



The Impact of the Ownership Structure and the Quality of Financial Information on the Cost of Debt of Tunisian Firms

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Abstract The objective of this paper is to highlight the interaction of the board with other internal governance mechanisms such as ownership structure, the quality of financial reporting and the cost of debt. The relationship between the ownership structure and the quality of financial information on the one hand and the other debt cost was well treated in the financial literature. Tests conducted on a sample of 28 Tunisian firms show that the ownership structure and the quality of financial information plays an important role in determining the characteristics of the cost of debt. The results also indicate that the cost of debt is related to factors from the board, the size of the company and the stock exchange listing.

Keywords: corporate governance, board of directors, ownership structure, debt, tunisian firms

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1. Introduction

Works on corporate governance have been very in several recent works, mainly, due to financial woes. The financial publication is an important part of corporate governance has attracted interest standard setters.

Thus, the evolution of corporate finance means reflects the strategic nature of the financial structure. In addition, the management of several departments in a firm reflects good governance exercised in it.

A debate between researchers often on the issue of debt-equity mix for better enterprise value (Caby and Hirigoyen, 2001).

Leland and Pyle (1977) showed that the value of a business is more correlated with the percentage of shares held by the shareholder executive 3 and hence it is in connection with the financial structure.

In addition and as an external mechanism of government, the institutional investors may force leaders to improve their financial publication. However, those publications is important to determinate the exactly situation of the firm.

Moreover, the ownership structure and the quality of information can play a dominant role in both the evolution of the cost of debt in companies.

In fact, our goal in this work is to test the impact of the ownership structure and the quality of financial information on the cost of the debt of Tunisian companies. It was based our study on an analysis of three factors

(ownership structure, the quality of financial reporting and the cost of corporate debt) in the financial literature.

Thus, this paper consists of five sections. After the introduction, we present in the second section a review of the literature on the impact of the ownership structure and the quality of financial information on the cost of corporate debt. The third section will be devoted to the presentation of the research methodology. In the fourth section we present will try to analyze and interpret the different results. Finally, in the last section we conclude.

2. Literature Review

Generally, the Board is responsible for representing the interests of shareholders appears as the supreme body control at the enterprise level. According to Fama and Jensen (1983), the Board has the power to hire fire and compensate the CEO and to ratify and monitor important decisions.

A review of major studies on the board allowed us to identify several criteria associated with the effectiveness of the control of this mechanism. This is mainly on the size of the board of directors' independence, financial motivations of outside directors and combines the functions of CEO and chairman.

Several authors argue that a large board strengthens its ability to control and improve its information sources. Thanks to its diversified structure, a board composed of a large number of directors provides better environmental links and demonstrated greater expertise. In this sense,

Pearce and Zahra (1992) and Dalton et al. (1999) found that companies with a large board perform better.

Going against the current, Lipton and Lorsch (1992) thought that the large boards make the process of communication and decision heavier and more difficult. Moreover, they are often faced with coordination problems and the risk of collusion between the members of the board. Jensen (1993) believes that a larger board is less efficient and more subject to the influence of the CEO. Some empirical studies support this presumption.

In particular, Yermack (1996) and Eisenberg et al. (1998) found that the size of the board is negatively correlated with the company's performance. Furthermore, Core et al. (1999) showed that executive compensation is higher in companies with many agencies and having a weak governance structure problem manifested, among other things, a large board.

The percentage of capital held by outside directors highlights the incentives of these directors, as shareholders, to perform their duties effectively controllers (Alexander and Paquerot, 2000). This review is also shared by Minow and Bingham (1995) who said that the best way for an administrator is similar in behavior to a shareholder is to be himself a shareholder.

This can be explained by the fact that a director with significant equity participation is likely to be stronger advocates its interests and thus challenge about management because decisions have an impact on his own wealth (Patton and Baker, 1987).

In the same sense, Jensen (1993) argued that the detention of a percentage of the company's capital as a way to align the interests of directors with those of shareholders, and thus exercise effective management control of the company. Over the financial commitment of outside directors, the greater the flexibility of the leader will be low.

In the literature on the separation of the positions of CEO and Chairman of the Board, opinions differ: some argue duality, others denounce.

Supporters of duality believe it is important that the organization is headed by one person. They argue that the combination of the two functions allows for clear leadership with a view to formulating and implementing the strategy and it should therefore lead to superior performance (Godard, 1998).

