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Leverage, Ownership, and Performance: A Systematic Review

Levier, Propriété et Performance : Une Revue Systématique

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Abstract

The aim of our systematic review is to explore the interactions between capital structure, ownership structure, and corporate performance. Conducted in accordance with the PRISMA 2020 (Preferred Reporting Items for Systematic Reviews and Meta-Analyses) statement, it covers the period from 2006 to 2025 and is based on 38 articles published in academic journals on finance, economics, management, and governance. Overall, the literature converges toward an integrated framework where capital structure, ownership, and performance co-evolve as components of corporate governance. The analysis highlights several avenues for further research such as the integration of new dimensions (macro-financial risk, behavioral factors, and ESG criteria) in order to better understand the dynamics between financing, shareholding structure, and performance.

Keywords: Capital structure, ownership structure, corporate governance, firm performance.

Résumé

L'objectif de notre revue systématique est d'examiner les interactions entre la structure du capital, la structure de propriété et la performance des entreprises. Réalisée conformément à la déclaration PRISMA 2020 (Preferred Reporting Items for Systematic Reviews and Meta-Analyses), elle couvre la période 2006-2025 et repose sur l'analyse de 38 articles publiés dans des revues scientifiques spécialisées en finance, économie, gestion et gouvernance. Dans l'ensemble, la littérature converge vers un cadre intégré dans lequel structure du capital, actionnariat et performance co-évoluent en tant que composantes interdépendantes de la gouvernance d'entreprise. L'analyse met en évidence plusieurs pistes de recherche supplémentaires, telles que l'intégration de nouvelles dimensions (risque macro-financier, facteurs comportementaux et critères ESG) afin d'approfondir la compréhension des dynamiques reliant financement, structure actionnariale et performance.

Mots clés : Structure du capital, structure de propriété, gouvernance d'entreprise, performance.

Introduction

Since Modigliani and Miller (1958) laid the theoretical foundations for capital structure with the irrelevance theory, researchers have continued investigating the determinants and consequences of financing choices. Understanding the interactions between capital structure, ownership structure, and performance remains one of the most debated topics in contemporary corporate finance.

Empirical research has largely confirmed the existence of links between capital structure and performance. Nevertheless, the meaning and nature of these links are highly controversial. Some studies, based on agency theory (Jensen and Meckling, 1976), suggest that an optimal level of debt can discipline managers and improve profitability (Margaritis and Psillaki, 2010; Al-Najjar and Al-Najjar, 2017). Other studies (Berger and Bonaccorsi di Patti, 2006), drawing on the trade-off theory (Kraus and Litzenberger, 1973), emphasize the adverse effects of debt when it exceeds a certain critical threshold, threatening the financial stability of the company. Some researchers (Aboagye-Otchere and Boateng, 2023), based on the pecking order theory (Myers and Majluf, 1984), argue that firms prioritize internal financing over debt.

In parallel, ownership structure has been proven to directly influence decision-making behavior, risk tolerance levels, and financing strategies. Foreign owners tend to favor transparency and financial discipline (Nhung and Okuda, 2015). State owners, on the other hand, often prioritize control and long-term stability, sometimes at the expense of immediate performance (Fan and Wang, 2025). Differences in ownership structures are also reflected in financing choices. Family businesses are less likely to resort to external debt, preferring self-financing in order to prevent capital dilution (Stryckova, 2023). Publicly owned firms make greater use of the opportunities offered by financial markets (Nhung and Okuda, 2015).

However, the literature shows that the three dimensions – capital structure, ownership, and performance - should not be analyzed separately (Berger and Bonaccorsi di Patti, 2006, La Rocca, 2007). More recent work (Ngatno and Youlianto, 2021; Aboagye-Otchere and Boateng, 2023; Bawuah, 2024) shows that performance can also influence capital structure, creating a reverse causality between the two dimensions. Furthermore, ownership structure can reinforce or mitigate the impact of debt on performance, depending on the nature and concentration of share ownership (Wahba, 2014; Chabachib et al., 2020; Bansal et al., 2021).

Despite the abundance of empirical studies examining the relationships between capital structure, ownership and firm performance, findings remain heterogeneous across contexts. Similar governance and financing configurations sometimes generate divergent performance

outcomes. This dispersion raises a central paradox: why do empirical results remain heterogeneous despite decades of theoretical development and methodological refinement?

In this context, our systematic literature review seeks to provide an integrated analysis of the interactions between capital structure, ownership structure, and performance. It aspires to synthesize recent empirical advances in the field, identify the contextual determinants that explain the controversy of results across markets, and identify persistent avenues of research in order to explain the empirical variability observed in the literature.

Particularly, we aim to answer the following questions:

1- What are the main trends observed in studies that jointly address capital structure, ownership structure, and performance?

2- To what extent have researchers operationalized these interactions in their respective economic and institutional contexts?

3- What blind spots remain in the literature to date, and what future research directions may emerge from them?

