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11 PLC Formally Mobil Oil Nigeria Plc A Pre And Post Analysis of Capital Structure and Performance

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Abstract
The name of every company has a way of attracting goodwill to the company, therefore we have analyzed the published financial statements certified by an independent auditors of 11 plc formally Mobil oil Nigeria plc capital structure and performance before the change of its name and after the change of its, the paired t-test was employed in the analysis with data ranging from 2019 to 2013, and the findings revealed that PRE-ROE, PRE-NCDE and PRE-ECE respectively vis a vis the mean of the POST-ROE, POST NCDE and POST ECE are statistically significant .042, .019 and .028 respectively, the study therefore revealed that the change of name has effected the company significantly, we therefore recommended that companies should engage in more sensitization for a specific period of time to keep the public aware before it change its name, the study above revealed that the return on equity reduced significantly; and companies should keep creditors and other stakeholder aware and be cogent whenever the needs arise to change its name, because the study revealed that the company under study have more access to debt prior the change of its name.

Keywords: Capital structure, Performance

Introduction
The name of a company has a way of attracting goodwill to the company, if a name of a particular company is changed it may therefore affect its finances either positively or negatively, this is due to the fact that the new name may either attract more inflows or reduced the outflows and in the short run which automatically affect the company capital structure and in the long run lead to capital restructuring. The objective of every entity is to minimize cost to its barest minimum i.e. looking for the cheapest sources available to her to get its finance with aim of maximizing the wealth of shareholders and also satisfy its stakeholders however this objective cannot be effectively achieve if there is mismatching of capital structure employed by the entity. Etale, Edoumiekumo, Kpolode and Nkak (2020) capital structure it a pivotal decision for the survival of any entity because it has a long run impact in determining the prospect, development and viability of an entity over a period of time.
Ganiyu, Adelopo, Rodionova and Samuel (2019) opined that when debts is properly matched by an entity, it will result to a strong statistical link between capital structure and firm performance however when debt is over employed it will lead to a non-monotonic association between capital structure and firm performance, this was also seconded by Javed, Younas and Imran (2014) opined that capital structure has impact over firm performance. However Uremadu and Onyekachi (2018) opined that capital structure has no significant impact on performance. Study thus far, there has not been a consensus decision on the relationship between capital structure and firms performance.

**Review of Empirical Literatures**
Dao and Ta (2020) employed a meta-analytical approach to investigated the association between capital structure and performance secondary data ranging from 1998 to 2017, 32 journals was reviewed and other secondary sources, 50 papers with 340 studies chosen from 2004 to 2019 and found out that corporate performance is negatively related to capital decisions.

Etale, Edoumiekumo, Kpolode and Nkak (2020) examined the relationship between capital structure and firm’s performance of quoted industrial goods on Nigeria stock exchange by employing secondary data ranging from 2014 to 2019 with the help of multiple regression model their findings revealed that non-current debt to total assets and total debt to equity has a statistical significant relationship with return on equity while total debt to equity has a negative relationship with return on assets however the other independent variable employed by them has no statistical significant on performance, they therefore recommended after considering proper matching between equity and debt, non-current debt financing should be consider first while current debt should be consider last.

Etale and Uzakah (2019) examined the relationship between capital structure and firm performance of Aluminum Extrusion Company PLC a company which is listed on the Nigeria stock exchange basic material sector from 2009 to 2018, multiple regression technique was employed and revealed that debt to equity ratio has significant positive effect on return on capital employed, debt to capital employed ratio has negative influence on return on capital employed and equity to capital employed ratio has no influence on return on capital employed, therefor they conclude that capital structure has no significant effect on firm performance, therefore opined that debt financing should be the last option which concord to the peking Order theory.

Chandrasekharan (2014) investigated the determinants of capital structure in Nigerian listed entity with data ranging from 2007 to 2011 by employing panel multiple regression techniques, he found out that size, age, growth, profitability and tangibility are strong determinants of leverage in the Nigerian firms.

Akinyomi and Olagunju (2013) analyzed the determinants of capital structure of listed firm on the Nigeria stock exchange via a random sample using descriptive research design, the study population involved eighty-six manufacturing entity with data ranging from 2003 to 2012 by employing regression analysis and found out that capital structure has a negative relationship with firm size.

Birru (2016) employed secondary data to examined the impact of capital structure on financial performance of selected commercial banks in Ethiopia with data from 2011 to 2015 with the help of multiple regression models and revealed that financial performance significantly and
negatively relationship with capital structure however debt ratio (DR) which is measure of capital structure has a negative impact.