Moreover, they argue that the separation of functions dilutes the power of the executive and increases the likelihood that the actions and expectations of the leader and the board of directors in contradiction, which can create some rivalry between them. Few studies support this theoretical approach and show that combining the functions improves the performance of the firm (Boyd, 1995; Godard and Schatt, 2000).

Demsetz (1983), Shleifer and Vishny (1986) and Agrawal and Mandelker (1990) suggested that the concentration of capital is a guarantee of effective monitoring and management executives by shareholders. Indeed, in a firm whose capital is widely dispersed, no owner has an incentive to invest in the control of leaders because he alone will bear the cost while all shareholders will benefit from this action. Therefore, it is possible to observe the behavior of "free rider" in a widely held and therefore leaders can unleash their opportunism in the management of the firm.

Institutional investors or Financial2 are thought to play an active role in corporate governance. These special shareholders indeed represent strong partners for the company as their financial means are important and allow them to become "active investors" in the management control of the firm (Agrawal and Mandelker, 1992). They can influence leaders' decisions to maximize their return on investment and consequently improve the performance of the company.

These agents also have privileged access to information due to their activity and the number of investments they make, which means a better understanding of the performance of the sector, a wealth of information on the environment and therefore a better assessment of the performance of the leader (Alexander and Paquerot, 2000).

These shareholders have demonstrated a greater capacity for processing financial information and economic information. They have special skills that allow them to analyze the company's accounts, growth prospects and quality of management.

The presence of institutional investors can influence the disciplinary power of the board. Indeed, these shareholders tend to assume supervision of officers, which reduces the potential contribution of the Board in this regard. The study by Agrawal and Knoeber (1996) supported this hypothesis.

According to Jensen and Meckling (1976), the higher the share of capital held by the directors, the greater the divergence between their interests and those of shareholders is low. In fact, the leader holding a high portion of the shares has little interest in maximizing personal wealth by opportunistic behavior detrimental to the assets of the company, since it is impacted.

Therefore, it is expected that the disciplinary role of the board is less important in companies where the managerial ownership is high (Hermalin and Weisbach, 1988; Hermalin and Weisbach, 1991; Bathala and Rao 1995; Rediker and Seth, 1995; Mak and Ong, 1999; Denis and Sarin, 1999; Fernandez and Arrondo, 2005).

In the financial models of agency theory, indebtedness appears as an effective way to resolve conflicts of interest that may arise between shareholders and managers.

Indeed, in the case of debt issuance, the leader is forced to deal with the payments of annuities (Jensen and Meckling, 1976), to be more efficient (Grossman and Hart, 1982), to limit discretionary behavior on Free cash flow (Stulz 1990) and finally to stop the current operations of the company and opt for liquidation (Harris and Raviv, 1990).

Therefore, it is expected that the use of debt will serve as a real alternative to the control exercised by the Board of Directors. In this sense, Bathala and Rao (1995) and Mak and Ong (1999) found that the proportion of outside directors on the board of directors is inversely related to debt.

The ownership structure and the quality of financial reporting are not the only factors that can influence the cost of corporate debt. Other factors such as the size of the company and the stock exchange listing may also be involved in determining the structure of the cost of debt of a firm.

The size of the company can influence the structure of the board that is the ownership structure. Indeed, large companies are generally characterized by high visibility

and great complexity and therefore can be expected to have a different structure of the board of directors of the small businesses.

Previous studies have shown that board size is positively correlated with that of the company (Charreaux and Pitol-Belin, 1990; Yermack, 1996; Denis and Sarin, 1999; Godard, 2001). In the same alignment, Rediker and Seth (1995) and Denis and Sarin (1999) found a positive effect of firm size on the independence of the board. Since the cost of debt is correlated with company size who is correlates with the ownership structure. So the ownership structure itself can affect the cost of debt of a company.

The market value of a listed firm may also affect the characteristics of the Board of Directors. Thus, the evolution of the market value of a firm is more visible to the public and therefore it could offer more seats on the board and representatives of the public interest.

In addition, these companies are generally characterized by higher agency costs than other companies and therefore they tend to have more outside directors on the board. In this respect, the necessary information about the companies is available to all players on the market and mainly financial institutions. In this case, the quality of information on companies can play an important role in the cost of debt for them.

3. Methodology

In the research methodology, we present the sample of our study and the model used to measure the impact of the ownership structure and the quality of financial information on the cost of corporate debt Tunisian.