The article is structured as follows. The first section details the methodology of the review article, including the search strategy, selection criteria, and synthesis method. The second section presents descriptive statistics and main results from the selected studies, grouped by thematic areas: capital structure and performance; ownership structure and performance; ownership structure and capital structure; and the interactions between the three elements. The third section is a discussion of the theoretical and empirical implications, shedding light on areas that have been scarcely explored. Finally, we summarize the key lessons.

1. Methodology

This literature review was conducted in accordance with the guidelines of the PRISMA (Preferred Reporting Items for Systematic Reviews and Meta-Analyses) 2020 methodology (Page et al., 2021) to ensure transparency, reproducibility, and rigor in the article selection process. The PRISMA method allows us to follow a structured statement, ensuring consistency between research objectives and research inclusion criteria.

The main aim of this review is to analyze the links between financing choices, shareholding structure, and corporate performance, with the objective of highlighting the findings of the existing literature and identifying the main research gaps.

1.1. Documentary research strategy

The bibliographic research was conducted in July-August 2025, using three international databases with broad coverage, namely Scopus, ScienceDirect and Springer. The choice of

these databases was based on their reliability, interdisciplinary scope, and relevance to the fields of finance, governance, and management (Paul and Criado, 2020). The publication period considered spans from 2006 to 2025, in order to cover the most recent studies while also including foundational works.

The search strategy was based on a combination of keywords related to the three dimensions studied: (i) **Capital structure**: "capital structure", "leverage", "debt", "debt-to-equity ratio", "gearing", "financing", "equity", "capital mix". (ii) **Ownership structure:** "ownership structure", "ownership", "concentration", "shareholding", "shareholder", "governance", "owner". (iii) **Performance**: "performance", "profitability", "return on assets", "return on equity", "ROA", "ROE", "value".

These terms were combined using Boolean operators (AND and OR) helping to identify publications that study the relationships between these concepts. A uniform search protocol was applied to each database, in accordance with Okoli's (2015) recommendations on systematic literature reviews.

1.2. Eligibility criteria

Articles were selected following several specific criteria. First, studies selected were limited to peer-reviewed scientific articles published between 2006 and 2025. In order to ensure broad but consistent coverage of the literature, only works written in English were considered. In terms of discipline, the selection had to be related to the fields of finance, economics, governance, accounting, and management. Finally, to be considered relevant, articles had to examine capital structure, ownership structure, and performance jointly, establishing an explicit link between these concepts.

At the same time, some exclusion criteria were applied to ensure the consistency of the corpus. Documents not published in academic journals, such as book chapters, institutional reports, theses, or conference papers, were excluded. Publications written in languages other than English or related to irrelevant fields were also excluded, as were studies dealing with only one or two of the dimensions-capital structure, ownership, or performance-without linking them to the other concepts.

