary data were not available, primary data was adopted for the study. Three variables were identified in the study which is shareholders wealth maximization which is proxy by the market value of shares of the firms, the investment which is proxy by the total assets of the firm and debt finance. Each of the variable were estimated as follows:

$$SMV= f(TA, TD)$$

$$SMV = \alpha_o + \alpha_1 TA + \alpha_2 TD + e$$

Where:
The a priori expectation is α1, α2>0
SMV = Share Market Value
TA= Total equity
TD= Total Debt
α_0 = Intercept
α_1 –α_2 = Coefficients of regression estimators.
e = error-term.

Data Analysis

Hypothesis 1

Capital structure mix is not the bane of poor shareholders wealth maximization in public firm in Nigeria

Table 1

Dependent Variable: MRTVALU
Method: Least Squares
Date: 10/04/15 Time: 11:
Sample: 2004 2013
Included observations: 10

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-8.200809	1.037353	-7.905517	0.0001
TOTDEBT	-0.395006	0.256291	-1.541240	0.1672
TOTEQUITY	1.619699	0.341852	4.738017	0.0021

R-squared	0.946829	Mean dependent var	1.807172
Adjusted R-squared	0.931637	S.D. dependent var	0.243151
S.E. of regression	0.063575	Akaike info criterion	-2.429866
Sum squared resid	0.028293	Schwarz criterion	-2.339091
Log likelihood	15.14933	Hannan-Quinn criter.	-2.529447
F-statistic	62.32519	Durbin-Watson stat	2.642363
Prob(F-statistic)	0.000035		

The result in table1 show the least square regression model, expressing market value (mrtvalu) as the function of total debt (totdebt) and total equity (totequity). The correlation coefficient is 0.973 or 97%. This means that the determinant variables have effect on market value to a 97% extent; there exist a high positive relationship between the dependent variable and the explanatory variables. Also, the coefficient of determination stand at 0.95 or 95% which means that 95% changes in the dependent variables (market value) is explained by the independent variables. However, tot al equity (0.002) is significant at 0.05 but total debt is not (pro 0.1672). Thus, a change in market value is strongly influenced by total equity but not by total debt portfolio of the firm. Thus, other exogenous variables aside total equity also provoke change in the market value of Nigeria firm within the period covered. However, the probability of F-Statistics is significant at 5%, which suggest that the explanatory variables are significant measure of the dependent variable. The effect of each variable on the explained variable (market value) revealed that totdebt and totequity are significant at 0.05(p- 0.000035).

Thus we reject the null hypothesis and accept the alternative hypothesis which stated that Capital structure mix is the bane of poor shareholders wealth maximization in public firm in Nigeria.

This result revealed a significant departure from the Modigliani and Miller (1958) capital structure irrelevant theory. This result could have emanated from market experience within the Nigerian contest due to double digit interest rate regime operational in Nigeria for over two decade now. This support the finding of Oboh et al (2012) on the symmetric relationship between capital structure and debt portfolio of firm in Nigeria on one hand and capital structure and the value of firm in Nigeria on the other hand.

Hypothesis 2

The asymmetric information and agency cost dichotomy between management and shareholders is not the bane of poor shareholders wealth maximization in Nigerian public firm

List of Variables

A. The asymmetric of information possibility between the shareholders and the management of the business is responsible for low shareholders wealth maximization
B. Management pursue personal satisfaction at the expense of the shareholders wealth maximization in business organization
C. The management- shareholders goal dichotomy does lead to higher agency cost
D. Management do pursue conflicting goals in satisfying stakeholders and hence not able to deliver on organization wealth maximization goal of the firm
E. Management do allow the pursuit of personal interest to override corporate objective to the detriment of the of the shareholders

	A	B	C	D	E
Chi-Square	97.800[a]	65.400[a]	25.800[a]	36.000[b]	25.800[a]
Df	2	2	2	3	2
Asymp. Sig	0.000	0.000	0.000	0.000	0.000
The mean	4.7000	4.2000	4.0500	3.1000	4.0500

The above mean ranking shows the average responses to the asymmetric information and agency cost dichotomy between management and shareholders' wealth maximization in Nigerian public firm. Five important variables relating to the subject of shareholders wealth maximization where selected for test and ranking. The SPSS (19) was used for the analysis .The responses depict the level of importance attached to each variable, the higher the mean the more the import of such variable. There is a generally highest mean response that "The asymmetric information possibility between the shareholders and the management of the business is responsible for low shareholders wealth maximization" rank first suggesting that this variable remain pivotal to the tested hypothesis. "Management pursues personal satisfaction at the expense of the shareholders wealth maximization in business organization" show a high mean acceptance level of 4.2 and hence ranked second. "The management/shareholders goal dichotomy does lead to higher agency cost" and "Management do allow the pursuit of personal interest to override corporate objective to the detriment of the shareholders" ranked equal. These four variables are ranked to be the most important factors among variables tested, while "Management do pursue conflicting goals in satisfying stakeholders and hence not able to deliver on organization wealth maximization goal of the firm" ranked the least of the tested hypothesis.