3.1. Data

Our goal in the empirical part is to validate the research proposal from the theoretical part. The data used in the empirical work have been extracted from the annual reports of the companies' database used in our study and the Stock Exchange of Tunisia (SET).

Thus, our sample includes leading companies in Tunisia (28 firms) during the period 2007-2013. The study we develop concern the companies presented in Table 1.

Table 1. List of firms (2007-2013)

Air liquide	ARTES	SFBT	SOTRAPIL
Alkimia	Essoukna	SIAME	SOTUMAG
Assad	GIF filtres	SIPHAT	SOTUVER
Tunisie lait	ICF	SITS	STEQ
SIMPAR	Magasin Générale	SOMOCER	Tunisair
Adwya	Monoprix	SOPAT	TPR
STIP	Poulina	SOTETEL	Electrostar

Moreover, the empirical test is devoted to the measurement of the impact of the ownership structure and the quality of financial information on the cost of debt of Tunisian companies.

3.2. Assumptions

The present research is the study of the impact of the ownership structure and the quality of financial information on the cost of debt of Tunisian companies. This impact can results in several variables, such as variables related to the specific characteristics of the companies studied.

In this context, the hypotheses to be tested are the one that checks for the existence or not of an impact of the ownership structure and the quality of the ion financial information on the cost of debt of Tunisian companies. Indeed, the assumptions of our research are:

- **H1:** There is a negative relationship between financial reporting and the cost of debt.
- **H2:** There is a positive relationship between concentration of ownership and the cost of debt.
- **H3:** There is a negative relationship between the participation of institutional investors and the cost of debt
- **H4:** There is a negative relationship between managerial ownership and the cost of debt.

3.3. Model

In our work we used a model to measure the impact of the ownership structure and the quality of financial reporting. This model consists of the following variables:

The dependent variable:

- **The CD_{it}** (The Cost of Debt): the ratio between total debt and total assets of firm i at time t . Leverage is measured as the leverage is total liabilities divided by total assets. This measure is also used by Agrawal and Knoeber (1996) and Fernandez and Arrondo (2005).

The explanatory variables are as follows:

- **DIV_{it} :** This is the company's disclosure index i at time t .
- **$LNASSET_{it}$:** This is the logarithm of the total assets of firm i at time t . The size could be an important determinant of the performance of a company. This measure is used in several studies as Mak and Ong (1999) and Godard (2001).
- **ROA_{it} :** It is the ratio between net income and total company assets i at time t .
- **ROE_{it} :** It is the ratio of EBITDA to total assets of firm i at time t .
- **DIR_{it} :** The percentage of capital represented by corporate leaders i at time t . This variable is measured by the percentage of capital held by the CEO and, if applicable, the CEO of the company. This measure has been used in earlier writings, including those of Rediker and Seth (1995) and Fernandez and Arrondo (2005).
- **$INST_{it}$:** The percentage of institutional shareholders of firm i at time t . We measure this variable by the proportion of shares held by institutional investors. In this study we considered as institutional investors, banks, investment companies, insurance companies and social security funds. This variable was measured in the same way by Bathala and Rao (1995) and Omri (2002).
- **$CONC_{it}$:** It is the company's capital concentration i at time t . This is a dummy variable equal to 1 if the% of the largest shareholder exceeds 50% if not it is equal to 0. This variable is measured by the percentage of equity held by the largest shareholder. This measure is also used by Godard (2001) and Shabou (2003).
- **$ACCT_{it}$:** It is the measure of the total accruals of firm i at time t . This variable equal to the difference between net operating income and operating cash flows.

For the empirical analysis we chose a model to test the impact of the ownership structure and the quality of financial information on the cost of debt of a company. Indeed, the model to be estimated is as follows:

$$CD_{it} = \alpha_0 + \alpha_1 DIV_{it} + \alpha_2 LNASSET_{it} + \alpha_3 ROA_{it} + \alpha_4 ROE_{it} + \alpha_5 DIR_{it} + \alpha_6 INST_{it} + \alpha_7 CONC_{it} + \alpha_8 ACCT_{it} + \varepsilon_{it}$$

Where,

- α_i : The coefficients of the explanatory variables (i = 1, ..., 8).
- α_0 : a constant.
- i : The index for each company (i = 1, ..., 28).
- t : The time t (t = 1, ..., 7).
- ε_{it} : error term.

Thus, all the data used in the calculation of the variables are obtained from the annual reports of the companies used in our study and the data published by the Stock Exchange of Tunisia (SET).