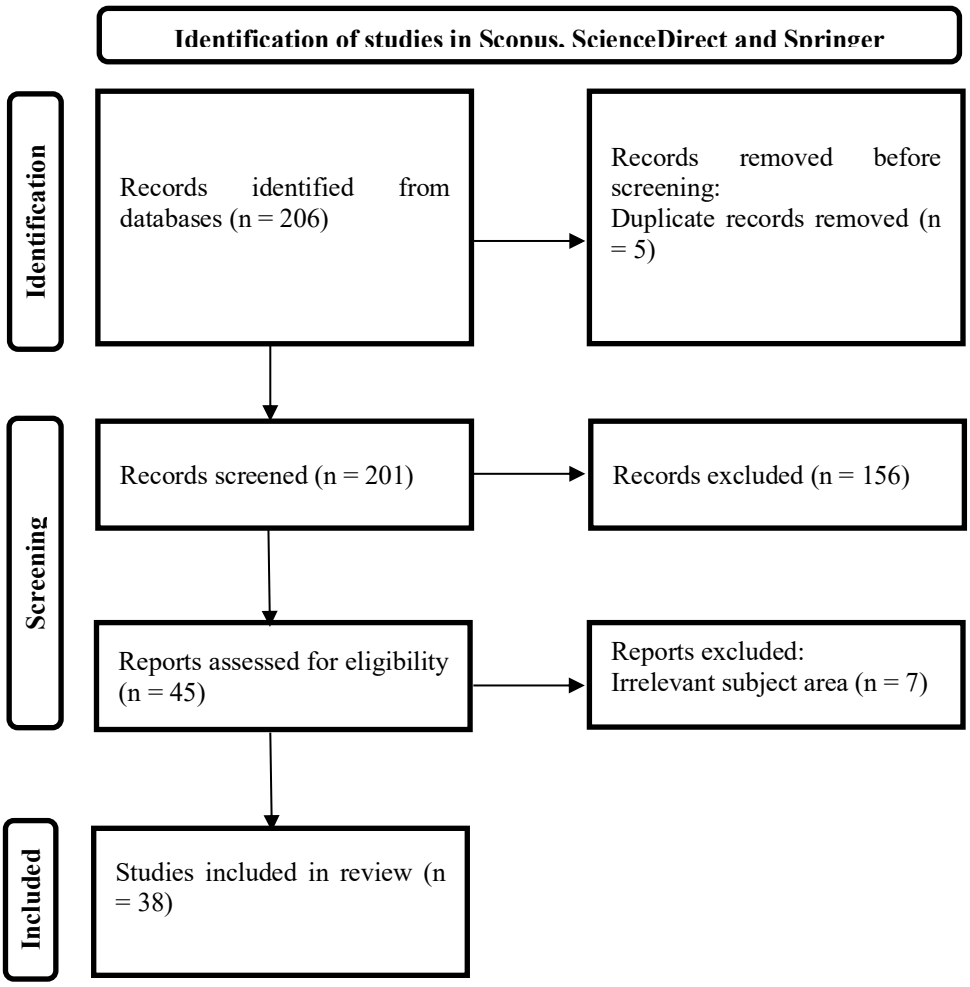
1.3. Selection process

In an identification step, after entering the keywords in the three selected databases, the initial search identified a total of 206 records. All retrieved articles were then exported to Microsoft Excel for sorting and management. During this stage, 5 duplicate records were identified and

removed. The remaining references were organized by author name, year of publication, country, and journal to facilitate subsequent screening.

The screening process was carried out in two main stages. In the first stage, titles and abstracts of the records identified through database search were screened to remove clearly irrelevant studies. At this stage, 156 records were excluded because they did not meet predefined eligibility criteria. In the second stage, the full texts of 45 articles were examined in depth to confirm their relevance to the research topic. This review led to the final inclusion of 38 studies in the qualitative analysis. Each article was reviewed independently by two evaluators during the title-abstract phase, then again at the full-text stage to confirm its eligibility. This procedure ensured transparency, reproducibility, and minimized subjective bias in the study selection processes. This screening process was documented using a PRISMA flow diagram (Figure N°1), allowing each stage of the selection process to be traced.

Figure N°1: PRISMA diagram of study selection



Source: Authors' own elaboration following PRISMA 2020, Page et al., (2021)

1.4. Data extraction and management

To ensure consistent comparison between studies and reinforce analytical neutrality, a standardized reading grid was used to extract relevant information from the selected articles using Microsoft Excel. The data collected includes: (i) authors and year of publication, (ii) geographical context and period studied, (iii) the size and nature of the sample, (iv) the econometric or statistical methodology used, (v) the variables used to measure capital structure, ownership structure, and performance, (vi) the causalities studied, and (vii) the main results obtained. All of this data has been summarized in a comparative table to facilitate the comparison and cross-analysis of the studies.

1.5. Method of synthesis

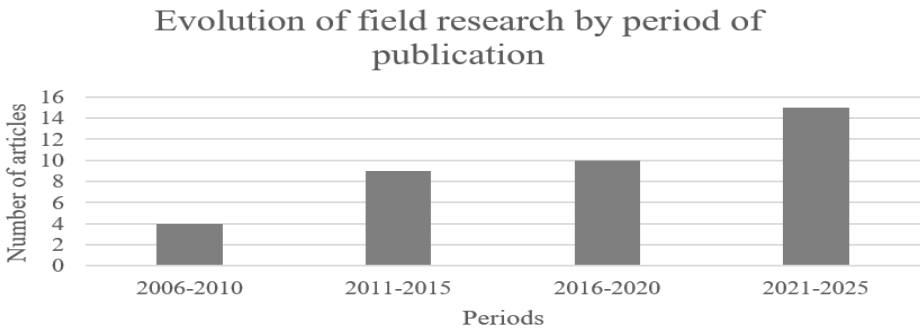
The results were synthesized qualitatively, grouping studies according to the following themes: (i) relationship between capital structure and performance, (ii) relationship between ownership structure and performance, (iii) relationship between financing and ownership structure, and (vi) interactions between capital structure, shareholding, and performance. This structure enables us to clearly identify convergences, divergences, and any contextual specificities emphasized in the literature.

2. Results

2.1. Descriptive analysis

The final corpus comprises 38 empirical articles published between 2006 and 2025, focusing on the simultaneous analysis of capital structure, ownership structure, and performance.

Figure N°2. Chronological evolution of publications (2006–2025)

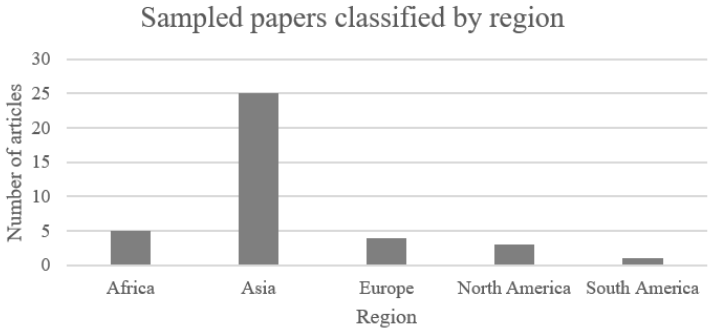


Source: Authors' own elaboration

Figure N°2 reveals that studies reviewed show a gradual increase in academic interest in the link between capital structure, ownership structure, and performance. Between 2006 and 2012, the number of scientific publications was limited (less than one article per year). From 2015 onwards, there has been a steady increase, peaking between 2021 and 2025, a period

marked by the rise of governance stakes in the post-COVID19 crisis context. This trend illustrates the gradual maturation of the field and the updating of questions in light of recent governance reforms and economic crises.