**Evidence of Research Gap**
Mobil Oil Nigeria Plc has changed its name to 11 Plc (pronounced as “Double One Plc”) in her Annual General Meeting (AGM) held on 24 May 2017 base on the decision of her shareholders, this has drawn our attention to analyzed the implication of this decision on the capital structure and performance of the company using paired t-test to analyzed the published financial statement prior (2015 to 2013) the decision and post (2017 to 2019) decision. Since a company name has a way of attracting Goodwill and impacting on the financial flows of the company, the study will help keep shareholders, prospective investors and general public inform on the impact of this decision.

**Methodology**

**Research Design**
We adopted ex-post factor to analysed secondary data extracted from the company website and Nigeria Stock Exchange to evaluate pre and post change of name, this approach was to ensure data used are reliable as the researchers have no power to manipulate the data. Descriptive statistics and a paired t-test was adopted by the researchers using SPSS. The hypotheses were tested using the analysed result from the study; the decision rule was to reject the hypotheses if the calculated p-value is less than 5% (0.05).

**Source of Data**
The data adopted and used for this study was extracted from Nigeria stock exchange and the company website by analysing the company financial statements prior the change of its name from Mobil Oil Nigeria PLC 20015 to 2013 and post change of names to 11 PLC 2017 to 2019. The data used for this study is reliable because this financial statement have been certified by an independent auditors, which cannot be manipulated. The variable for this study are return on equity (ROE), non-current debts to equity (NCDE) and equity to capital employed (ECE) therefore we compare the means of the variables pre and post change names.

**Data Analysis Techniques**
Descriptive statistics and paired t-test was adopted using SPSS to test for the hypotheses in the study, the decision rule was to reject the null hypotheses if the calculated p-values is less than 5% (0.05) significance level.

**Data Presentation and Analysis**
The data used and presented in our study were extracted from Nigeria Stock Exchange and the Company web site.
4.1 Operationalizing values

| YEAR    | PAT '000 | NON-CURRENT DEBT '000 | CAPITAL EMPLOYED '000 | EQUITY '000 |
|---------|----------|------------------------|------------------------|-------------|
| 2019    | 8,883,749| 16,288,683             | 55,970,296            | 39,681,613  |
| 2018    | 9,328,935| 17,560,262             | 51,333,037            | 33,772,775  |
| 2017    | 7,518,733| 19,151,776             | 46,510,605            | 27,358,829  |
| 2015    | 4,872,929| 24,428,230             | 39,791,631            | 15,363,401  |
| 2014    | 6,392,790| 19,335,061             | 32,884,511            | 13,549,450  |
| 2013    | 6,392,790| 19,335,061             | 32,884,511            | 13,549,450  |

Source: Nigeria stock exchange, 2020.

The above figures are values extracted from the company financial statement as at the date of conducted the research, the post Profit after tax (PAT) is on the increase when compare to the pre profit after tax (PAT), 2018 has the highest profit ₦9,328,935,000 approximate and 2015 profit has lowest ₦4,872,929,000 approximately. This showed that the profit is not moving progression. Non-current debt has the highest value ₦24,428,230,000 2015 approximately, and lowest non-current debt ₦16,288,683,000 approximately in 2019. The debt rate is reducing progressively in the post values. The value of the capital employed is moving progressively 2019 has the highest ₦55,970,296,000 value approximately and 2013 the lowest value ₦32,884,511,000 approximately. Equity value is also moving in progression with 2019 ₦39,681,613,000 the highest approximately and 2013 value ₦13,549,450,000 the lowest approximately.

4.2 Operationalizing ratios (Table I)

| PERIODS       | PRE-ROE | POST-ROE | PRE-NCDE | POST-NCDE | PRE-ECE | POST-ECE |
|---------------|---------|----------|----------|-----------|---------|----------|
| 2019 & 2015   | 0.3172  | 0.2239   | 1.59     | 0.4105    | 0.3861  | 0.709    |
| 2018 & 2014   | 0.4718  | 0.2762   | 1.427    | 0.52      | 0.412   | 0.6579   |
| 2017 & 2013   | 0.4718  | 0.2748   | 1.427    | 0.7       | 0.412   | 0.5882   |

Source: Authors computations, 2020.

Table I above depicted that the pre return on equity 0.3172, 0.4718 and 0.4718 in 2019 and 2015, 2018 and 2014, 2017 and 2013 respectively have a higher value with respect to post return on equity 0.2239, 0.2762 and 0.2748 respectively, this therefore mean investors has more return pre the change of name as against post change of name. The pre non-current debt to equity (NCDE) 1.59, 1.427 and 1.427 in 2019 and 2015; 2018 and 2014, 2017 and 2013 respectively has a higher value as against post non-current debt to equity (NCDE) 0.4105, 0.52 and 0.7 respectively, this therefore indicated that more debt with respect to equity was employed prior change of name of the company. The pre equity to capital employed (ECE) 0.3861, 0.412 and
0.412 in 2019 and 2015; 2018 and 2014, 2017 and 2013 respectively has a lower values as against post equity to capital employed (ECE) 0.709, 0.6579 and 0.5882 respectively, this therefore depicted that more equity fund was employed post change of name.