4. Empirical Results

4.1. Descriptive Statistics

In this section, it was try to analyze and interpret the different results obtained from the estimates made on the model used (CD).

First, it was specify the type of estimate is a regression on panel data. Our choice is justified by the presence of two dimensions in the data used; the first is temporal (over 7 years) and the second is individual (our sample consists of 28 Tunisian companies).

The Table 2 summarizes the descriptive statistics for each variable used in our estimates.

The variable CD, which expresses the cost of debt of Tunisian companies, can reach a maximum value of 0.83. As long as the minimum value is 0.41. His risk is measured by the standard deviation is 0.133 which is quite important. The results for the other variables are presented in Table 2.

Table 2. Descriptive statistics

Variables	Obser	Mean	Max	Min	Std Div	Skewness	Kurtosis
CD	196	0.757200	0.836772	0.408313	0.133325	2.319716	23.8936
DIV	196	0.482446	0.722222	0.2142857	0.1339269	-0.2239395	1.963432
LNASSET	196	4.729896	5.736108	3.62447	0.4658897	-0.7396421	2.953065
ROA	196	0.0093889	0.0291264	-0.1035052	0.0118462	-6.63919	60.45131
ROE	196	0.0267582	0.0487229	0.0063502	0.0097373	-0.0479703	2.418214
DIR	196	0.4088346	0.6363636	0.0714286	0.147494	-0.2515029	1.787143
INST	196	0.2551459	0.5941176	0.0536316	0.1296333	0.3261328	2.115759
CONC	196	0.5357143	1	0	0.5	-0.143223	1.020513
ACCT	196	802570.2	6467555	-3084839	1290409	1.590546	7.170016

In the present research, we conducted a test of the correlation between the different variables used. Table 2 summarizes the results for the correlation. Furthermore,

the results show no coefficient exceed the tolerance limit (0.7), which does not cause problems in estimating the model used.

Table 3. The correlation matrix

	CD	DIV	LASSET	ROA	ROE	DIR	INST	CONC	ACCT
CD	1.0000								
p									
DIV	.1092	1.0000							
p	0,128								
LNASSET	.2339	.2296	1.0000						
p	0,001 *	0,001 *							
ROA	0.0280	-0.0624	-0.0782	1.0000					
p	0.696	0.385	0.276						
ROE	.3779	.0577	.2910	.2273	1.0000				
p	0,000 *	0,422	0,000 *	0,001 *					
DIR	.1365	0.0352	.4243	0.0080	.2488	1.0000			
p	0.056 ***	0.624	0,000 *	0.912	0,000 *				
INST	-0.2075	.1060	-0.4156	0.0485	-0.2642	-0.0577	1.0000		
p	0,004 *	0.139	0,000 *	0,500	0,000 *	0,422			
CONC	0.0130	-0.0381	-0.0474	-0.0035	-0.0352	-0.0307	0.0421	1.0000	
p	0.856	0.596	0,510	0.962	0.625	0.669	0.558		
ACCT	-0.0780	.0756	.2893	-0.0028	-0.0870	.2773	.1138	-0.0354	1.0000
p	0.277	0.292	0,000 *	0.969	0,225	0,000 *	0.112	0.622	

p: significance level to (*) 1%; (**) 5% and (***) 10%.

4.2. The Results of the Estimate 2.2.3. the Verification of the Research Hypothesis

It was presented the results of the estimation of the model (CD). So that the panel structure is homogeneous. So we can apply the method of ordinary least square which allows a better fit by minimizing the sum of squared residuals. Thus, we estimated the CD model as dependent variable.

The results of the OLS estimation of the model adopted for measuring the impact of the ownership structure and

the quality of financial information on the cost of debt of Tunisian companies are reported in Table 4.

We also conducted a test of the unit root in panel data to ensure the robustness of empirical results. The test used in our study is the test Levin Lin Chu. The objective of this test is to determine the stationarity of all variables used in our paper. The null hypothesis of this test is H0: all series are non-stationary and the alternative hypothesis is H1: all series are stationary.

The acceptance or rejection of the null hypothesis is based on the value of the p-value. This value is compared to a 10% threshold. If the value of the p-value is less than

10%, then we reject H_0 and the value of the p-value is greater than 10%, while we accept H_0 . Table 4 summarizes the results of study of the stationary of the variables.

In our case, we noticed that all the variables used herein p-value of less than 10%. In this case, one rejects H_0 and thereafter all these variables are stationary. For the dummy variable (CONC), we assume that this variable is stationary.