Figure N°3. Geographical distribution of studies



Source: Authors' own elaboration

Figure N°3 illustrates the dominance of emerging markets in recent research, confirming the rise in academic interest in these contexts characterized by expanding capital markets and often concentrated ownership structures. Nguyen and Okuda (2015) and Bansal et al. (2021), examine Indian and Vietnamese companies respectively, while Khasawneh and Staytieh (2017) explore the case of Jordan. These studies highlight the institutional specificities of developing economies, offering dynamic and contrasting fields of analysis.

Studies conducted in developed markets play an important role in shaping the literature. The work of King and Santor (2008) in Canada and Margaritis and Psillaki (2010) in France provide solid empirical references for the study of the interactions between financing, shareholding, and performance.

Table N°1. Econometric methods used

Method*	**Number of articles**
Fixed effects / Random effects models	13
GMM regressions	11
OLS, Multiple regressions	11
2SLS, 3SLS	5
Other (Quantile regressions, MLE, GLS...)	9

**Some articles use multiple methods*

Source: Authors' own elaboration

A qualitative reading of the studies reveals different levels of empirical robustness. Traditional static models (OLS and multiple regressions), used in 11 studies, as well as fixed or random effects models (13 studies), remain dominant. Although these approaches allow for control of individual heterogeneity, they do not explicitly address issues of endogeneity and

reverse causality, which are central to the joint analysis of capital structure and performance (Berger and Bonaccorsi di Patti, 2006).

A second group of studies uses dynamic panel models, notably the GMM estimator (11 studies) which translates a notable methodological evolution. These approaches make it possible to address endogeneity using internal instruments and to integrate adjustment effects over time. Wintoki et al. (2012) demonstrate that the introduction of panel dynamics significantly changes the interpretation of the relationship between governance and performance.

A third group (5 studies) uses simultaneous equation models (2SLS, 3SLS), which allow the bidirectionality between performance and financial structure to be modeled explicitly. Berger and Bonaccorsi di Patti (2006) are a major reference in this field, simultaneously estimating performance and financial leverage in order to capture their interdependence.

Thus, the heterogeneity of econometric approaches is an important factor explaining the dispersion of results observed in the literature. Studies that explicitly incorporate simultaneity or dynamic effects tend to provide a more nuanced reading that is consistent with the hypothesis of joint adjustment between performance and capital structure.

The indicators used to measure capital structure are mainly the debt-to-assets ratio or, equivalently, the debt-to-equity ratio. Performance is most often measured by ratios such as return on assets and return on equity, sometimes supplemented by market indicators, namely Tobin's Q. Finally, ownership structure is often assessed through the share held by the main shareholders or the proportion of shareholders by type (families, institutions, managers, etc.) (King and Santor, 2008; Nhung and Okuda, 2015; Stryckova, 2023).

2.2. Empirical relationships

Our analysis of the thirty-eight articles identified on the relationship between capital structure, ownership structure, and performance reveals a notable evolution in the literature, marked by the gradual introduction of dynamic approaches and integrated models. The results confirm the complexity of the relationships between these three dimensions, which are influenced by institutional contexts and the maturity of financial markets.

2.2.1. Capital structure and performance : a bidirectional relationship

While earlier studies on capital structure and performance already highlighted contradictory effects, recent research provides further details on the nature and direction of this relationship. In developed markets, Margaritis and Psillaki (2010) show that moderate debt promotes productivity in France, validating the disciplinary role of financial leverage mentioned by

Jensen (1986). Al-Najjar and Al-Najjar (2017) observe that the value of SMEs in the United Kingdom improves with debt, in a context of financing constraints. On the other hand, using a sample of 224 listed companies in Italy, Muhammad et al. (2021) demonstrated a negative relationship between the choice of debt financing and profitability.

In emerging contexts, conclusions vary more widely. Rao et al. (2020) show that debt has a positive and significant impact on the performance of listed Pakistani companies in the presence of growth opportunities. This relationship is reversed in the absence of growth opportunities. Conversely, focusing on the mining sector in Indonesia, Sumani and Suryaningsih (2022) find that stock market performance declines sharply with debt. Similarly, Doorasamy (2021), studying a sample of 65 listed companies in East Africa, observes that debt significantly reduces profitability due to repayment pressure.

The causality performance toward capital structure is attracting increasing interest among researchers. In the United States, Berger and Bonaccorsi di Patti (2006) were the first to highlight the importance of addressing the reciprocal causality between capital structure and performance in order to account for the endogeneity between variables. Using a simultaneous econometric approach (2SLS), they demonstrated that the most profitable companies either tend to reduce their leverage in order to preserve their financial flexibility or use more debt since their performance protects them from bankruptcy.