Hypotheses Testing

The researcher identified five variables representing "the asymmetric information and agency cost dichotomy between management and shareholders is not the bane of poor shareholders wealth maximization in Nigerian public firm". The variables were tested differently using the chi-square techniques. It was observed that all the variables where significant using the Asymp, Significant value (p-value) of the chi-square test at significant level of 0.05%. This suggested that all the variables were very significant factors for the test and hence the asymmetric information and agency cost dichotomy between management and shareholders is the bane of poor shareholders' wealth maximization in Nigerian public firm.

We reject the null hypothesis and accept the alternative hypothesis which stated that the asymmetric information and agency cost dichotomy between management and shareholders is the bane of poor shareholders wealth maximization in Nigerian public firm. This is in line with the Jensen and Meckling (2000) capital structure and agency cost dichotomy , which noted that agency cost do impact on the value of the firm and also on the return of the shareholders. It also buttress the Myers and Majluf (1984) theory of frictions due to asymmetric information between management and outside investors within the corporate existence,

4. Analysis of Findings

The asymmetric information between the managers and the shareholders was shown to influence the shareholders wealth maximization. The managers know more than the shareholders about their firm and as such are able to pursue their personal goal at the expense of the owners of the firm, but with symmetric information orientation and increased shareholders participation based on perfect information management will changed to longer growth benefit than current and personal, this study therefore infer that information symmetry is not only significant in extrinsic (in share trading) measure of firm's value as in perused literature but also of import in intrinsic (value from inside of the firm) measure of the value of firm.

The study also noted that the management of the firm are able to satisfy their personal goal at the expense of the shareholders' due to ability to make operational decision that ultimately determine the corporate existence of the firm fueling the agency problem between the management and the shareholders' of the firm. This was scarcely noted in any of the findings of previous authors, previous study limited agency cost to cost associated with asymmetric information (this is cursory in nature) rather than cost arising from decision making that can impact the existence of the firm, even one that can signal the demise or otherwise of the frim.

The study also discovered that managers while pursuing conflicting goals of satisfying the stakeholders and the owners of the firm do run to misplacement of ideals resulting to drop in firm's wealth maximization. Thus, poor corporate goal satisfaction may not be deliberate or intentional but out of lost in pursue and fulfilling conflicting goals.

The capital structure of the business organization is another factor of influence in the satisfaction of the firm's goal and maximization of the shareholders wealth. The total equity is a strong factor than the total debt of the firm in wealth maximization; however, they are both significant in determining the market growth of the firm. The result from this study corroborated the assertion of Petra Jörg(2003) in their study that examine the relationship between shareholders wealth maximization and management investment policy and concluded that where the management pursue the goal of wealth maximization through assets investment the market share of the firm will always increase. Hence the market value will always respond to investment in total assets. However, the result is in contrast to that of Modigliani and Miller capital structure irrelevant theory that assume that in determining the value of the firm the combining ratio of debt and equity of the firm does not count, this study rather noted that in fact the ratio of debt of equity actually counts and the debt portfolio information could impact the value of the firm and return to shareholders most especially with increasing interest on debt.

The implication of these findings is that management, shareholders and other decision makers should take to cognizance the importance of free flow of information between management and stakeholders of the firm. It is also imperative to note that debt portfolio of the firm is of import and should be noted in the capital structure of the firm as this will impact the market value of the firm.

5. Conclusion and Recommendation

The study is on the relationship of the wealth maximization objective of the firm and management satisfaction of their personal goal. The study concluded that the equity investment as well as the debt finance do influence the market value of the firm, however, the debt finance portfolio do not influence the market value of the firm as much as the equity investment. The combine portfolio of equity and debt do impact on the market value of the firm. It goes to say that shareholders wealth is subjected to the influence of both the assets of the firm and the debts finance of the firm. The study concluded that there is a negative and implicit relationship between debt and the value of the firm. It also noted that the present of the asymmetric information content between the shareholders and the management of the firm allows the management to fulfill their personal goal at the expense of the shareholders wealth maximization. Lastly the study noted the agency cost and problem between the management and the shareholders do influence the wealth of the firm rather negatively.

The study recommended that business organization should strike a balance between investments in assets, Dividend payment and debt finance as they influence the market value of the firm and hence the shareholders wealth of the firm. It also recommended that there should be free flow of information between management and shareholders of the firm to reduce asymmetric information concern. It equally recommended that management should always put the shareholders concerns afore theirs as they are the owner of the firm.

Contribution to Knowledge

The study noted that information symmetric impact the capital structure formation and shareholders wealth maximization of the firm than any other corporate governance factor. It also contributes to knowledge in management personal goal orientation and shareholders' wealth maximization synchronization within the firm's general goal mix. The study reject the Modigliani and Miller(M&M) capital structure irrelevant theory and rather noted that debt content of the capital formation of the firm is potent and can dictate the health and survival of the firm in the Nigeria frame.

Suggestion for Further Study

This study did not examine the effect(s) of Stewardship theory and other corporate governance theories on management and the shareholders wealth maximization; this is suggested for further study. The relationship between percentages of management that double as shareholders of the firm on the shareholders' wealth maximization is also suggested for future study as this was not done in this study.

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