Table 4. Test the unit root

Variables	Statistic	p-value
CD	-3.5395	0.0002
DIV	-2.8474	0.0022
LNASSET	-1.7158	0.0431
ROA	-4.3599	0.0000
ROE	-4.4979	0.0000
DIR	-4.4979	0.0000
INST	-3.9621	0.0000
ACCT	-3.3623	0.0000
In this test the p-value is compared to 10%. If p-value <10% therefore we reject H_0 and p-value > 10% then we accept H_0 . With H_0 : all series are non-stationary.		

The problem at each estimate is the choice of the estimation method; estimating a fixed effects model or estimate a random effects model. Thus, the solution discussed in this problem is the Hausman test that allows choosing between estimating a fixed effects model and estimating a random effects model.

The choice of model to be estimated is based on the comparison of the probability of the Hausman test compared a 10% threshold. If the probability of the test is less than 10%, in this case we will choose the fixed effects model. So, if the probability of the Hausman test is higher than 10%, so we'll choose the random effects model.

In our model, we found that the probability of the Hausman test is less than 10% (0.0844), so the fixed effects models are preferable to random effects.

Table 5. Estimation of the variable CD

Dependent variable: CD	
Estimation period: 2007 - 2013	
Explanatory variables	Coefficients(T-Student)
DIV	0.4700719(1.32)
LNASSET	0.1455019(3.28) *
ROA	0.0892024(4.10) *
ROE	2.970688(1.82) ***
DIR	-0.0530079(-0.63)
INST	-0.0441352(-4.36) *
CONC	0.0098964(3.04) *
ACCT	2.41e-09(0.26)
CONSTANT	-0.2124251(-0.79)
Number of obs	196
Probability Fisher	Prob> F = 0.0078
The value of Fisher	F (8.160) = 2.72
The likelihood of chi2 (χ^2) ^a	Prob> chi2 = 0.0005
The value of Wald chi2	Wald chi2 (8) = 27.76
R ²	0.7412
Probability of Hausman test	Prob> chi2 = 0.0844
The model chosen in the estimate	The fixed effects model
Significant value to a threshold: (*) 1%; (**) 5% and (***) 10%.	
^a The Wall test is used to test the correlation between the explanatory variables and residuals. Comparing the probability of (Prob> chi2) to a threshold of 5% with H_0 : no correlation between the variables used and residue. If (Prob> chi2) <5%, then we accept H_0 .	

In addition, we conducted other tests to demonstrate the validity of our models and to justify the significance of the estimates. We tested the correlation between the explanatory variables and the residuals. This type of test is based on the value of (Prob> chi2). If this probability is

less than 5%, so we accept H_0 which verifies the absence of correlation between the residuals and the explanatory variables. If this probability is greater than 5%, in this case there is a problem of correlation between the residuals and the explanatory variables that must be corrected.

In the estimated model, the probability value (Prob> chi2) is less than 5%. So we do not have the problems of correlation between the explanatory variables and residuals.

For the model CD, the probability value (Prob> Chi2) is less than 5%. In this context, there is not a problem of correlation between the explanatory variables and residuals. These values are presented in Table 4 summarizes the estimates made on the model chosen.

The significance test of the model is based on the probability of Fisher. We noticed that all Fisher probability values are less than 5% in all estimates of both models. So we can deny that the five estimates of each model are significant overall.

In addition, the coefficient of determination for the estimated model is greater than 0.70. In this case, the estimated model is characterized by a good linear fit.

In the first case, we sit down to test the existence of a negative relationship between financial communications (DIV, LNASSET, ROA, ROE, and ACCT) and the cost of debt. Thus, financial communication is measured by five variables: DIV, LNASSET, ROA, ROE and ACCT.

For the first variable, it has a positive but not significant impact. In this case, the first hypothesis is rejected for this variable. That is to say, there is a positive relationship between disclosure and cost of debt.

The second variable, LNASSET, also has a positive and significant impact on a threshold of 1% on the cost of debt. So the relationship between financial reporting and the cost of debt is positive for the case of company size measured by the logarithm of total assets. Subsequently, the first hypothesis is rejected for this case (LNASSET).

The increase in the level of the value of assets leads to an increase in the cost of debt of a company

The third variable (ROA) has a positive and significant impact on a threshold of 1% on the cost of debt. So the relationship between financial reporting and the cost of debt is positive in the case of the economic performance of the company as measured by ROA ratio. Subsequently, the first hypothesis is rejected in the case of the third ROA variable. Increasing the level of economic performance led to an increase in the cost of debt of a company.