Viverita (2015), through a study conducted on a sample of 215 companies in Southeast Asia, confirms that past profitability directly affects debt choices: high-performing companies are more indebted because their performance gives them easier access to debt. Conversely, Ab Razak et al. (2013), using a fixed effects regression model, emphasize that the most profitable companies in Malaysia prefer self-financing, in line with the pecking order theory (Myers and Majluf, 1984). Similarly, Khafid et al. (2020) show that high-performing manufacturing firms in Indonesia are reducing their use of debt. These studies therefore converge on the idea that capital structure and performance adjust simultaneously. Profitability can determine leverage by orienting financing preferences, while debt may in turn affect performance via agency and disciplinary effects.

2.2.2. Ownership structure and performance

The nexus between ownership structure and performance has seen renewed interest since the early 2000s, following the rise of governance concerns after major financial scandals such as Enron and WorldCom. Recent empirical findings confirm that the type and concentration of ownership have different effects on performance.

Kim (2006), in Japan, and Martin-Reyna and Duran-Encalada (2015), in Mexico, show that family ownership improves business productivity through better oversight and long-term strategic focus. Conversely, King and Santor (2008) reveal that the value of Canadian companies owned by families (dual-class shares) is 17% lower than that of non-family companies. More recent studies, notably that of Stryckova (2023) in the Czech Republic, confirm that the presence of families among shareholders has a positive influence on performance.

Fan and Wang (2025) confirm that Chinese companies owned by state shareholders are less profitable than other firms. Furthermore, Suu et al. (2021) show that foreign ownership penalizes profitability as measured by ROA and ROE. Conversely, in emerging economies, Nhung and Okuda (2015) find that state and foreign ownership promote performance by introducing better governance practices. Furthermore, according to Ruan et al. (2009) and Shyu (2013), there is a nonlinear relationship between managerial ownership and performance. This suggests that moderate managerial ownership aligns managers' interests with those of shareholders, while excessive ownership leads to entrenchment effect and lower performance.

2.2.3. Ownership structure and capital structure

The relationship between ownership structure and capital structure is an essential field of research, as it explains how shareholders influence financing decisions. The results show that ownership concentration, the nature of capital holders, and their risk tolerance can directly shape debt policy.

Margaritis and Psillaki (2010) demonstrate that companies with concentrated share ownership make greater use of financial leverage to finance their growth. Nhung and Okuda (2015) find that Vietnamese state-owned enterprises have higher debt ratios, benefiting from privileged access to bank credit. Furthermore, King and Santor (2008) show that family businesses in Canada have higher financial leverage than non-family businesses. In contrast, in the Czech Republic, family businesses prefer internal financing to preserve control, according to Stryckova (2023).

Khasawneh and Staytieh (2017) examine the impact of foreign ownership on financial leverage in Jordan and prove that this relationship is significantly negative. Ruan et al. (2009) find a nonlinear association between the presence of managers in the shareholder base and financing decisions. Ab Razak et al. (2013) observe that the presence of public investors encourages less use of debt.

These results confirm that ownership structure acts as a key determinant of debt policy, reflecting risk tolerance, governance strategy, and ability to access external financing.

2.2.4. Interactions between capital structure, ownership structure and performance

The most recent research highlights the interdependent nature of the links between capital structure, ownership structure, and performance. Unlike earlier linear approaches, recent studies increasingly use dynamic models (GMM, 3SLS…) to capture the interrelated effects, moderating effects, and mediating effects between these three key variables of governance.

Ngatno and Youlianto (2021) show that, in Indonesia, governance mechanisms reinforce the influence of capital structure on profitability. Similarly, Sumani and Suryaningsih (2022) confirm, in the USA, that good governance moderates the leverage-performance relationship. Bansal et al. (2021), based on an Indian sample, observe that public ownership significantly intensifies the leverage-performance relationship, confirming that ownership structure influences how debt affects profitability. Pham and Nguyen (2020) arrive at a similar result for Vietnamese companies using GMM regressions. Aboagye-Otchere and Boateng (2023) observe, in Ghana, that ownership structure increases the sensitivity of performance to debt.

Several recent studies also confirm a mediating effect of capital structure. Wang and Muhammad (2020) highlight that capital structure acts as a transmission channel between governance and performance: strong governance promotes optimal use of debt, which improves profitability. Similarly, Chabachib et al. (2020), in Indonesia, demonstrate that capital structure transmits the impact of managerial ownership on performance.

All these authors emphasize that ownership structure is not only an exogenous determinant, but rather an endogenous component that co-adjusts with firms' financial decisions over time. Thus, recent literature highlights a dynamic co-evolution between financial leverage, ownership, and performance.

Table N°2 summarizes the main findings of the most cited articles among the 38 articles analyzed.