**Descriptive Statistics**

Table III

| Paired Samples Statistics | Mean | N  | Std. Deviation | Std. Error Mean |
|---------------------------|------|----|----------------|-----------------|
| PRE-ROE                   | .4203| 3  | .08926         | .05153          |
| POST-ROE                  | .2583| 3  | .02980         | .01720          |
| PRE-NCDE                  | 1.4813| 3  | .09411         | .05433          |
| POST-NCDE                 | .5435| 3  | .14617         | .08439          |
| PRE-ECE                   | .4034| 3  | .01495         | .00863          |
| POST-ECE                  | .6517| 3  | .06064         | .03501          |

Source: Authors computations using SPSS, 2020.

The above descriptive statistics in table ii above showed that the mean of pre return on equity (PRE-ROE) 0.4203 for 2015, 2014 and 2013 respectively is higher than the post return on equity (POST-ROE) 0.2583 mean for 2019, 2018 and 2017 respectively. The pre non-current debt to equity (PRE-NCDE) 1.4813 for 2015, 2014 and 2013 respectively is higher than the post non-current debt to equity (POST-NCDE) 0.5435 for 2019, 2018 and 2017 respectively. While the pre equity to capital employed (PRE-ECE) has lowest mean 0.4034 for 2015, 2014 and 2013 respectively as against the mean of post equity to capital employed (POST-ECE) 0.6517 for 2019, 2018 and 2017 respectively.

**Data analysis and Hypothesis Testing**

Table IV

| Paired Samples Test | Paired Differences | 95% Confidence Interval of the Difference | t   | df | Sig. (2-tailed) |
|---------------------|--------------------|------------------------------------------|-----|----|----------------|
| Mean                | Std. Deviation     | Std. Error Mean                          | 95% |    |                |
| PRE ROE – POST ROE | .16197             | .0595                                    | .0343|    | .0142 to .3097 | 4.717| 2  | .042 |
| PRE NCDE – POST NCDE| .93783             | .2278                                    | .1315|    | .3719 to 1.5038 | 7.130| 2  | .019 |
| PRE ECE – POST ECE | -.24833            | .0734                                    | .0424|    | -.4306 to -.0661 | -5.862| 2  | .028 |

Source: Authors computations using SPSS

The data presented in the table iv above showed that the means of the PRE-ROE, PRE NCDE and PRE ECE respectively vis a vis the mean of the POST-ROE, POST NCDE and POST ECE are
statistically significant, since the values .042, .019 and .028 respectively are greater than 5%. The
PRE NCDE – POST NCDE .2278 is the most dispersed while PRE ROE – POST ROE is the least
dispersed .0595.

Test of Hypotheses
The paired t test result above in table iv was used in testing the study hypotheses in the sections
below:
➢ There is no significance difference between the means of pre and post return on equity
(PRE ROE – POST ROE)
Table iv above showed that the means calculated of the respective p-value .042 of pre and post return on equity (PRE ROE – POST ROE) is statistically significant since the calculated value is
greater than 0.05, therefore the null hypothesis should be rejected.
➢ There is no significance difference between the means of pre and post non-current debt
to equity (PRE NCDE – POST NCDE)
The result in table iv above showed that the means calculated of the respective p-value .019 of
pre and post non-current debt to equity (PRE NCDE – POST NCDE) is statistically significant since
the calculated value is greater than 0.05, therefore the null hypothesis should be rejected.
➢ There is no significance difference between the means of pre and post equity to capital
employed (PRE ECE – POST ECE)
The result in table iv above showed that the means calculated of the respective p-value .028 of
pre and post non-current debt to equity (PRE NCDE – POST NCDE) is statistically significant since
the calculated value is greater than 0.05, therefore the null hypothesis should be rejected.

Conclusion and Recommendations

Conclusion
We analyzed the financial statements of 11 plc formally Mobil oil Nigeria plc published in Nigeria
stock exchange and the company website a pre and post analysis of capital structure and
performance with data ranging from 2019 to 2013, a paired t-test was employed to know the
effect performance and capital structure prior the change name and after the change of its name,
the study revealed that the change of name has effected the company significantly.

Recommendations
From our findings, we therefore recommended that:

i. Companies should engage in more sensitization for a specific period of time to keep
the public aware before it change its name, the study above revealed that the return
on equity reduced significantly; and

ii. Companies should keep creditors and other stakeholder aware and be cogent
whenever the needs arise to change its name, because the study revealed that the
company under study have more access to debt prior the change of its name.

Research Contributions
The researched revealed that change of company name has a way of effecting the capital
structure and performance of a company significantly, therefore all shareholders, creditors and
stakeholders should be carried along in this crucial decisions, and if possible for a duration of a stipulated time before the change name is implemented.

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