The fourth variable (ROE) has a positive and significant impact to a threshold of 10% on the cost of debt. So the relationship between financial reporting and the cost of debt is positive in the case of the financial performance of the company as measured by ROE ratio. Subsequently, the first hypothesis is rejected for the case of the fourth variable ROE. Increasing the level of financial performance led to an increase in the cost of debt of a company.

The fifth variable (ACCT), which measures the value of total accruals has a positive impact but not significant on the cost of debt. So the relationship between financial reporting and the cost of debt is positive for the case of the ACCT variable. Subsequently, the first hypothesis is rejected in the case of the fourth ACCT variable. Increasing the level of the value of accruals resulting in an increase in the cost of debt of a company.

In the second case, we remark the existence of a positive relationship between ownership concentration (CONC) and the cost of debt.

We noticed that the variable CONC has a positive and significant impact on a threshold of 1%. That is to say that the percentage of shareholders in the company's capital plays an important role in increasing the cost of debt. In this case, we can accept the second hypothesis; there is a positive relationship between the concentration of property and the cost of debt.

In the third case, we observe the existence of a negative relationship between the participation of institutional investors (INS) and the cost of debt. We noticed that the INST variable that measures the percentage of institutional shareholders in the Tunisian firms has a negative and significant impact on a threshold of 1% on the cost of debt. That is to say that the percentage of institutional shareholders in the company's capital plays an important role in reducing the cost of debt. In this case, we can accept the third hypothesis that there is a negative relationship between the participation of institutional investors in Tunisian companies and the cost of debt.

In the fourth case, we show the existence of a negative relationship between managerial ownership (DIR) and the cost of debt. We noticed that the DIR variable that measures the managerial stake in Tunisian firms has a negative and non-significant impact on the cost of debt. That is to say that the participation of leaders in the company's capital plays a sometimes non-existent role in reducing the cost of debt. In this case, we can accept the fourth hypothesis that there is a negative relationship between the participation of leaders in the Tunisian companies and the cost of debt.

After analyzing the results obtained from the estimation of the model used for measuring the impact the ownership structure and the quality of financial information on the cost of debt for the case of Tunisian companies, we can conclude that the ownership structure and the quality of financial information play a dominant role in the changes in the cost of debt of Tunisian companies. Thus, we tested four hypotheses in our study. We rejected the first hypothesis (H1) that there is a negative relationship between financial communications (DIV, LNASSET, ROA, ROE and ACCT) and the cost of debt. But we accepted the other three assumptions that:

- **H2:** There is a positive relationship between concentration of ownership and the cost of debt.
- **H3:** There is a negative relationship between the participation of institutional investors and the cost of debt.
- **H4:** There is a negative relationship between managerial ownership and the cost of debt.

5. Conclusion

The aim of our research is to study the impact of the ownership structure and the quality of information on the cost of the debt of Tunisian companies.

Our study is based on four assumptions are:

- **H1:** There is a negative relationship between financial reporting and the cost of debt.
- **H2:** There is a positive relationship between concentration of ownership and the cost of debt.

- **H3:** There is a negative relationship between the participation of institutional investors and the cost of debt
- **H4:** There is a negative relationship between managerial ownership and the cost of debt.

The test its assumptions result in the analysis of the different results obtained in the empirical test.

Thus, we decomposed the third chapter into three sections. In the first section, we have presented a review of the literature on the impact of the ownership structure and the quality of financial information on the cost of corporate debt. The second section was devoted to the presentation of the research methodology. Finally, in the last section, we tried to analyze and interpret the different results.

After analyzing the results obtained from the estimation of the model for measuring the impact of the ownership structure and the quality of financial information on the cost of debt for the case of Tunisian companies, we can conclude that the ownership structure and the quality of financial information plays a dominant role in the evolution of the cost of debt of Tunisian companies.

Thus, we tested four hypotheses in our study. We rejected the first hypothesis (H1) that there is a negative relationship between financial communications (DIV, LNASSET, ROA, ROE and ACCT) and the cost of debt. But we accepted the other three assumptions that:

- **H2:** There is a positive relationship between concentration of ownership and the cost of debt.
- **H3:** There is a negative relationship between the participation of institutional investors and the cost of debt
- **H4:** There is a negative relationship between managerial ownership and the cost of debt.

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