Table N°2. Methodology, variables, and main findings of most cited articles

Author(s) (year)	Country / Region	Main variables	Methodology	Key results
Margaritis and Psillaki (2010)	France	Efficiency (DEA), leverage, ownership	Data Envelopment Analysis + quantile regressions	Efficiency increases with debt; U-shaped impact of efficiency on debt; positive link between ownership concentration and debt.
King and Santor (2008)	Canada	Family ownership, leverage, ROA, Tobin's Q	OLS	Family-owned firms without dual-class shares perform better and have higher leverage.
Kim (2006)	South Korea	Family ownership, productivity, leverage	Panel FE / RE	Family ownership has a positive impact on productivity.
Gill and Obradovich (2012)	USA	Insider shareholding, leverage, Tobin's Q	OLS	Insider ownership and debt positively impact firm value
Wahba (2014)	Egypt	Managerial ownership, leverage, ROA, Tobin's Q	GLS regressions	Managerial ownership moderates the relationship between capital structure and performance (negative relationship in the presence of managerial concentration).
Zeitun and Al-Kawari (2012)	GCC countries	ROE, ROA, Government ownership, leverage	Panel FE	Government ownership is associated with high leverage but lower performance.
Nhung and Okuda (2015)	Vietnam	Ownership, leverage, return rate	3SLS	State ownership increases debt.
Ruan, Tian and Ma (2009)	USA	Managerial ownership, leverage, Tobin's Q	OLS	U-shaped relationship between ownership and firm value. Inverted U-shaped impact of managerial ownership and debt.

Source: Authors' own elaboration from selected articles

The following discussion aims to summarize the main findings from the analyzed corpus and identify persistent research avenues in the literature.

3. Discussion

Our literature review highlights the diversity of approaches, methodologies, and geographical contexts used to explore the dynamics of interactions between capital structure, ownership structure, and performance. The results demonstrate the vitality of this field of research and

show that these three dimensions of corporate governance can no longer be considered in isolation, but must be modeled as interdependent components that jointly shape the firm's ability to create and sustain value (La Rocca, 2007).

Despite the abundance of contributions, the literature remains marked by heterogeneous empirical results. These divergences stem as much from the institutional specificities of each country as from the lack of uniformity in the measurement of variables and in the treatment of endogeneity issues.

3.1. The bidirectional relationship between capital structure and performance

Recent work suggests that capital structure and performance variables adjust simultaneously. Past performance affects financing choices (Viverita, 2015; Khafid et al., 2020), while financial structure in turn determines future profitability (Berger and Bonaccorsi di Patti, 2006; Margaritis and Psillaki, 2010; Bawuah, 2024).

This reciprocal interaction is still rarely modeled empirically. The recurrent weakness in the literature is the use of static models that are unable to address bidirectional endogeneity and dynamic effects. Only a few studies (Pham and Nguyen, 2020; Nguyen, 2021) use methods such as GMM or 2SLS, which allow this simultaneity to be captured.

3.2. The level of ownership concentration

Studies on ownership structure have provided valuable insights into the role of shareholder control, particularly by distinguishing between different types of owners. However, this abundance hides a significant methodological gap: most works do not study the level of capital concentration in favor of a single type of dominant shareholder.

This dimension, although central to agency theory (Shleifer and Vishny, 1997), is rarely tested systematically. Few studies use indicators such as the Herfindahl-Hirschman Index or the cumulative shareholding of major shareholders, even though these measures would provide a better explanation for the performance differences observed between firms with the same type of shareholding structure.

3.3. Moderation by ownership structure

The rise of dynamic models (Bansal et al., 2021) marks an important turning point: ownership structure is no longer merely an exogenous determinant, but an adaptive factor capable of changing the direction or the intensity of the effect of debt on performance.

However, these studies often remain limited to a few Asian contexts and use simplified proxies for ownership (binary: family vs. non-family). Thus, moderation by ownership concentration remains largely unexplored in analyses, even though it could explain why the

same capital structure generates divergent effects on performance depending on the level of power held by dominant shareholders.

3.4. Macro-financial risk and volatility in the capital-performance relationship

The literature often treats the relationship between capital structure and performance as if the financial environment were stationary, without taking into account the effect of macro-financial shocks (volatility, inflation, national growth, etc.) on debt/equity arbitrage and value creation. However, the speed of leverage adjustment and the persistence of debt levels depend heavily on financial frictions and market conditions (Oztekin and Flannery, 2012). Research on leverage adjustment and the sensitivity of financial policies to the cycle shows that firms adjust their capital structure in response to macroeconomic conditions (Cook and Tang, 2010). A promising agenda is to explicitly model volatility (markets, rates, prices) and credit supply shocks, in addition to ownership structure, as moderators of the relationship between leverage and performance. Combining dynamic adjustment models and risk variables would therefore make it possible to capture the differential resilience of firms.

3.5. Sustainable governance: ESG, ownership, and financing choices

Despite the growing importance of ESG criteria in investment and governance decisions, the relationship between ESG, ownership structure, capital structure and performance remains underexplored. Recent evidence shows that companies with better environmental and social performance are more resilient to shocks, particularly during the COVID-19 crisis (Albuquerque and Zhang, 2020), and that climate or carbon-intensive externalities affect the cost of capital and valuation (Bolton and Kacperczyk, 2021). It remains to be understood how the type and level of ownership concentration influences the integration of ESG into debt policies (level, maturity, covenants) and, ultimately, into performance. Testing mediations/moderations where ESG acts as a governance mechanism linking ownership and financing would be a credible extension of the traditional triptych.

3.6. Behavioral biases of executive shareholders and financing decisions

Most studies assume that managers and owners are rational, whereas behavioral biases (overconfidence, personal perception, hubris) influence decisions on debt levels, timing of issuance, and, indirectly, performance. The behavioral finance literature documents the impact of CEO overconfidence on investment and financing policies (Malmendier and Tate, 2008) and the persistent gaps between managerial perceptions and actual risks (Ben-David et al., 2013). Incorporating behavioral proxies would enable us to identify whether and how

ownership structure amplifies or mitigates these biases in the choice of leverage, maturity, and their transmission to performance.

3.7. Sampling bias: Focus on listed companies

The literature focuses considerably on listed companies, whereas unlisted companies represent the majority of the productive environment and differ structurally in terms of financing constraints and governance policies. Indeed, private companies invest and finance themselves differently, with less sensitivity to market pressures and more concentrated governance (Asker et al., 2015). Ignoring this segment introduces an externality bias: the results obtained for listed companies may overrepresent the effect of capital markets (discipline, disclosure) and underrepresent the effect of family/concentrated control typical of unlisted firms. Comparisons between listed and unlisted companies in terms of leverage, ownership, and performance would fill an important empirical blind spot.

3.8. Taking debt structure into account

Many studies use an aggregate debt measure (e.g., debt/assets) without distinguishing between type (banks vs. market, secured vs. unsecured, etc.), priority, and maturity. However, the structure of debt has different implications for risk level and governance (monitoring, covenants, renegotiation power…). Some companies specialize in certain instruments/counterparties, and this specialization is linked to asset characteristics and risk (Colla et al., 2013). A fruitful agenda would be breaking down the "leverage" effect into channels (type of creditor, collateral, seniority, maturity, etc.) to explain the heterogeneity of the effects of debt on performance.

3.9. Multi-country comparisons and the role of institutions

The divergence of results between studies can be partly explained by different institutional frameworks (shareholder rights, judicial efficiency, banking depth, taxation, etc.). International comparisons show that capital structure and debt maturity vary considerably with the quality of institutions (Fan et al., 2012) and that the determinants of capital structure depend on the country (De Jong et al., 2008).

A comparative reading of the studies reviewed highlights the decisive role of the institutional context in explaining the dispersion of empirical results. In developed economies, characterized by strong investor protection, deep financial markets, and more formalized governance, the relationship between capital structure and performance appears relatively more stable. Conversely, in emerging economies, which are characterized by high shareholder

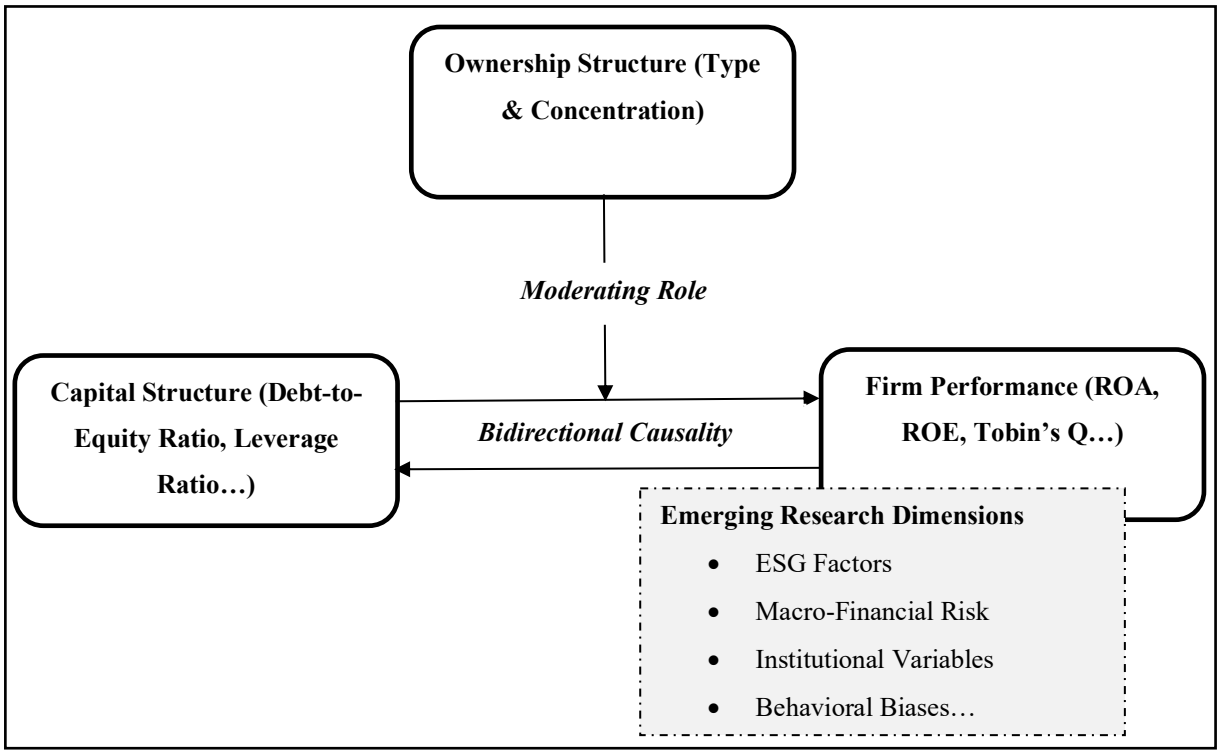
concentration, sometimes limited legal protection, and increased dependence on bank financing, the effects of debt on performance are more heterogeneous.

Returning to multi-country comparative charts with institutional variables would provide a better understanding of the multidimensional relationships between financing, shareholding, and performance.

3.10.3Towards an integrated conceptual framework

Based on a synthesis of the studies analyzed, we propose a conceptual framework for structuring the interactions between capital structure, ownership structure, and performance (Figure N°4).

Figure N°4: Integrated Framework of Capital Structure, Ownership, and Firm Performance



Source: Authors' own elaboration

The model highlights the structuring role of ownership structure - in terms of nature and concentration - as a moderating mechanism in the relationship between debt and performance. The nexus between capital structure and performance appears to be bidirectional: debt influences profitability, while performance determines financing choices.

The emerging dimensions identified in the literature (ESG, macro-financial risk, institutional variables, behavioral factors…) constitute complementary avenues of research that have yet to be empirically tested.

Conclusion

This systematic review, based on a corpus of thirty-eight articles published between 2006 and 2025, sheds light on the complexity and diversity of the links between capital structure, ownership structure, and performance. While several studies confirm the existence of significant relationships between these three dimensions (Kim, 2006; King and Santor, 2008; Margaritis and Psillaki, 2010; Bhatia and Kumari, 2024), they diverge on the meaning and intensity of these effects, highlighting the absence of a unified conceptual framework. Hence, several areas emerge as key drivers for further research.

First, most studies examine the causality from capital structure to performance, but the reverse causality whereby performance influences financing choices remains rarely explored. However, the works of Berger and Bonaccorsi di Patti (2006), Margaritis and Psillaki (2010), Nguyen and Okuda (2015), and Aboagye-Otchere and Boateng (2023) suggest that companies tend to make their debt choices depending on their level of performance. Consequently, the absence of simultaneous modeling of these two directions prevents us from grasping the real financial dynamics of firms. Dynamic and endogenous approaches should therefore be adopted by future work to make it possible to capture these feedback effects (Wintoki et al., 2012).

Secondly, ownership structure is generally understood in terms of type, without rigorously measuring the level of concentration. Such a concentration reflects the effective power held by the main shareholders and determines the capacity for oversight, risk tolerance, and financial discipline exercised over managers. Ignoring this dimension might hide the effects linked to the actual influence of owners. Therefore, the combination of shareholding type and concentration can be an interesting angle to study different effects on capital structure and performance.

Recent literature emphasizes the importance of a conditional approach, in which ownership structure plays a key moderating role. Indeed, the nature and concentration of share ownership can modify the way debt impacts performance, either reinforcing or mitigating its disciplinary effects depending on the incentives and control power of the owners (Bansal et al., 2021; Ngatno and Youlianto, 2021). This moderating perspective invites us to move beyond the traditional view of a linear relationship between capital and performance; and adopt a contextualized governance-based approach, thus paving the way for a more integrated and realistic understanding of firms' financial behavior.

Other dimensions, although less explored, complement this integrative framework: the structure (and not just the level) of debt (maturity, seniority, collateral, creditor specialization) (Colla et al., 2013); the impact of macroeconomic risk and volatility on financial resilience (Oztekin and Flannery, 2012; Cook and Tang, 2010); the growing importance of ESG factors in financing decisions (Albuquerque and Zhang, 2020; Bolton and Kacperczyk, 2021); the consideration of behavioral biases among owner-managers (Malmendier and Tate, 2008; Ben-David et al., 2013); and the need to broaden analyses to include unlisted companies (Asker et al., 2015) and multi-country comparisons (De Jong et al., 2008; Fan et al., 2012).

In short, the simultaneous integration of these three dimensions, enriched by the consideration of risk, ESG determinants, and managerial behavior, would make it possible to move beyond the dominant linear view and provide a more realistic account of the co-evolution of financing and governance in companies.

This literature review contributes to existing research in three main ways. On a theoretical level, it highlights the multidirectional and dynamic links between the triptych of financing, shareholding, and performance, beyond the dominant linear approaches. By structuring these dimensions within an integrated model, the article goes beyond a simple accumulation of evidence and helps to clarify the theoretical architecture of the field. Empirically, it articulates these relationships within a systemic framework anchored in the institutional context, thereby identifying methodological and contextual biases that explain the dispersion of results. Prospectively, it proposes several avenues of research that have yet to be explored in depth, with the aim of promoting a dynamic and contextualized understanding of value creation.

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